



Outside Actuarial Services Proposal Solicitation No. CRFP CPR2300000002

Prepared for WV Consolidated Public Retirement Board

February 28, 2023

Submitted by:

Milliman, Inc.



Matt Larrabee
1455 SW Broadway
Suite 1600
Portland, OR 97201 USA

Tel +1 503 796 2665

ORIGINAL

 **Milliman**

03/01/23 08:26:08
Purchasing Division



1455 SW Broadway
Suite 1600
Portland, OR 97201 USA

milliman.com

Attention: Melissa Pettrey
State of West Virginia
Department of Administration, Purchasing Division
2019 Washington Street East
Charleston, WV 25305-0130

February 28, 2023

Re: Request for Proposal – Outside Actuarial Services Solicitation No. CRFP CPR2300000002

Dear Melissa,

On behalf of Milliman, we are pleased to present this proposal to provide Outside Actuarial Services to the West Virginia Consolidated Public Retirement Board. This proposal follows the format set forth in the RFP and this Technical Proposal describes our firm, approach, and our people. Our proposed fees are included in the attached Cost Proposal.

Please do not hesitate to get in touch with me if you have any questions or would like to discuss any aspect of this proposal. Thank you for the opportunity to present Milliman's capabilities. We look forward to the opportunity to interview with the Board and/or your proposal evaluation committee so that you can learn more about Milliman.

Sincerely,

A handwritten signature in blue ink, appearing to read "Matt Larrabee", with a long horizontal flourish extending to the right.

Matt Larrabee, FSA, EA
Principal & Consulting Actuary
Tel: +1 503 796 2665
Email: matt.larrabee@milliman.com

Table of Contents

EXECUTIVE SUMMARY	1
4.1 BACKGROUND AND CURRENT OPERATING ENVIRONMENT	2
4.2 PROJECT GOALS AND MANDATORY REQUIREMENTS	2
4.3 QUALIFICATIONS AND EXPERIENCE	3
4.4 ORAL PRESENTATIONS.....	8

APPENDICES

- A. MILLIMAN BIOGRAPHIES
- B. PROPOSED EXCEPTIONS TO THE CONTRACT
- C. ADDENDUM ACKNOWLEDGEMENT FORM
- D. RFP VENDOR FORM

Executive Summary

Here are compelling reasons to select Milliman as the new service provider to the West Virginia Consolidated Public Retirement Board:

Demonstrated State System Experience

Our service team has a record of ably serving some of the largest and most complex state systems. This includes (1) serving as system actuary for Florida Retirement System, CalSTRS, and Oregon PERS; and (2) serving as audit actuary for TRS of Texas, the State of Washington's systems, and systems for both New York City and the State of New York.

Enthusiastic References

The best indicator of how well we will serve you is how we serve our current state system clients. Milliman builds its business primarily on the strength of enthusiastic client references and we think references are one of the strongest and most important parts of our service proposals. We've included three references served by your proposed lead actuary and other members of our proposed service team. We would be happy to provide additional references upon request.

Uncommon Investment and Economic Modeling Resources

Your service needs include a detailed array of independently developed economic and investment forecasts. It takes specialist resources that include credentialed investment professionals to generate an independent forecast rather than just relying on an actuary's survey of investment consultants. Like your incumbent, Milliman has the needed specialist investment resources. This separates us from most competitors in the market. Milliman's proprietary capital market outlook has been updated at least twice annually since the 1990s.

Successful Partnership with Staff Actuaries

Milliman successfully collaborates with staff actuaries, who serve as some of our strongest references. This includes serving as system actuary for the Texas County & District Retirement System and CalSTRS, who each have staff actuaries; and our years of work serving as audit and peer review actuaries for the various State of Washington systems where valuation work is done by the Office of the State Actuary.

Stability of Milliman Due to Its Ownership Structure

Milliman is wholly owned by over 450 Principals who are all active employees. Our ownership provides stability and makes it a full-career destination for some of the best actuarial consultants. Each Principal's responsibility and loyalty consists solely of (1) providing thoughtful, independent advice to her or his clients; and (2) upholding Milliman's outstanding marketplace reputation. We do not have divided responsibility or loyalty to an outside owner, and our history indicates this has led to stable client service teams.

Strength of Service Team and Depth of Our Bench

The number of systems overseen by the Board and their importance to the people of West Virginia demands a strong service team. We will provide that. Further, any Board should plan for contingencies and know ahead of time that experienced backup resources are ready to step in if replacement or additional team members are needed. We have included biographies of some of our bench depth to demonstrate Milliman also meets that potential need.

4.1 Background and Current Operating Environment

As summarized in the RFP, the selected firm's valuation actuaries need to fill two different roles depending on the system. For the larger West Virginia systems, the actuaries need to serve as the signing valuation actuary while still receiving input and review from the Board Actuary. For the smaller West Virginia systems, the roles are reversed. Milliman as a firm, as well as the members of our proposed service team specifically, have demonstrated expertise with filling both of those roles ably.

4.2 Project Goals and Mandatory Requirements

4.2.1 Goals and Objectives

We believe the Board's primary goal and objective is to administer the systems in a sound manner for the benefit of participants. The actuary plays an important role in accomplishing that. First and foremost, the actuary should provide an accurate estimate of projected future year-by-year benefit payments for each system based on her or his experience and training. That estimation of future benefits is the foundational cornerstone of all actuarial services.

That foundational cornerstone can then be used to assess policy. That assessment can be review of current policy or consideration of potential policy alternatives. One unifying thread of any policy assessment is that actuaries don't make policies --- Boards and Legislatures do. A key part of our job is to educate policy makers. We have the skills and experience to do that, along with the references to prove it. That education allows you to make better informed policy decisions.

4.2.2 Mandatory Project Requirements

4.2.2.1. MANDATORY REQUIREMENT 1: QUALIFIED ACTUARIES

Milliman will serve the Board with a team of qualified actuaries, all of whom are Fellows or Associates of the Society of Actuaries and have at least 3 years of experience with large public pension plans.

The team will be led by Matt Larrabee who is a Fellow of the Society of Actuaries (FSA) and has 25+ years of consulting experience. He currently serves as lead consultant for Oregon PERS, Florida Retirement System, and the Texas County & District Retirement System.

Additional information about the proposed service team is included in our response to *4.3.1.3 Qualification and Experience Desirable 3: Staffing Plan* and biographies for team members are included in *Appendix A*.

4.2.2.2. MANDATORY REQUIREMENT 2: SUCCESSION PLAN

Milliman is known for its stability. Many employees start and complete their entire careers with Milliman. We support the professional growth and development of all our employees and have low turnover.

That said, we also plan for the unexpected. Our proposed team includes several highly experienced public pension actuaries. All will be involved with the ongoing consulting and technical work. Any of these talented supporting consultants have the skill set to step into the role of lead consultant should the unlikely necessity arise, and several of them have the requested FSA professional designation.

We also have a deep bench of experienced public sector actuaries. Biographies for several of them are included in our proposal. Paralleling the ability for another team member to step into the lead actuary role, our bench depth actuaries can step into a role on the team if succession is needed. Alternatively, in the

normal course of our work we may add analysts or other staff resources if it would be beneficial to timely and efficient work delivery. Such additions to the team would not change the points of contact for the Board or the senior staff responsible for the work.

To facilitate succession, we follow consistent processes for performing and documenting our work internally. This makes for a smoother integration of new team members.

4.3 Qualifications and Experience

4.3.1 Qualification and Experience Information

4.3.1.1 QUALIFICATION AND EXPERIENCE DESIRABLE 1: FIRM DESCRIPTION, QUALIFICATIONS AND EXPERIENCE

Milliman is the pre-eminent service firm for large, complex public systems. Serving very large, complex public entities like CPRB is our specialty. Each large complex public system has one group (sometimes in-house, sometimes a third-party) perform its valuation work and a different group perform its audit work. In reviewing a 2021 list from *Pensions & Investments* magazine, Milliman currently fills one of those two roles for six of the seven largest public sector systems. No other competitor fills that role for more than two of those seven systems.

Since our foundation, we have put an emphasis on public sector retirement systems. This is evidenced by:

- The length of our service to many public-sector retirement systems exceeds 20 years, which reflects the quality of our service to our clients and their continued satisfaction.
- Milliman has contacts throughout governmental and industry bodies that will assist us in keeping abreast of current events, which positions us as a leader on pension policy matters critical to the Board. For example, we actively participate in the following public retirement organizations:
 - National Association of State Retirement Administrators (NASRA)
 - National Institute on Retirement Security (NIRS)
 - National Council on Teacher Retirement (NCTR)
 - National Conference on Public Employee Retirement Systems (NCPERS)
 - International Foundation of Employee Benefits Plans (IFEBP)
- To best serve our clients, Milliman can call upon our dedicated Employee Benefits Research Group whose function is to keep Milliman consultants and clients current on regulatory developments and to lend assistance on specific projects involving new or complex changes in the legal environment. Our Research Director also maintains close relationships with contacts at the IRS, DOL, PBGC and other governmental agencies in Washington D.C.

In addition, Milliman provides regular updates of current issues involving federal policy and recent litigation called *Monthly Benefit News and Developments*. As new legislation or IRS rulings are issued, Milliman issues *Client Action Bulletins*, which describe the changes and their impact. Specific to public retirement systems, Milliman publishes the *Milliman Public Pension Funding Study* covering the 100 largest public retirement systems each year, as well as monthly updates to the study so that our clients

can follow market trends throughout the year. We have listed additional examples of thought leadership below:

- *Risk-Based Funding Policy*, which gives a framework to develop funding policy and assess it over time. It was the only paper from a consulting firm named a winner in the National Institute on Retirement Security's Innovative Public Pension Funding Strategies contest.
- *Public pension plan funding policy: Effectiveness of amortization methods under deterministic projections*, which is an example of an article focused on public sector funding policies
- *Dear Actuary* newsletter, which is focused on topics for public sector pension and OPEB plans
- *Perspectives* is a regular newsletter that provides articles of general interest on employee benefits.

Although there are many actuarial firms, we feel that no firm can match the combination of Milliman's experience, high technical ability, and client service. In a world overloaded with information, our clients rely on us to help find the right information and turn it into actionable knowledge to solve their toughest problems. We are committed to bringing depth, clarity, and context to the issues and challenges that our clients face every day. Our clients rely on us to be industry experts, trusted advisors, and creative problem-solvers.

4.3.1.2 QUALIFICATION AND EXPERIENCE DESIRABLE 2: REFERENCES

OREGON PUBLIC EMPLOYEES' RETIREMENT SYSTEM

11410 SW 68th Parkway
Tigard, OR 97281

Year Retained: 2012

Contact Name: Kevin Olineck
Title: Director
Email: kevin.olineck@pers.oregon.gov
Phone: 503 603 7695

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

901 S. MoPac Expressway
Austin, TX 78746

Year Retained: 2000

Contact Name: Chris Bucknall
Title: Director, Actuarial Services
Email: chrisb@tcds.org
Phone: 512 637 3208

FLORIDA RETIREMENT SYSTEM

3180 S Blair Stone Road
Tallahassee, FL 32301

Year Retained: 1986

Contact Name: Garry Green*
Title: Retirement Policy Administrator
Email: garry.green@dms.fl.gov
Phone: 850 414 6349

*Mr. Green is retiring on March 31, 2023. After that date, reference inquiries may be directed to:

Andrea Simpson, State Retirement Director
andrea.simpson@dms.fl.gov

4.3.1.3 QUALIFICATION AND EXPERIENCE DESIRABLE 3: STAFFING PLAN

Our experience in the public sector allows Milliman to handle the actuarial requirements of a retirement system the size and complexity of CPRB. Milliman's actuaries are experienced with, and sensitive to, the political climate of all levels of government. Your consultants understand that you only get one chance to get your communications and your numbers right with the expected level of scrutiny that comes with being the outside actuary for large public retirement systems. Milliman proposes the following team. Biographies are included in *Appendix A*.

VALUATION ACTUARIES	ON CALL "BENCH DEPTH" ACTUARIAL RESOURCES	CAPITAL MARKET ANALYSIS
Matt Larrabee, FSA, EA Principal & Consulting Actuary Lead Consultant	Scott Preppernau, FSA, EA Principal & Consulting Actuary	Alan Perry, FSA, CFA Principal & Consulting Actuary
Nick Collier, ASA, EA Principal & Consulting Actuary	Daniel Wade, FSA, EA Principal & Consulting Actuary	
Craig Glyde, ASA, EA Principal & Consulting Actuary	Scott Porter, FSA, EA Principal & Consulting Actuary	
Kathryn Hunter, FSA, EA Consulting Actuary		
David Kent, FSA, EA Consulting Actuary		

The strength of our team and the depth of our bench, combined with our team approach, addresses the operational, technical and communication challenges of providing superior service to you. It also means that an experienced consultant familiar with CPRB will always be available so that meetings or calls can be scheduled at your convenience rather than the actuary's.

Supporting the consulting team, Milliman has a wealth of resources to help us meet the Board's needs:

- National team of public retirement system experts across the country to call on with particular areas of expertise if needed to best meet the unique needs of the Board.
- Dedicated employee benefits research staff who keep our clients and consultants updated on the evolving employee benefits landscape.
- Investment expertise, including a proprietary investment outlook model that provides our clients with an additional, independent perspective when selecting investment return assumptions.

4.3.2 Mandatory Qualification/Experience Requirements

4.3.2.1 MANDATORY QUALIFICATION AND EXPERIENCE REQUIREMENT 1: EXPERIENCE

Milliman has a long and successful history of working with large, complex governmental defined benefit pension plans, starting at our founding in 1947. Below, we have highlighted five systems for whom we provide similar consulting services to those requested by the Board, with a focus on peer systems served by members of your proposed service team. The work for three of those systems are currently led by your proposed lead consultant, and references for those three systems are included in this proposal. References for the other two listed systems and additional clients can be happily and proudly provided upon request.

OREGON PUBLIC EMPLOYEES' RETIREMENT SYSTEM

OPERS was rated by CEM Benchmarking as the second most administratively complex system in its benchmarking universe. It provides benefits to nearly all state, school, county and municipal employees in Oregon. In a state with 4.2 million residents, OPERS has 420,000 participants. With nearly \$100 billion in assets and around 800 participating employers, it garners a tremendous amount of public scrutiny. An independent Board administers the system and sets funding policy. OPERS also has a credentialed actuary who manages actuarial services.

Milliman has been OPERS system actuary continuously since 2012, performing all tasks expected of a retained actuary.

OPERS is large relative to the size of its state economy. Potentially in recognition of that fact, we annually perform extensive financial modeling for the Board. That modeling makes use of steady-return deterministic and variable-return stochastic models. Stochastic model outputs are presented using both graphs and stress tests. We think the stress test results are particularly useful to allow the Board to compare the relative strengths and weaknesses of policy alternatives. All of our actuarial presentations are available on OPERS's website.

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

TCDRS is an agent employer retirement system with over 800 employers ranging in size from 1 employee to 20,000 employees. Each employer has its own actuarially determined contribution rate. TCDRS has internal actuarial staff led by its Director of Actuarial Services (a credential actuary) and several other non-credentialed staff who perform actuarial and non-actuarial work.

Milliman has been the retained actuarial consultant for TCDRS since 2000. We are responsible for the actuarial valuations, experience studies, employer-specific studies, legislative studies and other actuarial related work. We work collaboratively with TCDRS on the design and content of the actuarial reports we prepare for the individual employers. For experience studies, Milliman receives input from TCDRS staff, primarily on the economic assumptions. We generally are the ones who present the actuarial topics to the Board, although sometimes we co-present with System Director or the Director of Actuarial Services.

Milliman and TCDRS staff frequently discuss ways to improve the actuarial process. For example, after consultation with TCDRS, a new asset-smoothing method was adopted that modifies the traditional 5-year recognition to provide smoother contribution rates for the wide range of TCDRS employers. We also work collaboratively on models to better communicate with employers. One example is the Plan Customizer which is an online tool that provides employers the ability to model the cost of changes in their plan, such

as ad-hoc COLAs. Milliman provides the actuarial formulas, TCDRS does the programming to create the front end, and Milliman reviews the results.

FLORIDA RETIREMENT SYSTEM

FRS is the fifth largest pension system in the US, with over 1 million participants and approximately \$200 billion in assets. It provides benefits to general service, public safety and school employees at various levels of state and local government. A unique aspect of FRS is that it offers plan choice as new hires select between defined benefit-only and defined contribution-only plan options at time of enrollment. Members then have one "second election" opportunity to change plans subsequently during their career. Actuarially determined contribution rates are updated annually for proposed adoption by the Florida Legislature. Actuarial assumptions and methods are reviewed by the FRS Actuarial Assumption Conference, which consists of the state's Chief Economist and representatives from the Governor's office and both chambers of the Florida Legislature.

Milliman has been the FRS system actuary for over 30 years, performing all tasks expected of a retained actuary.

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

CalSTRS is the second largest retirement systems in the country with approximately a million members. CalSTRS has internal actuarial staff with three credential actuaries and two other non-credentialed staff who perform actuarial and non-actuarial work.

Milliman has been the retained actuarial consultant for CalSTRS for over 20 years. We are responsible for the actuarial valuations, experience studies, legislative studies and other actuarial related work. We work collaboratively with CalSTRS on the design and content of the actuarial reports. For experience studies, Milliman receives input from CalSTRS staff, primarily on the economic assumptions. CalSTRS takes the lead on certain projects such as an annual risk assessment. Actuarial topics are generally presented to the Board by Milliman and CalSTRS staff together.

WASHINGTON STATE RETIREMENT SYSTEMS

The Office of the State Actuary (OSA) is an independent and non-partisan legislative agency that works primarily on the funding and benefit issues of the state's public retirement systems. The OSA performs actuarial valuation and experience studies of the Washington State Retirement Systems, but it is not part of the Department of Retirement Systems. OSA staff includes 5 credential actuaries and 5 actuarial analysts, as well as several policy analysts and other support staff.

Milliman serves as the retained audit actuary and has performed this function every two years since 2014. Although the Pension Funding Council (a legislative committee responsible for setting economic assumptions and the related pension contribution rates for the state's 11 pension plans) is our client, we work directly with OSA. OSA performs the actuarial valuations with Milliman's review and feedback based on detailed sample lives provided by OSA from their valuation system. For the experience study, OSA provides Milliman preliminary proposed assumptions to review. Milliman and OSA discuss and OSA may make adjustments based on Milliman's feedback before issuing their final report.

4.3.2.2 MANDATORY QUALIFICATION AND EXPERIENCE REQUIREMENT 2: DEPTH OF TEAM

As evidenced by the level of expertise of your proposed service team, Milliman is committed to providing the highest level of service available in the industry. The core team working with the Board is not expected to change unless requested or for unforeseen circumstances. Maintaining continuity in the staff assigned to each client increases both efficiency and client satisfaction.

We expect that the team described in our proposal will fully support the consulting needs of the Board and exceed your expectations. However, as one of Milliman's public sector clients, the entire resources of the firm are available to you should they be needed. In situations where special areas of expertise are necessary, additional Milliman consultants with the appropriate backgrounds will be engaged to assist. Milliman is providing you with a highly qualified and specialized group of consultants. The depth of our staff will result in quality consulting that meets the needs and timeframe requested.

4.4 Oral Presentations

Should the Board opt to conduct oral presentations, the proposed Milliman consulting team will provide a comprehensive in-person presentation and respond to all questions from the evaluation committee.

Appendices

- A. Milliman Biographies
- B. Proposed Exceptions to the Contract
- C. Addendum Acknowledgement Form
- D. RFP Vendor Form

A. Milliman Biographies

MATT LARRABEE

FSA, EA, MAAA

Principal & Consulting Actuary

matt.larrabee@milliman.com

+1 503 796 2665



Current Responsibility

Matt Larrabee is a principal and consulting actuary in Milliman's Portland, Oregon office. He worked for Milliman from 1998 to 2001, and rejoined in 2012 after having served as Portland retirement practice leader of a national competitor for six years.

Professional Work Experience

Matt has more than 25 years of actuarial consulting experience. His expertise is in pension and retiree medical programs sponsored by governmental entities. Matt has consulted with a variety of plan types and sponsors, and is currently the lead actuary for two of the country's largest 20 pension plans (Florida Retirement System, Oregon Public Employees Retirement System).

Matt assists clients with a variety of matters. His projects and experience include:

- Board and legislative public testimony
- Legislative concept cost analyses
- Stochastic analysis of funding policy alternatives
- Asset/liability analysis
- Stakeholder communications and media interaction
- Experience studies
- GASB financial reporting
- Expert witness testimony
- Design assistance on a new plan
- Actuarial audits of large, complex systems
- Stochastic assessment of long-term tax levy adequacy for system funding

Professional Designations

- Fellow, Society of Actuaries
- Member, American Academy of Actuaries
- Enrolled Actuary under ERISA

Affiliations

- Past Member, American Academy of Actuaries Public Plans Committee
- Past Chair, Milliman's Public Sector Specialty Practice Group

Education

- BS, Mathematics, University of Utah
- BSEE, Electrical Engineering, University of Utah

Presentations and Publications

Matt has been quoted numerous times by the media on public pension issues. He is an experienced public speaker, including having the honor of speaking at the annual conferences of the National Association of State Retirement Administrators (NASRA), the National Council on Teacher Retirement (NCTR), the Association of Public Pension Fund Auditors (APPFA), and the Institutional Society of Risk Professionals (ISRP). Matt also conducted webinars for the National Institute on Retirement Security (NIRS), and has made presentations to regional GFOA conferences.

Matt is the co-author (with Jennifer Brown of the National Institute on Retirement Security) of the 2017 research study, *Decisions, Decisions—Retirement Plan Choices for Public Employees and Employers*.

NICK COLLIER

ASA, EA, MAAA, FCA

Principal, Consulting Actuary

nick.collier@milliman.com

+1 206 504 5508



Current Responsibility

Nick Collier is a principal and consulting actuary with the Seattle office of Milliman. He joined the firm in 1987.

Professional Work Experience

Nick's area of expertise is the employee benefits field, serving a wide range of public and multiemployer clients. He has assisted clients with many aspects of defined benefit plans, including actuarial valuations, experience studies, asset-liability modeling, cost projections, and postretirement benefits valuation. Additionally, Nick has extensive experience performing actuarial audits.

Nick's projects have included:

- Creating stochastic asset-liability projections
- Designing a retirement benefit online calculator
- Analyzing the use of reserves in funding policy
- Conducting high-level internal quality control reviews

For each client, Nick is, at a minimum, involved with the actuarial valuation, experience analysis, cost studies, and projections. Each of these systems has more than 10,000 members and assets greater than \$1 billion. Three of these systems have cash balance features as part of the retirement system. Additionally, Nick has performed more than 30 actuarial audits on large public sector retirement systems.

Professional Designations

- Associate, Society of Actuaries
- Member, American Academy of Actuaries
- Enrolled Actuary, ERISA
- Fellow, Conference of Consulting Actuaries

Education

BA (cum laude), Mathematics and Economics, Claremont McKenna College

Presentations and Publications

- "COVID 19 – An Actuarial Perspective on Experience, Assumptions, and Policies," March 8, 2021. Presentation at CALAPRS General Assembly.
- "6 Years Post-PEPRA – Are We Getting the Savings as Promised?" March 8, 2020. Presentation at CALAPRS General Assembly.
- "Volatility Adjusted Discount Rates," presented at the 2010 Conference of Consulting Actuaries meeting.

CRAIG GLYDE

ASA, EA, MAAA

Principal & Consulting Actuary

craig.glyde@milliman.com

+1 206 504 5718



Current Responsibility

Craig Glyde is a principal and consulting actuary with the Seattle office of Milliman. He joined the firm in 2003.

Professional Work Experience

Craig has more than 20 years of experience in employee benefits and pensions, serving primarily public sector and corporate clients.

He assists clients with many aspects of defined benefit plans including:

- Funding and accounting valuations of pension and retiree medical benefits
- Projections of future contributions, liabilities, and pension expenses
- Experience studies
- Benefit design analyses
- Compliance with IRC Section 415 benefit limitations
- Plan administration and benefit calculations

Professional Designations

- Associate, Society of Actuaries
- Member, American Academy of Actuaries
- Enrolled Actuary, ERISA

Education

BSc, Actuarial Mathematics and Statistics, Heriot-Watt University

Presentations and Publications

Craig's recent presentations and publications include:

- Millennials and retirement: What do employers need to know?

KATHRYN HUNTER

FSA, EA, MAAA
Consulting Actuary



kathryn.hunter@milliman.com
+1 503 660 4153

Current Responsibility

Kathryn Hunter is a consulting actuary in the Portland, Oregon, practice of Milliman. She joined the firm in June 2001.

Professional Work Experience

Kathryn's pension and retiree medical experience is mainly focused on public sector plans. She has been involved in all aspects of actuarial valuations, benefit calculations, benefit statement preparation, development of projection models, experience studies, and special projects for post-retirement medical plans and defined benefit pension plans.

Kathryn's experience includes designing and programming interactive models for retiree medical and pension clients. Such models are used to forecast multi-year cost analysis under varying assumptions, project the effects of demographic changes to employee benefits plans, and present fund valuation results.

Kathryn also has more than 10 years of ERISA Title IV experience, which has included work on appeals cases and plan termination cases for the Pension Benefit Guaranty Corporation (PBGC). Her experience includes calculating guaranteed benefits and communicating pension matters in writing to the PBGC and plan participants.

Professional Designations

- Fellow of the Society of Actuaries
- Enrolled Actuary under ERISA
- Member, American Academy of Actuaries

Education

- Bachelor of Science degree in mathematics, (cum laude), Vanderbilt University, Nashville, TN

DAVID KENT

FSA, EA, MAAA
Consulting Actuary

david.kent@milliman.com
+1 214 863 5542

Current Responsibility

David Kent is a consulting actuary in the Dallas office of Milliman. He joined the firm in April 2022. David has previous experience as a consulting actuary at Definiti, LLC, and served as a director in the Retirement Practice at Buck Consultants.

Professional Work Experience

David began his retirement consulting career in 1996, and has experience in both the public and private sectors. His corporate and governmental clients rely on him to provide valuations of their defined benefit programs and advice on holistic retirement plan design.

His expertise includes:

- Actuarial valuations for defined benefit and retiree medical plans
- Defined benefit and defined contribution design (qualified and nonqualified)
- Projections to evaluate future retirement design changes
- Actuarial services required under ASC 715-20, 715-30, 715-60, and IAS 19
- Consultation on plan administration outsourcing alternatives
- Analysis, review, and discussion of plan design issues

David has presented at professional conferences and corporate meetings on a variety of employee benefit topics. He has also provided pension plan educational training for employees, staff, and board members.

Professional Designations

- Fellow, Society of Actuaries (FSA)
- Enrolled Actuary (EA)
- Member, American Academy of Actuaries (MAAA)
- Fellow, Conference of Consulting Actuaries (FCA)

Education

Bachelor's Degree, Mathematics, concentration in Actuarial Science,
University of Texas at Austin

SCOTT PREPPERNAU

EA, FSA, MAAA

Principal

scott.preppernau@milliman.com

+1 503 227 0634



Current Responsibility

Scott Preppernau is a principal and consulting actuary in the Portland, Oregon, office of Milliman. He joined the firm in January 2012.

Professional Work Experience

Scott has over 15 years of experience in pension plan consulting and has worked with governmental and corporate plan sponsors to effectively manage their pension and retiree medical programs. As a consulting actuary, he assists clients with actuarial valuations, experience studies, liability and contribution projections, legislative impact analyses, plan administration, and financial reporting. Scott's clients include large state and municipal retirement systems as well as private sector plan sponsors. In these roles, Scott frequently delivers public presentations to Retirement Boards, elected officials, and other stakeholders.

Scott's recent projects include:

- Stochastic analysis of funding strategy alternatives and system dynamics for a large governmental retirement system
- Experience studies covering economic and demographic valuation assumptions for multiple governmental plans
- Stochastic modeling of alternative COLA policies for a municipal retirement system
- Plan design consulting for corporate plan sponsors, including analysis of risk-sharing variable benefit formula plans
- Consulting on risk-reduction strategies for a corporate plan sponsor of a frozen defined benefit plan. Financial reporting under U.S. GAAP, international (IFRS), and governmental (GASB) accounting standards

Presentations and Publications

In addition to regularly presenting for his own clients in both public venues and corporate environments, Scott is also an experienced presenter at conferences and continuing education seminars. Recent presentations have included:

- "Creative Strategies from State Plans" at 2021 National Institute on Retirement Security Annual Conference

- "Managing Retirement Risk" at 2018 Milliman client conference
- "Innovative Plan Design" at 2017 Mid-Sized Retirement & Healthcare Plan Management Conference
- "GASB 68 Panel" at 2016 Oregon Society of CPAs Governmental Accounting & Auditing Conference

Professional Designations

- Fellow, Society of Actuaries
- Member, American Academy of Actuaries
- Enrolled Actuary under ERISA

Education

- BS, Mathematics, Linfield College
- BS, Economics, Linfield College

DANIEL WADE

FSA, EA, MAAA

Principal & Consulting Actuary

daniel.wade@milliman.com

+1 206 504 5695



Current Responsibility

Daniel Wade is a principal and consulting actuary with the Seattle office of Milliman. He joined the firm in 2003.

Professional Work Experience

Daniel has 25 years of experience in the employee benefits field, serving primarily public sector clients.

He is lead technical actuary for the Florida Retirement System.

Daniel currently manages pension valuations for more than 20 municipal plans in the Washington state fire and police systems. He also manages LEOFF I retiree medical benefit valuations for most of these same cities.

He has assisted clients with many aspects of defined benefit plans, including:

- Experience studies
- Projections of future contribution rates
- Valuation of pension and retiree medical benefits
- Benefit calculations
- Analysis of pension plan funding policies
- Actuarial audits
- Recent projects include GASB 75 retiree medical valuations for 40 clients

Professional Designations

- Fellow, Society of Actuaries
- Member, American Academy of Actuaries
- Enrolled Actuary, ERISA

Education

BS (Phi Beta Kappa), Mathematics, Stanford University

Presentations and Publications

Daniel's recent presentations include:

- Actuarial and GASB issues for public plans: How can an actuary help you? National Association of Public Plan Attorneys.
- Plan redesign: Debating the pros and cons of current proposals, Public Fund Boards Forum.
- Who created America's public pension problems? Can actuaries help lead the way out?, Conference of Consulting Actuaries
- GASB 74 and 75.

His recent publications include:

- Setting the discount rate for valuing pension liabilities.
- Case study: Maintaining a healthy funded status in defined benefit retirement systems.
- Overview of GASB Statements 73, 74, and 75.
- Public pension plan funding policy: Effectiveness of amortization methods under deterministic scenarios.
- Public pension plan funding policy: Effectiveness of amortization methods under projected investment scenarios.
- Public pension plan funding policy: Effectiveness of amortization methods under stochastic returns.

SCOTT PORTER

FSA, EA, MAAA

Principal, Consulting Actuary

scott.porter@milliman.com

+1 610 975 8070



Current Responsibility

Scott Porter is a consulting actuary with the Philadelphia office of Milliman. He joined the firm in 1992.

Professional Work Experience

Scott serves both public and private sector clients regarding their defined benefit pension and retiree medical plans. Client assignments include actuarial valuations, cost studies, actuarial audits, accounting valuations under 67, 68, 74, and 75 and FASB codifications ASC Topic 715, and government filings.

He has developed cost-projection models for private and public sector clients to determine future funding levels and the cost of proposed plan changes, as well as for GASB 67 and 74 depletion date calculations. He has assisted clients in collective bargaining and in implementing plan changes; he has also testified to legislative bodies.

Scott has consulted to several governmental entities with unique funding strategies including rate collars, phase-in strategies, pension obligation bonds, and dedicated revenue, such as from lottery enterprise and sales tax, to assist with funding and financial reporting of pension plans. He also has experience in performing actuarial audits for pension plans, including analysis of data, actuarial methods, and assumptions.

Scott is chair of Milliman's Public Sector Strategic Planning Group and a contributing member to Milliman's Pension and Health Experts Group and to the Society of Actuaries' Retirement Plan Experience Committee Public Plan Mortality.

Professional Designations

- Fellow, Society of Actuaries
- Enrolled Actuary, ERISA
- Member, American Academy of Actuaries

Education

BBA (magna cum laude), concentration in Actuarial Science, Temple University

ALAN PERRY

FSA, MAAA, CFA

Principal, Consulting Actuary

alan.perry@milliman.com

+1 610 975 8046



Current Responsibility

Alan is a principal and consulting actuary with the Philadelphia office of Milliman. He joined the firm in 1990.

Professional Work Experience

Alan's experience covers retirement plans, college prepaid tuition and savings plans, endowments, foundations, and insurance organizations. He specializes in the development of capital markets assumptions and investment policy. Alan performs asset/liability studies, including stochastic modeling, helping plan sponsors to develop investment and funding strategies and manage financial risk. He also performs valuations of employee stock options.

Professional Designations

- Fellow, Society of Actuaries
- Member, American Academy of Actuaries
- Chartered Financial Analyst

Affiliations

- Member, American Academy of Actuaries' Task Force on Employee Stock Options
- Member, Financial Analysts of Philadelphia

Education

- BBA, Economics, Wharton School, University of Pennsylvania
- MS, Actuarial Science, Temple University

Presentations and Publications

Alan serves on Milliman's Investment Oversight Committee and is the Chair of Milliman's Capital Markets Committee. He is a frequent speaker on pension and investment topics, having addressed many groups, including:

- National Association of State Treasurers
- International Foundation of Employee Benefit Plans
- Government Finance Officers Association

Alan is also the co-author of the annual Milliman Pension Funding Study that analyzes the funding progress of the 100 largest U.S. corporate defined benefit plans.

B. Proposed Exceptions to the Contract

**Exceptions to the State of West Virginia
Department of Administration, Purchasing Division (“Purchasing Division”)
RFP for Actuarial Consulting Services**

The submission of this proposal in response to the State of West Virginia’s (“State”) RFP for Actuarial Consulting Services may constitute Milliman’s acceptance of the State’s terms should the changes to the provisions below, or the addition of the new provisions below, be accepted. Milliman shall not be bound by any contract terms or obligated to perform the services described in this proposal until a mutually acceptable written agreement is signed by the parties.

Clause	Page	Exceptions to Section 3. General Terms and Conditions
8. Insurance	15	<p>Milliman requests the following amendments to this clause:</p> <p>INSURANCE: The apparent successful Vendor shall furnish proof of the insurance identified by a checkmark below prior to Contract award... Vendor must also provide Agency with immediate<u>prompt</u> notice of any material<u>material</u> changes in its insurance policies, including but not limited to, policy cancellation, policy reduction, or change in insurers...</p> <p>Professional/Malpractice/Errors and Omission Insurance in at least an amount of: _____ per occurrence<u>claim</u>. Notwithstanding the forgoing, Vendor’s are not required to list the State as an additional insured for this type of policy.</p> <p>Cyber Liability Insurance in an amount of: <u>\$1,000,000.00</u> per occurrence<u>claim</u>.</p>
10. Venue	16	<p>Milliman requests the following addition to this clause:</p> <p>VENUE: All legal actions for damages brought by Vendor against the State shall be brought in the West Virginia Claims Commission. Other causes of action must be brought in the West Virginia court authorized by statute to exercise jurisdiction over it. <u>For any dispute brought by the State against the Vendor, the parties shall attempt in good faith to resolve by mediation. In such mediation, the parties thereto will choose a mutually acceptable mediator with a background in insurance, actuarial science or law. If such mediation fails after a good-faith effort has occurred, only then may the State institute litigation. The State agrees that any litigation against the Vendor will be filed and conducted in the circuit court located in the Kanawha County of the State of West Virginia and all parties consent to the exclusive venue and the personal jurisdiction of such court. Both parties agree to waive the right to a trial by jury.</u></p>
19. Cancellation	17	<p>Milliman requests the following amendments to this clause:</p> <p>CANCELLATION: The Purchasing Division Director reserves the right to cancel this Contract immediately upon written notice to the vendor if the materials or workmanship supplied do not conform to the specifications contained in the Contract. The Purchasing Division Director may also cancel any purchase or Contract upon 30 days written notice to the Vendor in accordance with West Virginia Code of State Rules § 148-1-5.2.<u>Either party may terminate this Contract, for any reason or no reason whatsoever, by delivering a written notice of termination to the other party at least thirty (30) days before the desired effective date of such termination.</u></p>
21. Applicable Law	17	<p>Milliman requests the following addition to this clause:</p> <p>This Contract is governed by and interpreted under West Virginia law without giving effect to its choice of law principles. Any information provided in specification manuals, or any other source, verbal or written, which contradicts or violates the West Virginia Constitution, West Virginia Code, or West Virginia Code of State Rules is void and of no effect. <u>In the event that the Limitation of Liability clause is not enforceable, then the parties agree that New York law, and not West Virginia law shall apply to that clause. If any provision of this Contract is found to be illegal or otherwise unenforceable in any respect, that provision will be deemed to be restated to reflect as nearly as possible the original intent of the parties in accordance with applicable law and the remainder of this Contract will remain in full force and effect.</u></p>
24. Modifications	18	<p>Milliman requests the following addition to this clause:</p> <p>MODIFICATIONS: This writing is the parties’ final expression of intent. Notwithstanding anything contained in this Contract to the contrary no modification of this Contract shall be binding without mutual written consent of the Agency, and the Vendor, with approval of the Purchasing Division and the Attorney General’s office (Attorney General approval is as to form only). <u>Any change to existing contracts that adds</u></p>

		work or changes contract cost, and were not included in the original contract, must <u>have the mutual written consent of the Agency and the Vendor, and</u> be approved by the Purchasing Division and the Attorney General's Office (as to form) prior to the implementation of the change or commencement of work affected by the change.
28. Warranty	18	<p>Milliman requests the following amendments to this clause:</p> <p>WARRANTY: The Vendor expressly warrants that the goods and/or services covered by this Contract will: (a) conform to the specifications, drawings, samples, or other description furnished or specified by the Agency; <u>and (b) be in material compliance with industry standards, merchantable and fit for the purpose intended; and (c) be free from defect in material and workmanship.</u></p>
30. Privacy, Security and Confidentiality		<p>Milliman requests the following amendments to this clause:</p> <p>PRIVACY, SECURITY, AND CONFIDENTIALITY: The Vendor agrees that it will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the Agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the Agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements <u>attached herein, set forth in http://www.state.wv.us/admin/purchase/privacy/default.html. In connection with this Contract, each party hereto (a "disclosing party") may disclose its confidential and proprietary information to the other party (a "receiving party"). Subject to the exceptions listed below, a disclosing party's "Confidential Information" shall be defined as information disclosed by the disclosing party to the receiving party under this Contract that is either: (i) clearly marked or otherwise clearly designated as confidential or proprietary; or (ii) should be reasonably understood by the receiving party to be the confidential or proprietary information of the disclosing party. Confidential Information shall include, without limitation, the terms of this Contract. During the term of this Contract and after its expiration or termination, a receiving party shall not disclose to any third party, a disclosing party's Confidential Information without the prior written consent of the disclosing party. In addition, each party agrees to take reasonable measures to protect the other party's Confidential Information and to ensure that such Confidential Information is not disclosed, distributed, or used in violation of the provisions of this Contract (which measures shall be no less than that which a reasonable person would take with respect to like confidential, proprietary, or trade secret information). Notwithstanding anything to the contrary, the obligations of the receiving party set forth in this paragraph shall not apply to any information of the disclosing party which: (i) is or becomes a part of the public domain through no wrongful act of the receiving party; (ii) was in the receiving party's possession free of any obligation of confidentiality at the time of the disclosing party's communication thereof to the receiving party; (iii) is developed by the receiving party completely independent from the Confidential Information of the disclosing party; or (iv) is required by law or regulation to be disclosed, but only to the extent and for the purpose of such required disclosure after providing the disclosing party with advance written notice if reasonably possible such that the disclosing party is afforded an opportunity to contest the disclosure or seek an appropriate protective order.</u></p>
35. Vendor Relationship	20	<p>Milliman requests the following amendments to this clause:</p> <p>VENDOR RELATIONSHIP: The relationship of the Vendor to the State shall be that of an independent contractor and no principal-agent relationship or employer-employee relationship is contemplated or created by this Contract... Vendor shall be exclusively responsible for payment of <u>Vendor's</u> employees and contractors for all wages and salaries, taxes, withholding payments, penalties, fees, fringe benefits, professional liability insurance premiums, contributions to insurance and pension, or other deferred compensation plans, including but not limited to, Workers' Compensation and Social Security obligations, licensing fees, etc. and the filing of all necessary documents, forms, and returns pertinent to all of the foregoing.</p> <p>Vendor shall hold harmless the State, and shall provide the State and Agency with a defense against any and all claims including, but not limited to, the foregoing payments, withholdings, contributions, taxes, Social Security taxes, and employer income tax returns.</p>
36. Indemnification	20	Milliman requests the following amendments to this clause:

		<p>INDEMNIFICATION: The Vendor agrees to indemnify, defend, and hold harmless the State and the Agency, their officers, and employees from and against: (1) Any <u>third party</u> claims or losses <u>resulting from grossly negligent acts or omissions, intentional fraud or willful misconduct</u> forin services rendered by any <u>of Vendor's officers, employees or subcontractors, person, or firm</u> performing or supplying services, materials, or supplies in connection with the performance of the Contract; (2) Any claims or losses resulting tofrom any person or entity <u>personal injured, death or property damaged</u> by the Vendor, its officers, employees, or subcontractors' <u>grossly negligent act or omission, intentional fraud or willful misconduct in the performance of the service hereunder by the publication, translation, reproduction, delivery, performance, use, or disposition of any data used under the Contract in a manner not authorized by the Contract, or by Federal or State statutes or regulations; and</u>; (3) Any failure of the Vendor, its officers, employees, or subcontractors to observe <u>applicable</u> State and Federal laws including, but not limited to, labor and wage and hour laws; <u>and</u> (4) <u>any third party claim alleging that Agency's permitted use of the services provided by Vendor under this Contract constitutes an infringement of any patent, trade secret, copyright, or other proprietary right of a third party.</u> Agency agrees that it will promptly notify and tender the defense to Vendor of any indemnified claim, provided that Agency failure to provide prompt notice shall not relieve Vendor from liability herein <u>except to the extent Vendor is prejudiced by such failure, and Vendor shall, at its sole expense, defend, and at its sole discretion, settle any such indemnifiable claim, provided that, Vendor shall obtain Agency's consent in the event of any settlement, which consent shall not be unreasonably withheld. Agency may participate in the defense of any indemnified claim at its own cost.</u></p>
41. Preference for Use of Domestic Steel Products	21	Milliman requests this clause be deleted in its entirety.
42. Preference for Use of Domestic Aluminum, Glass, and Steel	21	Milliman requests this clause be deleted in its entirety.
New Clause: Tools	N/A	<p>Milliman requests the following additional clause be added to the final contract executed by the parties:</p> <p>TOOLS. The Vendor shall retain all rights, title and interest (including, without limitation, all copyrights, patents, service marks, trademarks, trade secret and other intellectual property rights) in and to all technical or internal designs, methods, ideas, concepts, know-how, techniques, generic documents and templates that have been previously developed by the Vendor or developed during the course of the provision of the services hereunder, provided such generic documents or templates do not contain any Agency confidential information or proprietary data ("Tools"). Rights and ownership by the Vendor of the Tools shall not extend to or include all or any part of the Vendor's confidential information or proprietary data. To the extent that the Vendor may include in its deliverables any Tools, the Vendor agrees that the Agency shall be deemed to have a fully paid up license to make copies of the Tools as part of this engagement for its internal business purposes and provided that such Tools cannot be modified or distributed outside the Agency without the written permission of the Vendor or as otherwise permitted herein.</p>
New Clause: Third Party Distribution	N/A	<p>Milliman requests the following additional clause be added to the final contract executed by the parties:</p> <p>NO THIRD PARTY DISTRIBUTION. Vendor's work is prepared solely for the use and benefit of the Agency in accordance with its statutory and regulatory requirements. Vendor recognizes that materials it delivers to the Agency may be public records subject to disclosure to third parties, however, Vendor does not intend to benefit and assumes no duty or liability to any third parties who receive Vendor's work and may include disclaimer language on its work product so stating. The Agency agrees not to remove any such disclaimer language from Vendor's work.</p>
New Clause: Limitation of Liability	N/A	<p>Milliman requests the following additional clause be added to the final contract executed by the parties:</p> <p>LIMITATION OF LIABILITY. In the event of any claim arising from services provided by Vendor at any time, the total liability of Vendor, its officers, directors, agents and employees to the Agency shall not exceed ten million dollars (\$10,000,000). This limit applies regardless of the theory of law under which a claim is brought, including negligence, tort, contract, or otherwise. In no event shall Vendor be liable for lost profits of the Agency or any other type of incidental or consequential damages. The foregoing limitations shall not apply in the event of the intentional fraud or willful misconduct of Vendor. The Agency has had the opportunity to review the foregoing Limitation of Liability provision with legal counsel. The Agency understands that this clause limits the Agency's ability to recover damages from Vendor, including damages caused by Vendor's negligence. On the advice of counsel the Agency believes and agrees that this clause is enforceable under West Virginia law and intends to be bound by same.</p>

C. Addendum Acknowledgement Form

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: CPR230000002

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received:

(Check the box next to each addendum received)

- | | | | |
|-------------------------------------|----------------|-----|-----------------|
| <input checked="" type="checkbox"/> | Addendum No. 1 | [] | Addendum No. 6 |
| <input checked="" type="checkbox"/> | Addendum No. 2 | [] | Addendum No. 7 |
| <input type="checkbox"/> | Addendum No. 3 | [] | Addendum No. 8 |
| [] | Addendum No. 4 | [] | Addendum No. 9 |
| [] | Addendum No. 5 | [] | Addendum No. 10 |

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

Milliman, Inc.

Company



Authorized Signature

February 28, 2023

Date

NOTE: This addendum acknowledgement should be submitted with the bid to expedite document processing.

D. RFP Vendor Form

REQUEST FOR PROPOSAL

(Agency Name and RFP #)

- 6.8. Availability of Information:** Proposal submissions become public and are available for review immediately after opening pursuant to West Virginia Code §5A-3-11(h). All other information associated with the RFP, including but not limited to, technical scores and reasons for disqualification, will not be available until after the contract has been awarded pursuant to West Virginia Code of State Rules §148-1-6.3.d.

By signing below, I certify that I have reviewed this Request for Proposal in its entirety; understand the requirements, terms and conditions, and other information contained herein; that I am submitting this proposal for review and consideration; that I am authorized by the bidder to execute this bid or any documents related thereto on bidder's behalf; that I am authorized to bind the bidder in a contractual relationship; and that, to the best of my knowledge, the bidder has properly registered with any State agency that may require registration.

Milliman, Inc.

(Company)

Matt Larrabee, FSA, EA

(Representative Name, Title)

+1 503 796 2665

(Contact Phone/Fax Number)

February 28, 2023

(Date)