

**Public Employees' Retirement Board  
July 16, 2015**

**Topic: Cheiron, Inc. Contract Addendum  
Actuarial Valuation Services Contract**

**Staff Recommendation:**

Cheiron, Inc. (Cheiron) provides actuarial valuation services for the plans administered by the Montana Public Employee Retirement Administration (MPERA). The purpose of this addendum is to make modifications to the contract in place between MPERA and Cheiron in order for Cheiron to provide firm fixed price services to MPERA for GASB 67 and 68 statement work in FY15 and FY16, transitional services for any new actuarial firm that may be contracted with in FY16, extract report review services in FY16, and plan choice rate tracking services for FY15 and FY16.

MPERA recommends approval of this Contract Addendum.

**Board Motion:**

Uphold Staff Recommendation

Other

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Moved by

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Seconded by

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Vote

RECEIVED

JUN 29 2015

**MONTANA PUBLIC EMPLOYEES' RETIREMENT BOARD - ACTUARIAL ~~MPERA~~  
CONTRACT DOA09-1654L  
ADDENDUM 8**

This Addendum ("Addendum 8") to Contract Number DOA09-1654L (the "Contract"), is entered into by and between the State of Montana Public Employee Retirement Board of the State of Montana (the "Board"), 100 North Park, Suite 200, P.O. Box 200131, Helena, MT 59620-0131, and Cheiron (the "Contractor"), 1750 Tysons Boulevard, Suite 1100, McLean, VA 22101. The Board and the Contractor may be referred to individually as "Party" or jointly as the "Parties."

**PURPOSE**

The purpose of this Addendum is to make modifications of the Contract as provided below and provide a fee schedule for the services to be provided.

**THEREFORE, THE PARTIES AGREE AS FOLLOWS:**

**1. Additional Services to be Provided**

- a. GASB Statement 67. Contractor will perform actuarial analysis and provide plan information disclosures necessary for the Board to comply with financial statement reporting requirements set forth in GASB Statement 67. Upon request by MPERA, Contractor will work with, provide requested information to, and answer questions posed by any representative of the Montana Legislative Audit Division (LAD) conducting an independent audit of MPERA during FY2015 or FY2016. Upon LAD or MPERA's discovery of an error solely attributable to Contractor, Contractor will re-run any GASB 67 report at any point in time during FY2015 or FY2016.
- b. GASB Statement 68. Contractor will perform actuarial analysis and provide plan information disclosures to the Board and participating employers to allow the employers to comply with financial reporting requirements set forth in GASB Statement 68. Upon request by MPERA, Contractor will work with, provide requested information to, and answer questions posed by any representative of LAD conducting an independent audit of MPERA during FY2015 or FY2016. Upon LAD or MPERA's discovery of an error solely attributable to Contractor, Contractor will re-run any GASB 68 report at any point in time during FY2015 or FY2016.
- c. Plan Choice Rate Services. As part of its FY2015 and FY2016 valuation for PERS, Contractor shall provide the Board with an amortization table in an editable Excel format that can be internally updated by the Board on a monthly basis. Pursuant to Mont. Code Ann. §§ 19-3-2117 and 19-3-316, this table will assist the Board fulfill its duty of determining when the plan choice rate unfunded

actuarial liability is eliminated and additional employer contributions should then be allocated to members accounts. This amortization table will be included as a service for which the Contractor is already compensated for under the Base Valuation fixed fee for FY2016 under Addendum 7.

- d. Transitional Services. Should the need arise, Contractor shall provide all necessary transitional services, including establishing lines of communication with a new actuary who will be performing actuarial valuation services for the Board starting in FY2016 and beyond. These services require the Contractor to share information with the new actuary. Contractor agrees to share the following information with the new actuary and warrants that this information will allow for an effective transition: all prior valuation reports, all annual investment reports, and for its most recent valuations, copies of the data used by Contractor, detailed valuation results, sample lives (two each of actives, retired, disabled, beneficiary, and terminated vested, all under each benefit tier), full tables of actuarial decrements or other assumptions / factors used, and discussion of any special valuation or data handling techniques. Contractor will provide this information within ten (10) calendar days of receiving a request for this information. If additional information is necessary for effective transition, Contractor also agrees to provide this information within ten (10) calendar days of receiving a request for such information. These transitional services provided by Contractor will be included as a service for which the Contractor is already compensated for under the Base Valuation fixed fee for FY2016 under Addendum 7.
- e. Extract Report Review and Creation. As part of MPERA's testing of its new Public Employee Retirement Information System (PERIS), MPERA will send Contractor three (3) different sets of extract reports during FY2016. Contractor will examine these files, validate data, reconcile reports, compare them to file layouts, and ensure totals are correct. Contractor will also validate cover letters as necessary.

## 2. Fee Schedule

In consideration for services provided above under Sections 1(a), 1(b), and 1(e), the Board will pay Contractor according to the following firm fixed price fee schedule during the course of the next two fiscal years. Contractor understands and agrees that the costs in the following table are firm fixed price, represent the maximum amount payable for the specific services listed in the below table to the Contractor for the entire fiscal year, and that there shall be no allowances or reimbursement for any cost related to any of the below listed services whatsoever except as otherwise explicitly provided for in the below table. Contractor agrees to fulfill its obligations under this Agreement, regardless of cost, for the sole and sufficient compensation stated in the below table for the listed services with no expectation of additional compensation. The Board will not be obligated to pay the Contractor any amount in excess of the firm fixed price stated below for these specific services.

Firm Fixed Price Services	Contract Period Firm Fixed Cost	
	FY 2015	FY 2016
All Services Related to GASB Statement 67	\$15,000	\$15,500
All Services Related to GASB Statement 68	\$70,000	\$30,000
Extract Report Review and Letter Validation		\$2,500

3. **Completion and Delivery of FY 2015 GASB 67 Report Information.** Contractor will complete and deliver Tables 2 through 6 of the GASB 67 Report, note disclosures that go along with those tables and the note disclosure for the Discount Rate and send this information to the Board no later than October 1, 2015.
4. **Completion and Delivery of Final FY 2015 GASB 67 and 68 Reports.** Contractor will complete and deliver final FY 2015 GASB 67 and 68 reports to the Board no later than December 1, 2015.
5. **Amendment of Contract.** Except as expressly amended herein, all terms and conditions of the Contract now in effect shall remain in full force and effect.

**SIGNATURES**

**Public Employees' Retirement Board**

**Cheiron**

By: \_\_\_\_\_  
Scott E. Moore, President

By: Constance Mauro

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Date

June 24, 2015  
Date

Approved as to Legal Content:

William J. Holahan 7/2/15  
William J. Holahan

Approved as to Form:

Lia Snyder 6/18/15  
Tia Snyder, Contracts Officer  
State Procurement Bureau