

## Table of Contents

### Proposal

A. Milliman's Actuarial Consulting Services .....	3
B. GASB 75 Analysis – Project Step .....	7
C. On The Job Injury (WC) Claims Approach.....	9
D. Milliman Project Team .....	11
E. Fee Schedule .....	15

### Exhibits

1. 2018 Milliman Fact Sheet
2. Representative GASB Client List
3. Requested GASB 75 Analysis Information
4. Sample Consulting Services Agreement
5. Business Associate Agreement (HIPAA Compliance)
6. Client References

## A. Milliman's Actuarial Consulting Services

Milliman differentiates itself in the delivery of actuarial consulting services by seeking out and developing professionals who are not only technically sound, but who can also communicate complex actuarial and accounting concepts in an understandable way. As a result, we bring measurable value to our client's ability to make sound decisions.

### Public Sector Experience

Milliman is nationally recognized for our substantial commitment to the public sector, which includes publication of our PERiScope newsletter, active participation in national meetings and advisory committees, and the funding of specialized research. With one of the largest groups of public-sector clients in the U.S., our consultants are extremely well versed in the GASB standards relating to post-employment benefit arrangements. They are also mindful of the impact that state and local law has on public employer benefit plans as they consider and analyze the effect that applicable law may have on current and future liabilities.

Milliman actuaries have performed GASB 45 valuations since the accounting standard was adopted in 2006. The new GASB 75 accounting standards is required to replace GASB 45 no later than for fiscal years beginning after June 15, 2017. Our actuaries are experts on both pension and OPEB and perform a large number of valuations each year. We have been retained by numerous public employers to perform OPEB valuations and consult on issues related to GASB 74 and 75. We have included a Representative Client List as *Exhibit 2*.

Property and casualty services provided cover such diverse areas as evaluation of loss and expense reserves, pricing and funding requirements, risk retention, insurance management and operations, financial analysis, claims consulting, and reinsurance issues. The services we offer are as diverse as our clientele, but all are custom-tailored to meet the unique requirements of each client. Milliman has performed studies on all aspects of property and casualty insurance, for public and private clients, in virtually all jurisdictions of the United States and in countries across the world.

Milliman also provides a broad range of other services to public plan sponsors in addition to actuarial consulting services including benefits consulting, compliance, recordkeeping, employee communication and investment advisory services.

### Health and Welfare Expertise

For many years, our Health Practice has been considered the premier provider of health actuarial services in the U.S. This expertise and experience are particularly important since employers' GASB liability is highly dependent on the cost structure of the health plan offered to its retirees and due to anticipated medical inflation.

In addition to serving as actuary for some of the nation's larger healthcare providers, Milliman's healthcare

*Milliman has clients across the entire spectrum of public sector organizations, including:*

- *City, County & State Governments*
- *School Districts*
- *Law Enforcement Agencies*
- *Hospital Districts*
- *Transportation Authorities*
- *Power & Utilities Organizations*

group publishes the Healthcare Cost Guidelines, an invaluable tool for developing per capita claims costs and medical inflation assumptions for post-employment medical benefit valuations. The Guidelines were first developed in 1954 as a result of Milliman's continuing research on healthcare costs. The publication has been updated and expanded annually ever since, and The Guidelines are continually monitored as they are utilized in measuring the experience and evaluating the rates of our clients, and comparing the information to other data sources.

The Guidelines also provide a flexible but consistent basis for the determination of claim costs for a wide variety of health benefit plans and may be used to estimate future claim levels, set provider budgets, set service category budgets, evaluate past experience, and establish interrelationships between different health coverages.

### **Independence**

Recognized as an industry leader, Milliman is an independent firm of consultants and actuaries. We are not affiliated with other organizations that might impair our objectivity or our focus on your needs. We deliver top-quality service because our flexible internal structure allows us to assemble collaborative project teams that provide broad expertise under the guidance of an assigned consultant who understands the City of Norman, OK ("the City") and your unique needs.

### **Extensive GASB Valuation Experience**

Milliman's extensive experience with GASB valuations allows our consultants to effectively analyze and maintain data, produce valuation results and project anticipated future GASB costs. Because no two plans are alike, our approach to each system is flexible. Accordingly, we are equipped to serve all types of clients with a broad spectrum of plan designs.

### **Thought Leadership and Legislative Updates**

Milliman is already working with our clients on alerting them to the required changes as a result of the new GASB 74/75 standards and will partner with the City to illustrate how the new standards will impact their financials as well as their reporting requirements for their OPEB plan.

## Extensive On-The-Job Injury (WC) Claims Experience

Milliman and the consultants assigned to this engagement have performed numerous actuarial reserve studies for a variety of insurers and self-insured entities in the United States as well as worldwide. Milliman has also provided actuarial consulting services, including feasibility studies, funding studies, and loss reserving projections, to over 300 captive insurance companies in over 20 domiciles. Milliman's experience with self-insured clients is extensive. Below is a partial list of clients for whom Milliman performs similar work to that proposed for the City:

Acuity Brands, Inc.	Dresser-Rand Company	Payroll Management, Inc.
American Dental Partners, Inc.	Dupre' Logistics, LLC	Pilgrim's Pride Corporation
Ann Taylor Stores Corporation	Express Services, Inc.	Qwest Corporation
Applebee's Services, Inc.	Foodmaster Super Markets, Inc.	RadioShack Corporation
Argos USA/Southern Star Concrete	Forbes Energy Services	Sam Kane Beef Processors, Inc.
Atrium Companies, Inc.	GAP Inc.	Shaw's Supermarkets
Baker Hughes Incorporated	Giant-Carlisle Supermarkets	ShopRite Supermarkets
BI-LO	Good Shepherd Medical Center	Staples, Inc.
BJ's Restaurants, Inc.	Haggar Clothing Company	Stop & Shop Companies, Inc.
Boy Scouts of America	HNI Corp.	Strategic Outsourcing, Inc.
Boyd Gaming Corporation	Houston ISD	Superior Energy Services
Brightpoint, Inc.	Key Energy Services, Inc.	Syms Corporation
Bruno's Supermarkets, Inc.	Kubota Tractor Corporation	Tandem Staffing
California Pizza Kitchen, Inc.	L&H Packing Company	The Kroger Co.
Central Freight Lines	Lone Star Steakhouse & Saloon	The Sleep Train, Inc.
City of Fort Worth	Metals USA, Inc.	The Stop & Shop Companies, Inc.
City of Garland	MRC Global, Inc.	The World Bank
City of Irving	Nash Finch Company	Tweeter Home Entertainment Group
Compton Management	National Service Industries, Inc.	US Foods
CTI Foods LLC	Newpark Resources	Western Express
Dartmouth College	Nuverra Environmental Resources	Yankee Candle
Del Frisco's Restaurant Group, LLC	Old Dominion Freight Line	Zep Inc.
Del Taco LLC	Otis Elevator Company	
Dell Inc.	P.F. Chang's China Bistro, Inc.	

### **Client Commitment**

We have worked hard to earn the trust of our public-sector clients by being very approachable and accessible, using technology to simplify and support all services, and by delivering on our commitments. We intend to continue following the same client service model for the City, earning the same high level of trust.

## **B. GASB 75 Analysis – Project Approach**

### **Assess Your Needs**

The GASB 75 Analysis is expected to accomplish the following objectives:

#### **1. Data Collection**

We will gather requested information from the City related to other post-employment benefits (OPEBs) offered to retirees. This will include the prior actuarial valuation report, so that we may assess the reasonability of the baseline assumptions and valuation results. Upon the review of the prior valuation, we will discuss any proposed changes in advance of completing the updated results.

#### **2. Valuation**

We will perform calculations in accordance with GASB guidance and current actuarial standards of practice. Key computations under GASB 75 will include the Total OPEB liability and OPEB expense (under GASB 75), and projected future benefit payments.

#### **3. Sensitivity Analysis**

We will provide sensitivity analysis to demonstrate the impact of variation in the assumed discount rate and other key assumptions. This information will be valuable in identifying the key drivers of expected cost associated with providing OPEBs to retirees.

#### **4. Meeting to Present Results**

We will meet with you via WebEx or conference call to present valuation results and discuss important issues.

#### **5. Financial Statement Preparation**

We will assist your auditors, as necessary, to review the GASB 75 section of the financial statement to assure that the disclosed information is consistent with our valuation results.

### **Strategy and Implementation**

Based on conclusions drawn from the valuation, we will be ready to discuss next steps. Those next steps typically include analysis of strategies you may want to explore prior to disclosing GASB 75 information in employer financial statements. Key considerations may include:

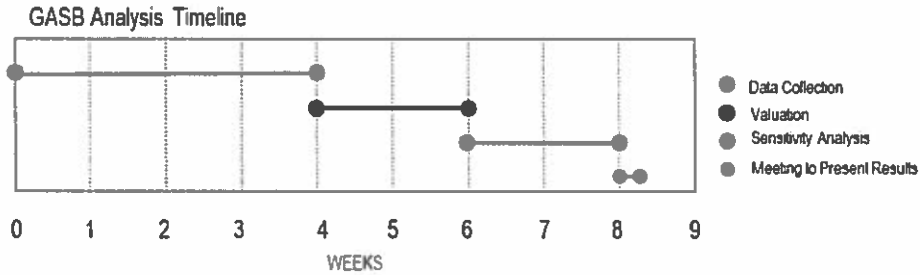
- The effect of potential plan design changes on GASB cost
- The impact of changes in employee cost-sharing provisions
- Whether advance funding of benefits in a trust is appropriate

### Ongoing Reporting

After completion of the valuation and additional analysis, as needed, we will be well-positioned to provide OPEB valuations on an ongoing basis as required under GASB 75. The steps involved in performing ongoing valuations will be similar to the steps described above for this valuation, except in the case where a more simplified approach may be used for interim valuations. Following completion of the valuation, we will meet with you to discuss results and follow with issuance of a formal valuation report.

### Timing for Completion of Valuation

From the time we receive the requested information and a completed service agreement, we expect to complete your valuation within six to eight weeks and schedule a meeting to discuss the results with you.



To complete your valuation, we will need certain census and plan information. The enclosed *Exhibit 3* provides a list of this information.

## C. On-The-Job Injury (WC) Claims Approach

We understand that the City of Norman, OK self-insures its on-the-job injury (WC) claims. The City retains 100% of the cost of claims and carries no excess or aggregate stop-loss coverage for the program. The City administers the claims for the program.

### Scope

Milliman is proposing to provide actuarial consulting services to the City to assist its financial reporting and internal planning. Milliman would provide the City with the following services:

- Estimate unpaid claim liability for WC losses and allocated loss adjustment expenses (ALAE, to the extent provided in the historical data) as of June 30, 2018.
- Provide a range of reasonable estimates of the unpaid claim liability, if requested.

Results will be provided on both a nominal (undiscounted) and discounted basis. Milliman will also be available throughout the year to address any questions from management or the City's auditors and to provide any other necessary follow-up support.

### Approach

Our approach to the assignment will involve the following steps:

#### 1. Data and Information Gathering

We will hold discussions with the City and/or its designated representative to review the scope of the assignment and establish a schedule of activities, as well as to ensure an understanding of specific concerns or issues that management would like addressed. At this stage we will also outline the essential data and information needed to complete our assignment. We plan to use data from the City's own loss experience supplemented with industry experience, where appropriate.

#### 2. Methodology

We will use a variety of actuarial projection methods, subject to the availability of data elements. Such methods may include loss development, exposure-based projections, and frequency/severity projections. We will forecast ultimate losses and ALAE and subtract payments as of a selected evaluation date to arrive at loss reserves. Incurred but not reported (IBNR) reserves will then be calculated as the difference between total reserves and case reserves. The allocation of results to location will be based on a weighting of exposure and case reserves by location.

#### 3. Report of Findings

We will prepare a draft report of our findings within three to four weeks of receipt of the necessary data. The draft report will allow management the opportunity to review our work and to discuss with us areas that may warrant further analysis. After making necessary changes, we will issue our final report and will be available to discuss our findings, explain our assumptions and methods, and answer any further questions.



### Other Services Available

We are also available to provide other services as needed. The following is a list of additional ways we have added value to self-insured entities and captive insurers:

- **Allocation of IBNR to department/division.** Based on the exposure and statistically credible loss experience of each unit, we can allocate our reserve estimates to department/division or other units within the City.
- **Variability of aggregate losses.** By modeling the variability of the City's total expected losses or reserves, we can provide estimates of the probability that losses will exceed various levels. This analysis can be useful on its own or as part of a financial planning/capital requirements analysis.
- **Claims management reviews.** Milliman claim consultants are available to review case reserving and/or claim management practices for the City.

These additional services are not contemplated in the cost estimate on page 16.

### Timing

We can start the project as soon as we are notified of the acceptance of this proposal and data becomes available. Generally, the turnaround time for an analysis of this size and scope is approximately two to three weeks. The timing of final report will depend on the scope of changes to the draft report. To the extent possible, we will work within any schedule or deadlines the City requires.

## D. Milliman Project Team

### Lead Actuary

Mr. Goodman is an Actuary in the Dallas office of Milliman. He has been with the firm since 1994 and practices in the employee benefits field.

Mr. Goodman works with various types of employers, focusing on plan implementation and ongoing administrative requirements for a broad range of qualified and nonqualified retirement programs, including international pension plans and cash balance plans. He also has experience with retiree medical and other post-employment benefit plans, including design and valuation under FAS 106 and GASB 45. Instrumental in the development of Milliman's valuation software, Mr. Goodman has served on Milliman's national System Enhancement Committee, which focuses on the innovation, design and enhancement of valuation software and other software applications.

#### PROFESSIONAL DESIGNATIONS

- Associate, Society of Actuaries (ASA)
- Member, American Academy of Actuaries (MAAA)

#### DEGREES

- BA, Mathematics, University of Texas at Austin

### Plan Actuary

Mr. Morin is a Principal and Consulting Actuary in the Dallas office of Milliman. He has been with the firm since 1977. He practices in the employee benefits field, working with a wide variety of employee retirement benefit plans.

Mr. Morin works with various types of employers in both the public and private sector, focusing on plan implementation and ongoing administrative requirements of a broad range of qualified and nonqualified retirement programs and retiree medical plans (including GASB 45 valuations for public plans). His experience spans traditional retirement plans to "cutting-edge" hybrid plans. In addition, he is involved with retirement plan outsourcing and all facets of plan redesign, conversion and termination.

#### PROFESSIONAL DESIGNATIONS

- Associate, Society of Actuaries (ASA)
- Enrolled Actuary (EA)
- Member, American Academy of Actuaries (MAAA)
- Member, SouthWest Benefits Association

#### DEGREES

- BS, (Mathematics; minors in Economics and Actuarial Science), University of Nebraska

**Christian Goodman**  
ASA, MAAA  
Relationship  
Manager and  
Consulting Actuary



**Mike Morin**  
ASA, EA, MAAA  
Plan Actuary



## Health Actuary

Stephanie Peterson is an Actuarial Consultant with the Employee Benefits Health and Welfare practice in the Houston office. As a credentialed actuary, Stephanie is responsible for actuarial reports and analysis for medical, dental, life, disability, paid time off, and other ancillary plans. Stephanie's main responsibility is direct consulting to large employers. She also assists on our platform of services for fully insured plans.

In her current position as an Actuarial Consultant, Stephanie specializes in the following:

- Large, complex actuarial projects such as HP Assist, FSA Assist
- Calculating IBNR reserves
- Benchmarking plan designs and recommending changes
- Calculating the value of plan design changes using Milliman's proprietary actuarial cost model, Health Cost Guidelines and Dental Cost Guidelines
- Performing retiree medical valuations (FASB / GASB)
- Evaluating the feasibility of self-insurance
- Performing Medicare Part D Attestations

### PROFESSIONAL DESIGNATIONS

- Fellow, Society of Actuaries (FSA)
- Chartered Enterprise Risk Analyst (CERA)
- Member, American Academy of Actuaries (MAAA)

### EDUCATION

- BS, Biology / Chemistry / Mathematics, College of Saint Mary, Omaha, NE

**Stephanie Peterson**  
**FSA, CERA, MAAA**  
Consulting Actuary



### Consulting Actuary

David is a principal and consulting actuary in the Dallas office of Milliman. He joined the firm in 2002.

David currently assists a variety of self-insured clients with reserve and funding analyses for workers' compensation, general liability, auto and medical malpractice programs. He also provides actuarial support to state regulators for statutory financial examinations, rate filing review and litigation. In addition, David assists insurance companies and risk-retention groups with reserve and pricing analyses for a variety of personal and commercial lines, including workers' compensation, medical malpractice, title, surety, auto, homeowners and property coverages.

#### PROFESSIONAL DESIGNATIONS

- Fellow, Casualty Actuarial Society (FCAS)
- Member, American Academy of Actuaries (MAAA)

#### DEGREES

- BBA (*summa cum laude*), Economics, Baylor University

### Consulting Actuary

Chuck directs the Property and Casualty consulting practice in the Dallas office of Milliman. He joined the firm in 1993.

Chuck has experience in many areas of property and casualty insurance. As a former employee of a large insurer, he gained expertise in actuarial analysis of many personal lines of business, including the development and evaluation of new coverages. As a consultant, Chuck has dealt extensively with both pricing and reserving of commercial and personal lines of insurance. His consulting activities include the following:

- M&A support including evaluation of insurance liabilities and profitability
- Actuarial support for settlement of bankruptcy claims involving self-insurers
- Actuarial analysis of various Lloyds of London syndicates
- Self-insurance and captive insurer feasibility studies for workers compensation, general liability, professional liability, auto liability, medical malpractice and auto loan default coverages
- Forecasting and monitoring of underwriting results and profitability by business line

#### PROFESSIONAL DESIGNATIONS

- Fellow, Casualty Actuarial Society (FCAS)
- Member, American Academy of Actuaries (MAAA)

#### DEGREES

- BA, Mathematics, University of Texas, Austin

**David M. Lang**  
**FCAS, MAAA**  
Principal and  
Consulting Actuary



**Charles C. Pearl, Jr.**  
**FCAS, MAAA**  
Principal and  
Consulting Actuary



### **Consulting Actuary**

Rachel is a consulting actuary in the Dallas casualty practice of Milliman. She joined the firm in 2004.

Rachel assists self-insured clients with reserve and funding analyses in the areas of medical malpractice, workers' compensation, general liability, auto liability, property, asbestos and environmental. Her experience also includes loss reserving and ratemaking studies for insurance companies in variety of commercial and personal lines including workers' compensation, auto liability, general liability, mine subsidence, inland marine, cargo and homeowners. She also provides actuarial support to state regulators for statutory financial examinations.

#### **PROFESSIONAL DESIGNATIONS**

- Fellow, Casualty Actuarial Society (FCAS)
- Member, American Academy of Actuaries (MAAA)

#### **DEGREES**

- BA, Economics, Wheaton College

**Rachel Seale**  
**FCAS, MAAA**  
Consulting Actuary



## E. Fee Schedule

### GASB 75 Fee Assumptions

The estimated fees are based on the following assumptions:

- There are approximately 758 active employees.
- There are approximately 36 retirees and beneficiaries.
- There is one medical option available to retirees.
- Travel and other out-of-pocket expenses are billed separately.

#### Estimated Fees

Phase	Fee
6/30/2018 GASB 75 valuation	\$12,000
*This includes \$10,000 for the standard valuation and \$2,000 for converting to GASB 75	
6/30/2019 GASB 75 roll-forward valuation (using 6/30/2018 data and claims information)	\$2,000
6/30/2020 GASB 75 valuation	\$10,000
*If you prefer that Milliman make an on-site final presentation, our fees will be an additional \$1,000.	
Plan Design and Funding Analysis	Provided as needed and based on scope

If a material difference in fees becomes evident due to a change in the scope of the assignment, we will advise you.

### On-The-Job Injury Claims Fee Assumptions

Our professional fees are typically based on the amount of time spent on the project multiplied by our standard hourly billing rates. In addition, we are reimbursed for direct out-of-pocket expenses incurred such as travel, lodging, and shipping expenses.

For the next three years, we agree to provide the proposed services described above for a flat, fixed fee per annual analysis.

Phase	Annual Cost for WC Analysis
2018	\$7,500
2019	\$7,500
2020	\$7,500

### On-The-Job Injury Claims General Limitations

We will rely on data and information provided by the City or their representatives. We will not audit or independently verify this data. If the data and information received is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete. If this is the case, our report may not be appropriate for the intended purpose. We will perform a limited review of the data used directly in our analysis for reasonableness and consistency. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or relationships that are materially inconsistent. Such a review is beyond the scope of our assignment.

Our estimates will reflect our best professional judgment, arrived at after careful actuarial analysis of the available data. However, estimates of expected claim costs involve future contingencies such as economic conditions, court decisions, and legislative actions. Therefore, our estimates are subject to uncertainty, and actual results will vary from our estimates.

**Services Agreement**

A sample service agreement is provided as *Exhibit 4*. The included Limitation of Liability language was drafted by OMES. Our acceptance of the work will be based on the negotiation of a mutually agreed upon contract.

Annual Total for GASB 75 Analysis and WC Analysis	
2018	\$19,500
2019	\$9,500
2020	\$17,500



## Exhibit 1 – Milliman Facts 2018

Milliman is among the world's largest providers of actuarial, risk management, and related technology and data solutions. Our consulting and advanced analytics capabilities encompass healthcare, property and casualty insurance, life insurance and financial services, and employee benefits.

With more than 3,500 employees and revenue of US\$1 billion in 2017, the firm serves the full spectrum of business, financial, government, union, education, and nonprofit organizations.

Founded in 1947, Milliman today has offices in principal cities worldwide, covering markets in North America, Latin America, Europe, Asia and the Pacific, the Middle East, and Africa.

### Leadership

**Stephen A. White**, president and CEO

**Ken Mungan**, chairman

### Key facts

- Milliman works with the 50 largest U.S. health insurers.
- Retirement plan clients' assets exceed US\$1 trillion.
- Global leader in financial risk management to the retirement savings industry, with more than US\$153 billion in assets under management.
- Leading provider of data analysis and insurtech consulting.

### Organization

Milliman is an independent firm owned and managed by its principals—senior consultants and technology experts elected in recognition of their technical, professional, and business achievements.

### Our roots

Despite our impressive growth over the past seven decades, we still operate according to the guiding principles of our founders, Wendell Milliman and Stuart Robertson. We retain their rigorous standards of professional excellence, peer review, and objectivity. We remain committed to developing innovative technology and providing expert solutions. And we continue to earn our clients' trust by keeping our focus fixed on their business objectives.

## Exhibit 2 – Representative GASB Client List

<b>ALABAMA</b>		
City of Athens	City of Gadsden	City of Scottsboro
City of Florence	City of Montgomery	Montgomery County

<b>ARKANSAS</b>		
Arkansas Tech University		

<b>FLORIDA</b>		
Bay County	City of Haines City	Southwest FL Water Mgmt.
City of Apopka	Franklin County	State of Florida
City of Dania Beach	Miami Beach Fraternal Order of Police	
City of Eustis	Putnam County	

<b>GEORGIA</b>		
Camden County	Georgia Ports Authority	Troup County
City of Smyrna	Gordon County	

<b>LOUISIANA</b>		
16th Judicial District Court	East Baton Rouge Parish Sheriff's Office	Plaquemines Parish Sheriff's Office
Acadia Parish School Board	East Carroll Parish School Board	Rapides Parish Library
Allen Parish Police Jury	East Feliciana Parish Sheriff's Office	Rapides Parish Police Jury
Allen Parish School Board	Evangeline Parish Assessor's Office	Red River Parish Sheriff's Office
Allen Parish Sheriff's Office	Evangeline Parish School Board	Richland Parish School Board
Assumption Parish Sheriff's Office	Evangeline Parish Sheriff's Office	Richland Parish Sheriff's Office
Bayou Lafourche Freshwater District	Franklin Parish School Board	St. Charles Parish Sheriff's Office
Caddo Parish School Board	Grant Parish School Board	St. Helena Parish School Board
Calcasieu Parish School Board	Greater New Orleans Expwy Commission	St. James Parish Sheriff's Office
Calcasieu Parish Sheriff's Office	Iberia Parish Sheriff's Office	St. John the Baptist Parish Sheriff
Caldwell Parish School Board	Iberville Parish Sheriff's Office	St. Landry Parish Sheriff's Office
Cameron Parish Sheriff's Office	Jackson Parish School Board	St. Martin Parish Schools
City of Abbeville	Lafayette Parish Clerk of Court	St. Mary Parish School Board
City of Baton Rouge/ E. Baton Rouge Parish	Lafayette Parish School System	St. Tammany Parish School Board
City of Bunkie	Lafayette Parish Sheriff's Department	St. Charles Parish Sheriff's Office
City of DeRidder	Lake Charles Harbor & Terminal District	Tangipahoa Parish Con. GD Dist 1
City of DeQuincy	LaSalle Parish School Board	Tangipahoa Parish Government
City of Lake Charles	Lincoln Parish School Board	Tensas Parish School Board
City of Leesville	Livingston Parish Sheriff's Office	Terrebonne Parish Sheriff's Office
City of Scott	LA Assessor's Association (50 offices)	Union Parish School Board
City of Ville Platte	Madison Parish School Board	Vernon Parish Clerk of Court
Claiborne Parish Schools	Madison Parish Sheriff's Office	Vernon Parish Government
Concordia Parish School Board	Monroe City Schools	Vernon Parish School Board
DeSoto Parish Schools	Morehouse Parish School Board	West Carroll Parish School Board

Milliman Proposal

---

DeSoto Parish Police Jury	Ouachita Parish Police Jury	Winn Parish School Board
<b>TENNESSEE</b>		
City of Millington		

<b>TEXAS</b>		
Bowie County	City of Plano	Potter County
Brazos County	City of Webster	San Jacinto River Authority
Burleson County	Cameron County	Tarrant Appraisal District
Cameron County	Collin County	Texarkana Water Utilities
City of Allen	Fort Bend County	Travis County
City of Brenham	Gulf Coast Waste Disposal	Pecos County
City of Denton	Hays County	Port of Corpus Christi Authority
City of Euless	Jefferson County	Trinity River Authority
City of Jasper	Lower Neches Valley Authority	Williamson County
City of Katy	Metropolitan Transit Authority of Harris County	Winkler County
City of Laredo	North Texas Municipal Water District	
City of Mount Pleasant	Port of Houston Authority	

## Exhibit 3 – Requested GASB 75 Analysis Information

Data is preferred in an Excel format whenever possible.

### 1) Employee / Retiree Information (see layout below)

ACTIVE EMPLOYEE DATA	
Data Element	Format
Identification Number	Alpha/Numeric
Group Code (if applicable)	Alpha/Numeric
Zip Code	Numeric
Gender	Alpha
Date of Birth	mm/dd/yyyy
Original Date of Hire	mm/dd/yyyy
Date of Rehire (if applicable)	mm/dd/yyyy
Date of Termination	mm/dd/yyyy
Benefit Coverages (medical plan if more than one, dental etc.)	Alpha
Medical Plan Design (PPO1, PPO2, etc.)	Alpha/Numeric
Tier (Employee Only, Employee & Spouse, etc.)	Alpha/Numeric
Dental Plan Design (DMO, indemnity, etc.)	Alpha/Numeric
Tier (Employee Only, Employee & Spouse, etc.)	Alpha/Numeric
Annual Compensation (if applicable)	999999.99
TERMINATED PARTICIPANTS (Eligible for Future Benefits)	
Data Element	Format
Identification Number	Alpha/Numeric
Group Code (if applicable)	Alpha/Numeric
Gender	Alpha
Date of Birth	mm/dd/yyyy
Date of Termination	mm/dd/yyyy
Benefit Coverages	Alpha
Tier (Employee Only, Employee & Spouse, etc.)	Alpha/Numeric
Life Insurance (if applicable)	99999999
RETIRED PARTICIPANT DATA	
Data Element	Format
Identification Number	Alpha/Numeric
Group Code (if applicable)	Alpha/Numeric
Zip Code	Numeric
Gender	Alpha
Date of Birth	mm/dd/yyyy
Participant Contribution Rate	9999.99
Benefit Coverages	Alpha
Medical Plan Design (PPO1, PPO2, etc.)	Alpha/Numeric
Tier (Employee Only, Employee & Spouse, etc.)	Alpha/Numeric
Dental Plan Design (DMO, indemnity, etc.)	Alpha/Numeric
Tier (Employee Only, Employee & Spouse, etc.)	Alpha/Numeric
Life Insurance (if applicable)	99999999
Beneficiary Identification Number	Alpha/Numeric
Beneficiary Date of Birth	mm/dd/yyyy

**2) Summary of plan provisions and any plan changes over past three years.**

- **Type of Insurance: self-insured, fully insured or partially insured (ASO agreement)**  
Please note if the type of insurance is different for actives, pre-65 retirees and post-65 retirees
- **Medical benefits (for each medical plan)**
  - ~ Deductible
  - ~ Co-insurance
  - ~ Office visit co-pay
  - ~ Out-of-pocket maximum
- **Prescription drug benefits (for each Rx plan)**
  - ~ Copay
- **Other**
- **Other post-employment benefits (other than retirement), including life insurance, vision, dental, etc.**
- **For Medicare eligible retirees**
  - ~ Are all post-65 retirees required to enroll in Medicare Parts A and B? Part D?
  - ~ How does the Plan coordinate with Medicare?
  - ~ Do retirees over 65 continue to receive health, life insurance, vision, dental, etc.?
  - ~ Are post-65 retirees on a Medicare Advantage Plan?

**3) Contribution Schedule (for actives, pre-65 retirees, and post-65 retirees as applicable)**

- Include both the employer and participant rates separately as well as the total monthly rate

**4) Claims information – 24-36 months needed (if self-insured)**

- Employee groups – active and retirees/beneficiaries
- Is the group rated as one entity or are actives and retirees rated separately?
- Type of benefit – medical, prescription drug, other
- Time period – information for the most recent full year needed; claims information for prior three years preferred
- Data should include:
  - ~ Monthly/annual employee counts or membership
  - ~ Claim lags (groups over 2000) or annual paid claims
  - ~ State if claims are net of stop loss recoveries
  - ~ Specific and Aggregate Stop Loss premiums and recoveries (if not adjusted in claims)
  - ~ Administrative expenses

**5) Groups not covered by Medicare – if any**

**6) Most recent pension valuation report (if available)**

**7) Anticipated plan design changes (if applicable)**

**8) Name and Contact information of your Auditor**

## Exhibit 4 – Sample Consulting Services Agreement

<b>Company:</b>	<u>The City of Norman, OK</u>	
<b>Contact:</b>	<u></u>	
<b>Address:</b>	<u>201 West Gray, Building C</u>	
	<u>The City, Oklahoma 73069</u>	
<b>Telephone:</b>	<u>(405) 217-7720</u>	
<b>Milliman Office:</b>	<u>Dallas, TX</u>	<b>CSA Effective Date:</b> <u>April 28, 2018</u>

This Agreement is entered into between Milliman, Inc. ("Milliman") and City of Norman, Oklahoma ("System") as of April 28, 2018. System has engaged Milliman to perform consulting services as described in the Request for Proposal #1718-54 dated February 28, 2018 and attached hereto. Such services may be modified from time to time and may also include general actuarial consulting services. These terms and conditions will apply to all subsequent engagements of Milliman by System unless specifically disclaimed in writing by both parties prior to the beginning of the engagement. In consideration for Milliman agreeing to perform these services, System agrees as follows.

### Terms and Conditions

- 1. BILLING TERMS.** System acknowledges the obligation to pay Milliman for services rendered, whether arising from System's request or otherwise necessary as a result of this engagement, at Milliman's standard hourly billing rates for the personnel utilized plus all out-of-pocket expenses incurred. Milliman will bill System periodically for services rendered and expenses incurred. All invoices are payable upon receipt. Milliman reserves the right to stop all work if any bill goes unpaid for 60 days. In the event of such termination, Milliman shall be entitled to collect the outstanding balance, as well as charges for all services and expenses incurred up to the date of termination.
- 2. TOOL DEVELOPMENT.** Milliman 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 Milliman or developed during the course of the provision of the Services provided such generic documents or templates do not contain any System Confidential Information or proprietary data. Rights and ownership by Milliman of original technical designs, methods, ideas, concepts, know-how, and techniques shall not extend to or include all or any part of System's proprietary data or System Confidential Information. To the extent that Milliman may include in the materials any pre-existing Milliman proprietary information or other protected Milliman materials, Milliman agrees that System shall be deemed to have a fully paid up license to make copies of the Milliman owned materials as part of this engagement for its internal business purposes and provided that such materials cannot be modified or distributed outside the System without the written permission of Milliman or except as otherwise permitted hereunder.
- 3. LIMITATION OF LIABILITY.** System agrees that in the case of a breach of this contract with Milliman that it will not seek damages in an amount that exceeds the total contract price. This limitation is null and void if the breach occurs as a result of the vendor's own fraud, willful injury to person or property or violation of law, whether willful or negligent.
- 4. DISPUTES.** In the event of any dispute arising out of or relating to the engagement of Milliman by System, the parties agree that the dispute will be resolved by final and binding arbitration under the Commercial Arbitration Rules of the

American Arbitration Association. The arbitration shall take place before a panel of three arbitrators. Within 30 days of the commencement of the arbitration, each party shall designate in writing a single neutral and independent arbitrator. The two arbitrators designated by the parties shall then select a third arbitrator. The arbitrators shall have a background in either insurance, actuarial science or law. The arbitrators shall have the authority to permit limited discovery, including depositions, prior to the arbitration hearing, and such discovery shall be conducted consistent with the Federal Rules of Civil Procedure. The arbitrators shall have no power or authority to award punitive or exemplary damages. The arbitrators may, in their discretion, award the cost of the arbitration, including reasonable attorney fees, to the prevailing party. Any award made may be confirmed in any court having jurisdiction. Any arbitration shall be confidential, and except as required by law, neither party may disclose the content or results of any arbitration hereunder without the prior written consent of the other parties, except that disclosure is permitted to a party's auditors and legal advisors.

5. **CHOICE OF LAW.** The construction, interpretation, and enforcement of this Agreement shall be governed by the substantive contract law of the State of New York without regard to its conflict of laws provisions. In the event any provision of this agreement is unenforceable as a matter of law, the remaining provisions will stay in full force and effect.
6. **NO THIRD PARTY DISTRIBUTION.** Milliman's work is prepared solely for the internal business use of the System. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product, and Milliman may include a legend on its reports so stating. System agrees not to remove any such disclaimer language from Milliman's work. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s):
  - (a) The System may provide a copy of Milliman's work, in its entirety, to the System's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the System.
  - (b) The System may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

7. **CONFIDENTIALITY.** In connection with this Agreement, 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 Agreement 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 Agreement. During the term of this Agreement 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 Agreement (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.

8. **GENERAL.** This Agreement and any amendment hereto or thereto may be executed in two or more counterparts (including by facsimile or email attachment), each of which will be considered an original but all of which together will constitute one agreement. This Agreement shall not be deemed or construed to be modified, amended, or waived, in whole or in part, except as set forth herein or by a separate written agreement duly executed by the parties to this Agreement. No document, purchase order, or any handwritten or typewritten text which purports to alter or amend the printed text of this Agreement shall alter or amend any provision of this Agreement or otherwise control, unless Milliman and System both specify in writing that such terms or conditions shall control. Neither party shall be liable for any delay or failure to perform due to causes beyond its reasonable control. Milliman and System are independent contractors and this Agreement will not establish any relationship of partnership, joint venture, employment, franchise, or agency between Milliman and System. Neither Milliman nor System will have the power to bind the other or incur obligations on the other party's behalf without the other party's prior written consent, except as otherwise expressly provided in this Agreement. Failure to enforce any term or condition of this Agreement shall not be deemed a waiver of the right to later enforce such term or condition or any other term or condition of this Agreement.

---

This Service Agreement will take effect upon the signature of both parties below.

<b>THE CITY OF NORMAN, OK</b>	
<i>I have read and agree to the terms and conditions of this Agreement.</i>	
Accepted by:	
Printed Name:	
Title: _____	Date: _____

<b>MILLIMAN, INC.</b>	
<i>I have read and agree to the terms and conditions of this Agreement.</i>	
Accepted by:	
Printed Name:	
Title: <u>Principal</u>	Date: _____



## Schedule A

### Actuarial Services

<b>Included Entities:</b>	The City of Norman, OK
---------------------------	------------------------

This document provides a description of Milliman's actuarial consulting services and the framework on which our fees for these services are based. Unless otherwise indicated, these services are considered "Basic Services" and are provided for the fees outlined in the fee schedule that applies to these Services. Services outside the scope of Basic Services are "Additional Consulting Services" provided on a time-and-expense basis and are not included in the fees provided for Basic Consulting Services.

---

#### CONTENTS

- I. Description of Actuarial Consulting Services
  - II. Fees for Actuarial Consulting Services
-

# I. DESCRIPTION OF ACTUARIAL CONSULTING SERVICES

## A. Basic Consulting Services

### **GASB 75 Analysis**

- 1) Data Collection
  - We will gather requested information from The City of Norman related to other post-employment benefits (OPEBs) offered to retirees. This will include the prior actuarial valuation report, so that we may assess the reasonability of the baseline assumptions and valuation results. Upon the review of the prior valuation, we will discuss any proposed changes in advance of completing the updated results.
- 2) Valuation
  - We will perform calculations in accordance with GASB guidance and current actuarial standards of practice. Key computations will include the OPEB liability, the annual required contribution, and projected future benefit payments.
- 3) Sensitivity Analysis
  - We will provide sensitivity analysis to demonstrate the impact of variation in the assumed discount rate and other key assumptions. This information will be valuable in identifying the key drivers of expected cost of associated with providing OPEBs to retirees.
- 4) Meeting to Present Results
  - We will meet with you via WebEx or conference call to present valuation results and discuss important issues.
- 5) Financial Statement Preparation

We will assist your auditors, as necessary, to review the GASB 75 section of the financial statement to assure that the disclosed information is consistent with our valuation results.

## B. Additional Consulting Services

Additional actuarial consulting not included in our Basic Services that may be needed from time to time as approved in advance by Client. Examples include responding to requests from auditors, benefit plan change analyses, funding alternatives, other financial projections, and communication projects.

## II. FEES FOR ACTUARIAL CONSULTING SERVICES

This is a not-to-exceed fee project based on the Basic Consulting Services listed in Section I.

**Description of Actuarial Consulting Services.** Milliman will notify the Client of any change in this fee schedule prior to such change becoming effective in the event out-of-scope work is anticipated. The fee is due, in full, once the report has been presented and finalized.

### GASB 75 Fee Assumptions

The estimated fees are based on the following assumptions:

- There are approximately 758 active employees
- There are approximately 36 retirees and beneficiaries
- There is one medical option available to retirees.
- Travel and other out-of-pocket expenses are billed separately.

### Estimated Fees

Phase	Fee
6/30/2018 GASB 75 valuation	\$12,000
*This includes \$10,000 for the standard valuation and \$2,000 for converting to GASB 75	
6/30/2019 GASB 75 roll-forward valuation (using 6/30/2018 data and claims information)	\$2,000
6/30/2020 GASB 75 valuation	\$10,000
*If you prefer that Milliman make an on-site final presentation, our fees will be an additional \$1,000.	
Plan Design and Funding Analysis	Provided as needed and based on scope

If a material difference in fees becomes evident due to a change in the scope of the assignment, we will advise you.

## Schedule B

### Actuarial Services

<b>Included Entities:</b>	The City of Norman, OK
---------------------------	------------------------

This document provides a description of Milliman's actuarial consulting services and the framework on which our fees for these services are based. Unless otherwise indicated, these services are considered "Basic Services" and are provided for the fees outlined in the fee schedule that applies to these Services. Services outside the scope of Basic Services are "Additional Consulting Services" provided on a time-and-expense basis and are not included in the fees provided for Basic Consulting Services.

---

#### CONTENTS

III. Description of Actuarial Consulting Services

IV. Fees for Actuarial Consulting Services

---

### III. DESCRIPTION OF ACTUARIAL CONSULTING SERVICES

#### A. Basic Consulting Services

##### On-The-Job Injury Claims Analysis

Milliman will provide the City with the following services:

- Estimate unpaid claim liability for WC losses and allocated loss adjustment expenses (ALAE, to the extent provided in the historical data) as of June 30, 2018.
- Provide a range of reasonable estimates of the unpaid claim liability, if requested.

Results will be provided on both a nominal (undiscounted) and discounted basis. Milliman will also be available throughout the year to address any questions from management or the City's auditors and to provide any other necessary follow-up support.

#### B. Additional Consulting Services

Additional actuarial consulting not included in our Basic Services that may be needed from time to time as approved in advance by Client.

## IV. FEES FOR ACTUARIAL CONSULTING SERVICES

### On-The-Job Injury Claims Fee Assumptions

Our professional fees are typically based on the amount of time spent on the project multiplied by our standard hourly billing rates. In addition, we are reimbursed for direct out-of-pocket expenses incurred such as travel, lodging, and shipping expenses.

For the next three years, we agree to provide the proposed services described above for a flat, fixed fee per annual analysis.

Phase	Annual Cost for WC Analysis
2018	\$7,500
2019	\$7,500
2020	\$7,500

## Exhibit 5 – Business Associate Agreement (HIPAA Compliance)

### MILLIMAN, INC. BUSINESS ASSOCIATE AGREEMENT

This BUSINESS ASSOCIATE AGREEMENT (“Agreement”) is entered into effective the \_\_\_ day of \_\_\_\_\_, 201\_ (“Effective Date”) by and between The City of Norman, OK (“Company”) and Milliman, Inc., on behalf of itself and its Affiliates (“Milliman”).

#### RECITALS

A. Company is a Covered Entity as defined under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and is therefore subject to HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, enacted as part of the American Recovery and Reinvestment Act of 2009 (“HITECH”), and the privacy standards adopted by the U.S. Department of Health and Human Services (“HHS”), 45 C.F.R. parts 160 and 164, Subparts A and E (“Privacy Rule”), the security standards adopted by the HHS, 45 C.F.R. parts 160 and 164, Subparts A and C (“Security Rule”), and the breach notification standards adopted by HHS, 45 C.F.R. part 164 Subpart D (“Breach Notification Standards”), as each may be amended from time to time (collectively, HIPAA, HITECH, the Privacy Rule, Security Rule and Breach Notification Standards shall be referred to herein as the “HIPAA Regulations”).

B. Protected Health Information received from Company or created or received by Milliman on behalf of Company (“PHI”) may be needed for Milliman to perform the services (the “Services”) requested by Company and described in any underlying agreement between the parties (the “Underlying Agreement”).

C. To the extent Milliman needs to access PHI to perform the Services, it will be acting as a Business Associate of Company and will be subject to certain provisions of the HIPAA Regulations.

D. Milliman and Company wish to set forth their understandings with regard to the use and disclosure of PHI by Milliman so as to comply with the HIPAA Regulations.

#### AGREEMENTS

In consideration of the Recitals and the mutual agreements below, the parties agree as follows:

1. Defined Terms.

(a) Affiliates. As used herein, "Affiliates" means Milliman and each legal entity that is directly or indirectly controlled by, controlling or under common control with Milliman ("control" means the ownership, direct or indirect, of the power to vote 50% or more of any class of voting securities of a corporation or limited liability company, or the ownership of any general partnership interest in any general or limited partnership) on or after the Effective Date and for so long as such entity remains directly or indirectly controlled by, controlling or under common control with Milliman.

(b) All other capitalized terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in the HIPAA Regulations.

2. Milliman's Obligations and Permitted Activities.

(a) Milliman agrees to not use or further disclose PHI other than as required to perform the Services, requested by Company or Required By Law, or as otherwise permitted herein. Milliman may not use or disclose PHI in a manner that would violate the Privacy Rule if done by Company, except for the specific uses and disclosures set forth in Sections 2(i) and 2(j) herein.

(b) Milliman agrees to use reasonable and appropriate safeguards to prevent use or disclosure of PHI other than as provided for by this Agreement, and shall develop, implement, maintain and use appropriate administrative procedures, and physical and technical safeguards, in accordance with the Security Rule, to reasonably preserve and protect the confidentiality, integrity, and availability of electronic PHI.

(c) Milliman agrees to report to Company, without unreasonable delay and in no case later than five (5) business days following actual knowledge by Milliman:

(i) Any use or disclosure of PHI not provided for by this Agreement.

(ii) Any Security Incident of which Milliman becomes aware; provided, however, that the parties acknowledge and agree that this section constitutes notice by Milliman to Company of the ongoing existence and occurrence of attempted but Unsuccessful Security Incidents of which no additional notice to Company shall be required. Unsuccessful Security Incidents shall include, but not be limited to, pings and other broadcast attacks on Milliman's firewall, port scans, unsuccessful log-on attempts, denials of service and any combination of the above, so long as such incidents do not result in unauthorized access, use or disclosure of Company's electronic PHI.

(iii) Any Breach of Unsecured PHI, as defined in 45 C.F.R. 164.402. Following the initial notification of any such Breach, Milliman shall provide a report to Company that includes, to the extent possible: [A] a brief description of what happened, including the date of occurrence and the



date of the discovery by Milliman; [B] a description of the PHI affected, including the names of any Individuals whose PHI has been or is reasonably believed to have been accessed, acquired or disclosed and the types of PHI involved (such as full name, social security number, date of birth, home address, account numbers, etc.); and [C] a brief description of what Milliman has done to investigate the Breach, to mitigate harm to Individuals, and to protect against any further Breaches. Milliman also shall provide to Company any other available information Company is required to include in its notification to affected Individual(s).

(d) Milliman agrees to ensure that any subcontractors that create, receive, maintain, or transmit PHI on behalf of Milliman agree to substantially the same restrictions and conditions as those that apply to Milliman with respect to such PHI.

(e) Milliman shall make its internal policies, procedures and records relating to the use and disclosure of PHI reasonably available to the Secretary if necessary or required to assess Milliman's or the Company's compliance with the HIPAA Regulations.

(f) It is not anticipated that Milliman will maintain a Designated Record Set on behalf of Company; however, if Milliman maintains a Designated Record Set on behalf of Company, Milliman agrees to, at Company's written request: (i) provide access to such PHI in order to assist Company in meeting its obligations under the Privacy Rule, and (ii) make any amendment(s) to such PHI as Company so directs or agrees to pursuant to the Privacy Rule.

(g) So that Company may meet its disclosure accounting obligations under the HIPAA Regulations, Milliman agrees to document disclosures of PHI made by Milliman which are not excepted from disclosure accounting requirements under the HIPAA Regulations and to provide such an accounting to Company at Company's written request.

(h) To the extent that Milliman is engaged to carry out one or more of Company's obligations under the Privacy Rule, Milliman shall comply with such requirements that apply to Company in the performance of such obligations.

(i) Milliman may use PHI for Milliman's proper management and administration or to carry out its legal responsibilities. Milliman may disclose PHI for Milliman's proper management and administration, provided that: (i) Milliman obtains reasonable assurances from the person to whom PHI is disclosed that it will remain confidential and used or further disclosed only as Required By Law or for the purpose for which it was disclosed to the person; and (ii) the person notifies Milliman of any instances of which it is aware in which the confidentiality of PHI has been breached. Milliman also may make disclosures that are Required By Law.

(j) Milliman may use PHI to provide Data Aggregation services to Company as permitted by the Privacy Rule.

(k) Milliman may de-identify PHI in accordance with the requirements of the Privacy Rule; provided that all identifiers are destroyed in accordance with this Agreement.

(l) Milliman may create a Limited Data Set for the purpose of providing the Services, provided that Milliman:

- (i.) Does not use or further disclose PHI contained in the Limited Data Set except as necessary to provide the Services or as provided for in this Agreement or otherwise Required By Law;
- (ii.) Uses appropriate safeguards to prevent the use or disclosure of PHI contained in the Limited Data Set other than as provided for by this Agreement;
- (iii.) Reports to Company any use or disclosure of PHI contained in the Limited Data Set of which Milliman becomes aware that is not provided for by this Agreement;
- (iv.) Ensures that any agents or subcontractors to whom it provides access to the Limited Data Set agree to substantially the same restrictions and conditions that apply to Milliman under this Agreement; and
- (v.) Does not re-identify PHI or contact the Individuals whose information is contained within the Limited Data Set.

(m) Milliman agrees to mitigate, to the extent practicable, any harmful effect that is known to Milliman of a use or disclosure of PHI by Milliman in violation of this Agreement.

### 3. Company's Obligations.

(a) Company shall not request Milliman to use or disclose PHI in any manner that would not be permissible under the Privacy Rule or the Security Rule if done by Company, except as otherwise permitted herein for purposes of Data Aggregation.

(b) Company shall clearly and conspicuously designate all PHI as such before providing it to Milliman.

(c) Company acknowledges and agrees that it shall be solely responsible for tracking and providing Individuals an accounting of any disclosures made by Company to Milliman.

(d) Company acknowledges and agrees that the provisions of Section 2(l) of this Agreement shall constitute a Data Use Agreement between the parties.

4. Term and Termination.

(a) Term. This Agreement shall be effective as of the date first written above, and shall terminate when all PHI is destroyed or returned to Company. If Milliman determines, in accordance with Section 4(c) below, that it is infeasible to return or destroy PHI, the protections of this Agreement with respect to such PHI shall remain in effect until such PHI is returned or destroyed.

(b) Termination. Upon Company's knowledge of a material breach or violation of Milliman's obligations under this Agreement, Company shall either:

- (i) Provide an opportunity for Milliman to cure the breach or end the violation and terminate this Agreement if Milliman does not cure the breach or end the violation within the time specified by Company; or
- (ii) Immediately terminate this Agreement if Milliman has breached a material term of this Agreement and cure is not possible.

(c) Obligations of Milliman Upon Termination. Upon termination of this Agreement, for any reason, Milliman shall:

- (i) Retain only that PHI which is necessary for Milliman to continue its proper management and administration or to carry out its legal responsibilities;
- (ii) Return to Company or destroy the remaining PHI that Milliman still maintains in any form ("Remaining PHI");
- (iii) Continue to use appropriate safeguards and comply with Subpart C of 45 C.F.R. Part 164 with respect to electronic PHI to prevent use or disclosure of the PHI, other than as provided for in this Section 4(c), for as long as Milliman retains the PHI;
- (iv) Not use or disclose the PHI retained by Milliman other than for the purposes for which such PHI was retained and subject to the same conditions set out at Section 2(i) above which applied prior to termination; and
- (v) Return to Company or destroy the PHI retained by Milliman when it is no longer needed by Milliman for its proper management and administration or to carry out its legal responsibilities.

(d) Infeasibility of Return or Destruction. If Milliman determines that returning or destroying the Remaining PHI is infeasible, the protections of this Agreement shall continue to apply to such PHI, and Milliman shall limit further uses and disclosures of PHI to those purposes that make the return or destruction infeasible, for so long as Milliman maintains such PHI.

5. Miscellaneous.

(a) Regulatory References. A reference in this Agreement to a section in the HIPAA Regulations means the section as in effect or as amended, and for which compliance is required.

(b) Amendment. The parties agree to take such action as is necessary to amend this Agreement from time to time in order to ensure compliance with the requirements of the HIPAA Regulations and any other applicable law.

(c) Independent Contractors. Milliman and Company are independent contractors and this Agreement will not establish any relationship of partnership, joint venture, employment, franchise or agency between Milliman and Company. Neither Milliman nor Company will have the power to bind the other or incur obligations on the other party's behalf without the other party's prior written consent, except as otherwise expressly provided in this Agreement.

(d) Conflicts. In the event that any terms of this Agreement are inconsistent with the terms of the Underlying Agreement, then the terms of this Agreement shall control.

(e) Entire Agreement. This Agreement shall constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, oral or written, and all other communications between the parties hereto relating to such subject matter.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first written above.

MILLIMAN, INC., on behalf of itself and its  
Affiliates

THE CITY OF NORMAN, OK

By \_\_\_\_\_

By \_\_\_\_\_

-

-

Title \_\_\_\_\_

Title \_\_\_\_\_

-

-

## **Exhibit 6 – Client References**

The following individuals may be contacted as current references for GASB 75 related work similar to that proposed for the City of Norman:

### **Hays County**

Marisol Villarreal-Alonzo, CPA, MPA  
Hays County Auditor  
712 South Stagecoach Trail, Suite 1071  
San Marcos, TX 78666  
512-393-2253

### **Texarkana Water Utilities**

Jim Cornelius  
Finance Director  
801 Wood St,  
Texarkana, TX 75501  
903-798-3824

### **Potter County**

Kerry Hood  
Potter County Auditor  
900 S. Polk, Suite 716  
Amarillo, TX 79101-3412  
806-349-4801

### **Iberia Parish**

Dustin Achord  
300 Iberia Street, Suite 120  
New Iberia, LA 70560  
337-365-8246

The following individuals may be contacted as current references for WC related work similar to that proposed for the City of Norman:

**City of Fort Worth**

Mr. Mark Barta  
1000 Throckmorton Street  
Fort Worth, TX 76102  
817-392-7744

**Northside Independent School District**

Ms. Debby Glass  
5617 Grissom Road  
San Antonio, Texas 78238  
210-397-8500

**South San Antonio ISD**

Ms. Irma E. Paine  
Human Resource Coordinator  
5622 Ray Ellison Blvd.  
San Antonio, TX 78242

**Texas Association of Public Schools**

Mr. Jan Skovbjerg  
342 W. Woodlawn Ave., Suite 300  
San Antonio, TX 78212  
210-736-2600

**City of Irving**

Mr. Chris Garza  
Risk Management Specialist  
825 W. Irving Boulevard  
Irving, TX 75060  
972-721-8017

**Houston Independent School District**

Mr. Brad Bailey  
4400 W. 18th Street, Level 1SW  
Houston, Texas 77092  
713-556-6655

**Mesquite Independent School District**

Mr. James Huckaby  
405 E. Davis Street  
Mesquite, Texas 75149  
972-882-7333