

Date: August 9, 2017
To: Board of Directors
From: Neil McFarlane *Neil McFarlane*
Subject: RESOLUTION 17-08-61 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT MODIFICATION WITH MILLIMAN, INC. FOR ACTUARIAL SERVICES

1. Purpose of Item

The purpose of this item is to request that the TriMet Board of Directors (Board) authorize the General Manager to execute a contract modification with Milliman, Inc. (Milliman) for additional Actuarial Services (Services).

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other _____

3. Reason for Board Action

Board approval is required for a contract modification obligating TriMet to pay in excess of the amount previously approved by the Board.

4. Type of Action

- Resolution
- Ordinance 1st Reading
- Ordinance 2nd Reading
- Other _____

5. Background

At its February 2014 meeting, the Board approved Resolution 14-02-07, authorizing a contract with Milliman for the Services resulting from a competitive Request for Proposals (RFP) process, for a not-to-exceed amount of \$225,000 and a term of four years.

Following the initial actuarial valuation year, TriMet required a mid-term valuation update of the Other Post-Employment Benefits (OPEB) obligation offered to union and management employees. This was in addition to regular annual updates. As a result of this additional work, TriMet and Milliman agreed to an additional cost to complete the work under the contract. There is less than a year left on the contract term and staff plan to issue a RFP later this year for the services to replace the existing contract with Milliman.

This resolution will add \$80,000 to the existing contract. Upon approval of this resolution, the new not-to-exceed value of the contract with Milliman will be \$305,000.

6. Procurement Process

The contract with Milliman is the result of a competitive RFP issued in December of 2013 and approved by the Board in February of 2014.

Due to the additional work to be performed as mentioned above, the attached Resolution authorizes an additional \$80,000 to be added to the contract for the remainder of the term.

Costs for the additional actuarial work is as follows:

• ATU defined benefit plan valuation	\$43,000
• Management defined benefit plan valuation	\$25,000
• Normal cost analysis	<u>\$12,000</u>
	<u>\$80,000</u>

7. Diversity

Milliman self performs the Services with its own employees so there are no subcontracting opportunities under the contract.

8. Financial/Budget Impact

The Services are budgeted for in the Finance and Administration Division's budget.

9. Impact if Not Approved

If the Board does not approve the attached Resolution, staff will be required to issue a RFP earlier than expected to award a replacement contract. This option is not recommended due to the fact that the contract with Milliman will be expiring in less than a year and staff plan to issue a RFP to replace the contract so there is no lapse in coverage. Milliman has performed satisfactorily and staff would prefer to retain their services for the remainder of the contract term.

RESOLUTION 17-08-61

RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT MODIFICATION WITH MILLIMAN, INC. FOR ACTUARIAL SERVICES

WHEREAS, TriMet has authority under ORS 267.200 to enter into a modification of a contract with Milliman, Inc. for Actuarial Services (Contract Modification); and

WHEREAS, the total amount of the Contract Modification shall exceed the amount previously authorized by the Board; and

WHEREAS, the TriMet Board of Directors (Board), by Resolution dated November 25, 2009, adopted a Statement of Policies requiring the Board to approve modifications to contracts obligating TriMet to pay in excess of the amount previously authorized by the Board;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Contract Modification shall be in conformance with applicable laws.
2. That the General Manager or his designee is authorized to execute the Contract Modification adding \$80,000 for an overall contract total not to exceed amount of \$305,000.

Dated: August 9, 2017

Attest:

Presiding Officer

Recording Secretary

Approved as to Legal Sufficiency:



Legal Department