

AGREEMENT

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD

and

BOLTON PARTNERS, INC.

THIS AGREEMENT (Agreement) made this 6th day of February 2019, is between the **WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD** (MPOB), Charleston, West Virginia, and **BOLTON PARTNERS, INC. (Bolton)**, 36 S. Charles Street, #1000, Baltimore, MD 21201.

WHEREAS, Pursuant to the provisions of *W.Va. Code* § 8-22-18A(b)(6), the MPOB is exempt from provisions of article three, chapter five-a of the Code for the purpose of contracting for actuarial services and pursuant to the provisions of *W.Va. Code* § 8-22-20(a), the MPOB shall contract with or employ a qualified actuary to annually prepare an actuarial valuation report on each pension and relief fund. The selection of contract vendors to provide actuarial services...shall be by competitive bid process but is specifically exempt from purchasing provisions of article three, chapter five-a of the Code; and

WHEREAS, on or about August 29, 2018, the MPOB issued Agency Request for Proposal (ARFP) MPO1900000001 seeking proposals from qualified actuarial consultants to provide certain actuarial valuations for each of the 53 municipal policemen's and firemen's pension and relief funds in West Virginia; prepare and deliver to the West Virginia Legislature's Joint Committee on Pensions and Retirement a consolidated actuarial report of the status of the 53 municipal policemen's and firemen's pension and relief funds on an annual basis; to assist the MPOB by reviewing any municipality's DROP (Deferred Retirement Option Plan) proposal received by the MPOB as required in *W.Va. Code* § 8-22-25(a); to provide consulting and complete special projects as required by both the MPOB and the Joint Standing Committee on Pensions and Retirement of the West Virginia Legislature; to provide Government Accounting Standards Board (GASB) reports 67 and 68 for each pension fund which impact a municipality's financial reporting; and

WHEREAS, in response to ARPF# MPO1900000001, Bolton submitted a proposal dated October 28, 2018, offering services as the primary provider of the services desired (Bolton Proposal); and

WHEREAS, the Bolton Proposal received the highest total point score in the evaluation of all proposals received by the MPOB as described in ARFP #MPO1900000001; and

WHEREAS, the parties now desire to formalize the terms and conditions of their agreement for such services.

NOW THEREFORE, THIS AGREEMENT, WITNESSETH:

That for and in consideration of the terms included herein, the parties do hereby covenant and agree as follows:

PART I – SPECIFIC CONTRACT TERMS

1-1. AGREEMENT:

- a. As reflected in the Purchase Order, the contract between the parties in its entirety consists of the following documents, in the order listed:
 - 1. This Agreement;
 - 2. ARFP #MPO190000001 and the Addendum issued September 28, 2018, by reference;
 - 3. Bolton Proposal, by reference; and
 - 4. Bolton Cost Sheet, Exhibit B.
- b. Any ambiguities or questions shall be resolved by reference to the documents in the order listed in this Section, unless otherwise specified in this Agreement.

1-2. SERVICES:

- a. Bolton agrees to provide the actuarial services required by the MPOB and described in ARFP #MPO190000001 (Services), reference to which is hereby made and incorporated herein.
- b. The MPOB reserves the right to alter, modify, eliminate, add, change, and amend the Services as mutually agreed between MPOB and Bolton to reflect the needs of the MPOB. The parties shall comply with all applicable federal and state laws, rules, regulations, and policies. The MPOB reserves the right to unilaterally accept, reject, cancel, prohibit or stop any, and all work performed under this Agreement without penalty with thirty (30) days written notice to Bolton.

1-3. VALUATION TIMELINE:

- a. Transition of Actuarial Services

Action	Timing	Responsible Party
Provide data and documentation requests to the MPOB and the prior actuary	Week 1	Bolton
Receive requested data and documentation	Weeks 2-4	MPOB and prior actuary
Complete initial programming of valuation model and send follow up request to prior actuary (if needed)	Weeks 4-5	Bolton
Receive follow up information regarding valuation match questions	Week 6	Prior actuary
Finalize valuation match and review discrepancies, if any, with the MPOB	Weeks 7-8	Bolton

- b. As stated in the ARFP #MPO1900000001, Bolton agrees to provide the actuarial services specified in Years 1, 2, 3, 4 and 5.
 - i. For year 1, data collection begins on the starting date of this contract for these services.
 - ii. Consolidated Report and Presentation to WV Legislature due November 1st.
 - iii. All individual pension valuations completed by September 30th.
 - iv. For years 2, 3, 4 or 5, data collection begins January 1st for preceding fiscal year end (June 30th).

1-4. **TERM:**

This Agreement will be effective upon award and shall extend for the period of five (5) years, at which time the contract may, upon mutual consent, be renewed. Such renewals are for a period of up to one (1) year, with a maximum of two (2) one-year renewals, or until such reasonable time thereafter as is necessary to obtain a new contract, not to exceed six months. During the "reasonable time" period, Bolton may terminate the contract for any reason upon giving the MPOB ninety (90) days written notice. Notice by Bolton of intent to terminate will not relieve Bolton of the obligation to continue providing services pursuant to the terms of the contract. This Agreement is subject to the general termination and extension rights reserved to the MPOB in this contract.

1-5. **COMPENSATION:**

Pursuant to the cost sheet and pricing schedule submitted by Bolton, Bolton shall be compensated for the services it provides as specified on the Cost Sheet, attached hereto and made a part hereof and included as Exhibit B to this Agreement. Bolton will invoice the MPOB on a monthly basis for the costs associated with providing the Hourly Services, specified in the ARFP, Addendum and any special projects/in person meetings requested by the MPOB. Prior approval from the MPOB is required for all projects billed on an Hourly Cost basis. Said invoice will be paid in arrears. Further, Bolton will invoice the MPOB in arrears for progress payments as each key phase of the valuation process is completed based upon the table below.

Bolton Fee Fixed Cost Schedule	
Prepare and send data request	5.0%
Update valuation software and report worksheets	10.0%
Update valuation reports	5.0%
Compile and reconcile data	15.0%
Gain loss analysis	7.5%
Generate liabilities and discount rate forecasts	7.5%
Prepare individual valuation reports	35.0%
Prepare consolidated report/presentation	10.0%
COLA Letters	5.0%
	100.0%

MPOB - 10/19/11

Special Projects/In Person Meetings:	Hourly Rate				
	Year 1	Year 2	Year 3	Year 4	Year 5
Senior Actuary	245.00	249.90	254.90	260.00	265.20
Actuary	245.00	249.90	254.90	260.00	265.20
Actuary Assistant	245.00	249.90	254.90	260.00	265.20
Clerical	245.00	249.90	254.90	260.00	265.20

Should any policemen’s or firemen’s municipal pension and relief fund decline to participate in the actuarial valuation process, Bolton will deduct the cost of performing that fund’s valuation from the progress payments invoice phase “Prepare individual valuation reports.”

The fee for the experience study completed in Year 1, and Year 4, shall be paid upon completion and acceptance by the MPOB.

The fees for the completion of GASB 67/68 reports may be billed in total or on a per unit cost each year. Year 1, unit cost is \$566.04; Year 2, unit cost is \$584.91; Year 3, unit cost is \$603.77; Year 4, unit cost is \$622.64 and Year 5, unit cost is \$641.51.

1-6. INSTITUTIONAL REQUIREMENTS:

- a. **Proof of Good Standing and Authorization to do Business:** Bolton agrees to remain in good standing with all regulatory and governmental entities and be authorized to do business in West Virginia. The MPOB reserves the right to request copies of all required business licenses, certificates, registrations, and declaration pages demonstrating applicable insurance coverage, including but not limited to, workers compensation, premises, professional liability, omissions and errors and general liability.
- b. **Insurance Requirements:** Bolton agrees that it will hold and maintain premises, professional/malpractice/errors and omissions and commercial general liability insurance policies in an amount not less than one million dollars (\$1,000,000). Additionally, Bolton agrees that it will hold and maintain cyber liability insurance in an amount not less than one million dollars (\$1,000,000) per occurrence. Such coverage shall remain in effect during the entire term of this Agreement unless otherwise advised in writing by the MPOB. Bolton agrees to provide copies of its insurance certificates to the MPOB prior to the execution of this Agreement.

1-7. SERVICE REQUIREMENTS:

- a. **Actuarial Valuation Reports:** Bolton agrees to prepare actuarial valuation reports for each of the 53 municipal policemen’s and firemen’s pension and relief funds in West Virginia as stated in Bolton’s response (pages 5-11) to ARFP #MPO1900000001 (to the extent the municipal policemen’s and firemen’s pension and relief funds provide the underlying required member and financial data and information directly to Bolton on a timely basis). Bolton is responsible for the collection of data from the individual municipalities and pension funds. These studies will be provided each year of the contract

as specified using the timeframes included in both ARFP #MPO1900000001 and Bolton's response to the ARFP. The individual actuarial valuations from Bolton are used by each municipality to determine a municipal policemen's or firemen's pension and relief fund's eligibility to receive state money and to provide supplemental benefits to its pensioners. Bolton also agrees, as stated in their response (page 9) to ARFP #MPO1900000001, to prepare and provide "COLA" letters to each of the municipal pension and relief funds annually.

- b. **Annual Consolidated Actuarial Report:** Bolton agrees to prepare a consolidated actuarial report to present to the Legislature's Joint Committee on Pensions and Retirement annually based on the results of the individual actuarial valuations as stated in Bolton's response (pages 12-13). The report will be completed by November 1st each year of the contract. Bolton may be asked to present the report in person or via teleconference to the Municipal Pensions Oversight Board at a board meeting and may also be asked to present the report in person to the WV Legislature's Joint Committee on Pensions and Retirement.
- c. **Promoting Actuarially Sound Funding Policies:** Bolton agrees to assist the MPOB in an educational effort to enable small pension plans to better understand their unfunded actuarial liabilities and how the management of fund assets can affect their liabilities. The educational effort will include forecasting of costs and components of solvency (currently provided as part of the discount rate setting for the annual valuation) as well as providing overall advice to the MPOB on ways to educate the members/trustees to ensure a quality pension fund as discussed in Bolton's response (pages 13-15).
- d. **Actuarial Assumptions:** Bolton agrees to perform an Experience Study in Year 1 (Spring/Summer 2019) and Year 4 (Spring/Summer 2022) of the contract to determine what the actuarial assumptions should be for the annual actuarial valuations using the MPOB's Standard Operating Procedures Experience Study Timing procedure. Bolton will perform the Experience Study as outlined in its response (pages 15-18) to ARFP #MPO1900000001.
- e. **Written Recommendations for Improving Pension Performance:** Bolton agrees to assist the MPOB by providing written recommendations as part of the annual valuation report which include methods for monitoring and improving the performance of pension and relief funds, methods for assuring prudent administration of the funds and providing strategies for monitoring investments and general management of the funds as stated in Bolton's response (pages 19) to ARFP #MPO1900000001.
- f. **Written Recommendations to Strengthen and Protect Pension Funds and Benefit Interests of Fund Members:** Bolton agrees to assist the MPOB by providing written recommendations as part of the annual valuation report that would both strengthen and protect the municipal pension funds and the benefit interests of the funds' members as stated in Bolton's response (pages 19-20) to ARFP #MPO1900000001.
- g. **Deferred Retirement Option Plan (DROP) Reviews and Reports:** Bolton agrees to assist the MPOB by reviewing any municipality's DROP (Deferred Retirement Option Plan) proposal received by the MPOB, as authorized in WV Code Chapter 8, Article 22, Section 25(a), and to provide a report on said plan to the MPOB as stated in Bolton's

response (pages 20-21) to ARFP #MPO1900000001. Bolton's review will include the elements of the DROP and the estimated actuarial impact of the DROP on the affected pension and relief fund. If such a DROP is adopted by a municipality, future actuarial studies will include a section on whether the plan continues to maintain the revenue neutrality required by the W.Va. Code. Further, Bolton will provide information to the MPOB regarding the experienced impact on an affected pension and relief fund. Review of DROP proposals and any associated actuarial analysis will be charged at Hourly Cost.

- h. Individual Sessions to Each Municipal Fund through Conference Calls and On-Site Meetings to Receive Specific Information on Fund Valuations:** Bolton agrees to assist the MPOB by providing education/information sessions to each municipal policemen's and firemen's pension and relief fund, on an as requested basis, through conference calls, on-site meetings in each municipality or on-site regional meetings where pension boards could meet with consultants to receive information specific to their own actuarial valuation as stated in Bolton's response (page 21) to ARFP #MPO1900000001. The time associated with these meetings and conference calls, including preparation time for any requested presentation materials, will be charged at Hourly Cost.
- i. Design of a New Retirement Formula that Does Not Diminish Current Benefits:** Bolton agrees to design a new retirement formula that does not diminish current benefits, but that is easier for participants to calculate retirements and disability retirements as stated in Bolton's response (pages 21-25) to ARFP #MPO1900000001. The MPOB will work with Bolton to establish a timeline with completion of this study and identify guiding principles for evaluating proposed plan designs. The time associated with providing these studies will be charged at Hourly Cost.
- j. Special Projects:** Bolton agrees to assist the MPOB by completing special projects as required of the MPOB by the Joint Standing Committee on Pensions and Retirement of the West Virginia Legislature regarding the plans being valued, such as costs of benefit formula changes, changes in actuarial assumptions, and cash flow and funding projections as stated in Bolton's response (pages 25-26) to ARFP #MPO1900000001. The time associated with providing these services will be charged at Hourly Cost.
- k. Government Accounting Standards Board (GASB) statements:** Bolton agrees to provide supplemental valuation report for each pension fund containing GASB statement number 67 and GASB statement number 68. This supplemental valuation report is to be provided each year of the fiscal years included in the contract as stated in Bolton's response (pages 26-27) to ARFP #MPO1900000001. Bolton will be available to respond to questions from the municipal treasurers/finance directors and their auditors regarding the supplemental GASB reports. The time associated with responding to such questions will be billed as an Hourly Cost.
- l. Additional GASB statements required reports:** Bolton agrees to provide any GASB reports required in the future through amendments to this contract as described in Bolton's proposal (page 27) to ARFP #MPO1900000001.

1-8. MANDATORY REQUIREMENTS:


- a. **Qualified Actuaries:** Bolton shall provide only "qualified actuaries" for this project. A "Qualified Actuary" means only an actuary who is a member of the Society of Actuaries or the American Academy of Actuaries. Bolton stated in its response (page 40) to ARFP #MPO190000001 that all the actuaries assigned to the engagement are "qualified actuaries".
- b. **Succession Plan:** Bolton agrees to follow the succession plan as outlined in its response (page 40-41) to ARFP #MPO190000001 for selecting another actuary should one of the assigned actuaries leave the company.

PART 2 – GENERAL CONTRACT TERMS AND CONDITIONS

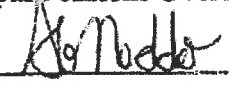
- a. **Mandatory Forms:** Bolton, its agents, employees and subcontractors, agree to be bound by the terms and conditions of all other applicable forms required by the MPOB and/or the State of West Virginia, including, but not limited to, the Purchasing Affidavit and the WV-1 Vendor Registration form.
- b. **General Terms and Conditions:** In addition to the mandatory forms, Bolton agrees to be bound by Section Three of ARFP #MPO190000001, attached hereto as Exhibit A, unless otherwise modified in this Agreement. Bolton agrees to allow (with the permission of the MPOB) WV municipalities with policemen's and or firemen's pension and relief funds to enter into contractual agreements using the same terms and conditions as this agreement including hourly fees for the purpose of additional actuarial engagements or additional GASB 67 and 68 statement engagements.

WITNESS THE FOLLOWING SIGNATURES:

Bolton Partners, Inc.

By: 
Title: Vice President
Date: 2/5/19

Municipal Pensions Oversight Board

By: 
Title: CHAIRMAN
Date: 2/6/19

Approved as to form this 13th day of February, 2019

By: , Deputy Attorney General

EXHIBIT A

ARFP# MPO1900000001, Section Three

EXHIBIT B

Bolton Cost Sheet from ARFP #MPO1900000001

EXHIBIT B

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

CONSTRUCTION CONTRACTS: Under W. Va. Code § 5-22-1(i), the contracting public entity shall not award a construction contract to any bidder that is known to be in default on any monetary obligation owed to the state or a political subdivision of the state, including, but not limited to, obligations related to payroll taxes, property taxes, sales and use taxes, fire service fees, or other fines or fees.

ALL CONTRACTS: Under W. Va. Code §5A-3-10a, no contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

EXCEPTION: The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. Code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Employer default" means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (W. Va. Code §61-5-3) that: (1) for construction contracts, the vendor is not in default on any monetary obligation owed to the state or a political subdivision of the state, and (2) for all other contracts, that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WITNESS THE FOLLOWING SIGNATURE:

Vendor's Name: Bolton Partners, Inc.

Authorized Signature: [Handwritten Signature]

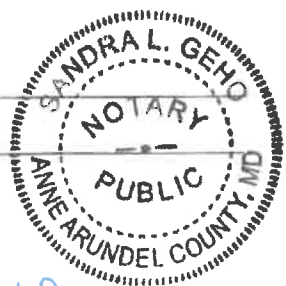
Date: 10/23/18

State of Maryland

County of Anne Arundel, to-wit:

Taken, subscribed, and sworn to before me this 23 day of October, 2018

My Commission expires Feb 20, 2019.



AFFIX SEAL HERE

NOTARY PUBLIC [Handwritten Signature]

CONTRACT CHANGE ORDER NO. 1 to MPO1900000001
WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
and
BOLTON PARTNERS, INC.

THIS CHANGE ORDER NO. 1 made this 9th day of September, 2019, is between the **WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD (MPOB)**, Charleston, WV, and **BOLTON PARTNERS, (Bolton) INC.**, 36 S. Charles Street, #1000, Baltimore, MD 21201.

WHEREAS, Pursuant to the provisions of WV Code §8-22-18A(b)(6), the MPOB is exempt from provisions of article three, chapter five-a of the CODE for the purpose of contracting for actuarial services and pursuant to the provisions of WV Code §8-22-20(a), the MPOB shall contract with or employ a qualified actuary to annually prepare and actuarial valuation report on each pension and relief fund. The selection of contract vendors to provide actuarial services...shall be by competitive bid process, but is specifically exempt from purchasing provisions of article three, chapter five-a of the Code, and

NOW THEREFORE, THIS CHANGE ORDER, WITNESSETH:

That for and in consideration of the terms included herein, the parties do hereby covenant and agree to the following additions to the original contract pursuant to the findings of Bolton that some death benefits payable to spouses were not determined in accordance with W. Va. Code §8-22-26a. Bolton conducted a sampling to determine if the incorrect method was limited to a few municipal plans or if it was a systemic issue across most of the 53 municipal policemen's and municipal firemen's pension and relief funds. The sampling revealed the incorrect methodology is being applied by most if not all of the municipal plans. The incorrect methodology is causing spousal benefits and other beneficiaries benefits to be less than what is required by W.Va. Code for survivor supplemental benefits, i.e. cost-of-living adjustments (COLAs). The MPOB Board wants to correct these benefits to survivors and have the municipal plans pay any underpayments to the spouses and beneficiaries.

The project will be broken into two main phases. The first phase is detailed in this change order and broken into three main projects. The second phase will be covered in a separate change order document.

Phase I included three projects as outlined below.

- Project I will create an Excel Death Benefits Calculator that correctly applies the methodology stated in W. Va. Code §8-22-26a for new retiree deaths as well as correcting future payments to current survivor beneficiaries. The fee for Project I is \$9,800 and is payable upon completion of Project I.
- Project II will identify the number of beneficiaries whose benefits were determined incorrectly. Bolton will create a file of all current beneficiaries receiving survivor benefits. Bolton will collect specific data on each survivor from each pension plan and based on the data collected will recalculate the survivor benefit to determine if Bolton can match the survivor's benefits using the correct methodology or the known incorrect method. Bolton will also identify any survivors where the current survivor benefits cannot be determined using the correct methodology or the

known incorrect method. Bolton will create a report documenting the findings and recommendations for how to determine the amounts of under/over payments for Phase II. The fee for Project II is \$19,600 and is payable upon completion of Project II.

- For Project III, Bolton will conduct research on the history of the supplemental benefits (COLA) provision in the W.Va. Code to determine exactly how benefits should have been calculated. This project will include interviews with MPOB staff and MPOB Board members. Research to be performed includes reviewing the portions of the W.Va. Code which pertain to supplemental benefits from 1991 through the present and the WV Supreme Court decision on Fairmont Fire Pension v. City of Fairmont. The research will be used for benefit corrections under Phase II which will be detailed in a future Change Order. The fee for Project III is \$2,450 and is payable upon completion of Project III.

All other terms, conditions, prices and specifications remain in full effect.

WITNESS THE FOLLOWING SIGNATURES:

Bolton Partners, Inc.

By:

Title:

Date:

Municipal Pensions Oversight Board

By:

Title:

Date:

Approved as to form this 19th day of Sept, 2019.

By:

John S. Gray, Deputy Attorney General

STATE OF WEST VIRGINIA
Purchasing Division
PURCHASING AFFIDAVIT

CONSTRUCTION CONTRACTS: Under W. Va. Code § 5-22-1(i), the contracting public entity shall not award a construction contract to any bidder that is known to be in default on any monetary obligation owed to the state or a political subdivision of the state, including, but not limited to, obligations related to payroll taxes, property taxes, sales and use taxes, fire service fees, or other fines or fees.

ALL CONTRACTS: Under W. Va. Code §5A-3-10a, no contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

EXCEPTION: The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. Code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Employer default" means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (W. Va. Code §61-5-3) that: (1) for construction contracts, the vendor is not in default on any monetary obligation owed to the state or a political subdivision of the state, and (2) for all other contracts, that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WITNESS THE FOLLOWING SIGNATURE:

Vendor's Name: Bolton Partners Inc

Authorized Signature: [Signature] Date: 9/16/19

State of Maryland

County of Anne Arundel, to-wit:

Taken, subscribed, and sworn to before me this 10 day of September, 2019.

My Commission Expires February 20, 2023



My Commission Expires February 20, 2023 [Signature]
NOTARY PUBLIC

Bolton

36 S. Charles St. #1000, Baltimore, MD 21201 | boltonusa.com



West Virginia

Municipal Pensions Oversight Board

PROPOSAL TO PROVIDE ACTUARIAL CONSULTING SERVICES

Requisition No: MP01900000001

COST PROPOSAL

October 24, 2018

Prepared by:

Ellen L. Kleinstuber, FSA, EA, FCA, MAAA, FSPA
Senior Consulting Actuary
ekleinstuber@boltonusa.com
(443) 573-3912

Thomas B. Lowman, FSA, EA, FCA, MAAA
Chief Actuary & President of Bolton Retirement
tlowman@boltonusa.com
(443) 573-3909

**MUNICIPAL PENSIONS OVERSIGHT BOARD
REQUEST FOR PROPOSAL
REQUISITION NO: MPO 1900000001
Attachment C
Cost Sheet**

- A Cost of Annual Valuation of 53 Plans and Consolidated Report
- B GASB 67/68 Reports
- C Experience Study
- D Cost Escalator Rate
- E Total Hourly Cost

Life of Contract					
Year 1	Year 2	Year 3	Year 4	Year 5	Total
\$200,000.00	\$204,000.00	\$208,000.00	\$212,000.00	\$216,000.00	\$1,040,000.00
\$30,000.00	\$31,000.00	\$32,000.00	\$33,000.00	\$34,000.00	\$160,000.00
\$30,000.00			\$32,000.00		\$62,000.00
	102.00%	102.00%	102.00%	102.00%	
\$98,000.00	\$99,960.00	\$101,959.20	\$103,998.38	\$106,078.35	\$509,995.93

Total Cost of Proposal **\$1,771,995.93**

- F Special Project/In person meetings:

Classification	Total Hours *	Hourly Rate	Total Hourly Cost
Senior Actuary	100	\$245.00	\$24,500.00
Actuary	100	\$245.00	\$24,500.00
Actuary Assistant	100	\$245.00	\$24,500.00
Clerical	100	\$245.00	\$24,500.00
Total Hourly Cost			\$98,000.00

Instructions: The gray shaded cells have been locked by the MPOB as they contain formulas. The blue shaded cells are unlocked and available for the vendor to provide cost information.

- A - List the cost of the Annual Valuation of all plans/Consolidated Report
- B - Total annual cost of individual GASB reports.
- C - Experience Study to be completed every third year.
- D - List the rate of increase of any price adjustments
- E - First year is equal to total cost for item F. Previous year multiplied by item D (cost escalator rate) for remaining years 2-5.
- F - Enter individual hourly rates to establish total hourly cost and base year.

* - Estimated hours for proposal purposes only.

Note 1:

Rates shall be inclusive of all expenses and costs associated with providing the services, including travel expenses.
No travel will be reimbursed by the MPOB and will be the sole responsibility of the vendor.

Bolton Fee Estimate Pricing Schedule		
Prepare and send data request	5.0%	\$ 10,000.00
Update valuation software and report worksheets	10.0%	\$ 20,000.00
Update valuation reports	5.0%	\$ 10,000.00
Compile and reconcile data	15.0%	\$ 30,000.00
Gain loss analysis	7.5%	\$ 15,000.00
Generate liabilities and discount rate forecasts	7.5%	\$ 15,000.00
Prepare individual valuation reports	35.0%	\$ 70,000.00
Prepare consolidated report/presentation	10.0%	\$ 20,000.00
COLA letters	5.0%	\$ 10,000.00
	100.0%	\$ 200,000.00

Change order 2 was an administrative change.

CONTRACT CHANGE ORDER NO. 3 to MPO190000001
WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
and
BOLTON PARTNERS, INC.

THIS CHANGE ORDER NO. 3 made this 25th day of April 2023, is between the **WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD (MPOB)**, Charleston, WV, and **BOLTON PARTNERS, (Bolton) INC.**, 36 S. Charles Street, #1000, Baltimore, MD 21201.

WHEREAS, Pursuant to the provisions of WV Code §8-22-18A(b)(6), the MPOB is exempt from provisions of article three, chapter five-a of the CODE for the purpose of contracting for actuarial services and pursuant to the provisions of WV Code §8-22-20(a), the MPOB shall contract with or employ a qualified actuary to annually prepare and actuarial valuation report on each pension and relief fund. The selection of contract vendors to provide actuarial services...shall be by competitive bid process, but is specifically exempt from purchasing provisions of article three, chapter five-a of the Code, and

NOW THEREFORE, THIS CHANGE ORDER, WITNESSETH:

That for and in consideration of the terms included herein, the parties do hereby covenant and agree to the following additions to the original contract pursuant to the findings of Bolton that some death benefits payable to spouses and other beneficiaries were not determined in accordance with W. Va. Code §8-22-26a. Bolton conducted a sampling to determine if the incorrect method was limited to a few municipal plans or if it was a systemic issue across most of the 53 municipal policemen's and municipal firemen's pension and relief funds. The sampling revealed the incorrect methodology is being applied by most if not all of the municipal plans. The incorrect methodology is causing spousal benefits and other beneficiaries benefits to be less than or more than what is required by W.Va. Code for survivor supplemental benefits, i.e., cost-of-living adjustments (COLAs). The MPOB Board wants to correct these benefits to survivors and have the municipal plans pay any underpayments to the spouses and beneficiaries and claw back any overpayments to the spouses and beneficiaries.

The second phase is to calculate the survivor benefits for deaths that occurred after the implementation of the Survivor Benefit Calculator, in May 2020, and for re-calculating survivor benefits paid to spouses and other beneficiaries that have been determined using a methodology that does not comply with WV Code §8-22-26a(b).

Phase II includes the following steps as outlined below.

- Bolton will correct the survivor benefits for an estimated 290 participants. Based on Bolton's preliminary review of the data from Phase I, Bolton will be able to correct the benefits for approximately 165 survivors. Bolton will request any updated data for approximately 125 of the 290 participants from municipalities and pension boards of trustees. Of the 125 participants where Bolton will request additional information, Bolton will be able to calculate and correct benefits for 65 participants based on certain reasonable assumptions if the municipalities cannot provide any additional data.

- For the remaining 60 participants, if the Municipalities do not provide any additional information, Bolton will not have enough information to calculate a corrected benefit. If this is the case, Bolton will work with MPOB staff to determine a plan of action for getting the information needed to check the accuracy of these benefits.
- Bolton will provide the MPOB with an updated Excel spreadsheet with the amounts paid, the corrected amount and the amounts of underpayments and overpayments to the participants by pension plan. Bolton will reflect the impact of the 2023 COLA.
- The scope of this project excludes South Charleston Policemen's Pension and South Charleston Firemen's Pension as the survivors and beneficiaries have already been corrected.

The fixed cost for Phase II is \$65,000 which represents an expected 250 hours to complete the work. Bolton will bill the MPOB progressively by month until the project is complete.

All other terms, conditions, prices, and specifications remain in full effect.

WITNESS THE FOLLOWING SIGNATURES:

Bolton Partners, Inc.

Municipal Pensions Oversight Board

By: *James White*

By: *John M. [Signature]*

Title: *President of Bolton Retirement*

Title: *Executive Director*

Date: *April 27, 2023*

Date: *Apr 25, 2023*

Approved as to form this *1st* day of *May*, 2023

By: *John L. Gray*, Deputy Attorney General