

MARC Pension Administration System

October 10, 2016



Proposal for City of Fort Pierce



Prepared by:

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Table of Contents

Executive Summary	3
Organization Overview	5
Proposed Process	7
MARC Pension Administration System Services	10
Cost Proposal	11
MARC License Agreement	17



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October 10, 2016

City of Fort Pierce
100 North US Highway 1
Fort Pierce, Florida 34950

ATTN: Johnna Morris, Director of Finance

RE: Pension Administration System

Dear Ms. Morris,

We are pleased to present this proposal to the City of Fort Pierce for the highly respected Milliman Actuarial Retirement Calculator (MARC) pension administration system.

Should the City of Fort Pierce desire to lease the MARC system, the MARC License Agreement included on Page 18 will need to be executed and returned to Kevin Hart's attention. Please note that the fees provided in this proposal are available provided the license agreement is signed in 2016 (if the license agreement is signed later than 2016, there could be an increase in the fees).

We are pleased to have the opportunity to make this proposal. This proposal has been prepared by the undersigned consultants.

Please let us know if you have any questions.

A handwritten signature in cursive script, appearing to read "Daniel F. Bostedt".

Daniel F. Bostedt, MA Economics
Benefits Consultant

DFB/KMH/cmw

A handwritten signature in cursive script, appearing to read "Kevin M. Hart".

Kevin M. Hart, CPC
Principal and MARC Product Manager

EXECUTIVE SUMMARY

Milliman's Pension Administration System solution is the Milliman Actuarial Retirement Calculator™ (MARC). MARC is currently installed for more than 55 retirement plans covering over 550,000 participants.

MARC is our proprietary system that is the product of more than 25 years of continuous development and refinement based on Milliman's expertise, real-world testing, and customer input. Work first began on MARC in 1991 and the first MARC installation took place in 1993. MARC is continuously supported and enhanced by our team of highly experienced actuaries and systems analysts (average service of more than 15 years for the entire MARC team).

MARC is a powerful yet flexible pension administration system.

- Provides the full spectrum of pension administration needs including:
 - Data storage and maintenance including DROP and SHARE balances
 - Benefit calculations
 - Participant communications including election forms and notices, benefit statements, benefit estimates
 - Reporting census data to fund actuary
 - State reporting
 - Powerful import and export capabilities make it easy to move large amounts of data into and out of the system
 - Employees can use the Member Website to perform various self-service administrative tasks and to check their benefits at any time, including the ability to see a complete picture of their pension and Social Security benefits as well as personal retirement savings
- MARC is intuitive and easy to use
- Supports fiduciary needs by assuring accurate benefit calculations and maintenance of plan knowledge and data for on-going use
- Ability to outsource some or all of the administrative services to Milliman in the event of staff departure.
- Fully customizable to meet your needs.

As requested, the City of Fort Pierce is interested in a more limited MARC solution, where the Participant Website and online library of documents are set up. In addition, the administration system would need to be set up with certain features that are required to set up the Participant Website and document storage. This administration system will allow the City to house their employee data, run imports and exports, store documents in the system, but will not include the full capabilities of MARC.

More information about MARC can be found on the following websites:

- Marketing Website: www.milliman.com/marc
- Plan Sponsor Website demo: www.marcweb.com/sponsorweb5
- Participant Website demo: www.marcweb.com/partweb5

Many pension systems have been built by actuaries for their own use and were not designed with the end-user in mind. When given to the client for their own internal use, clients can find these systems difficult to operate. MARC was designed by actuaries, but for end-users, which means it is intuitive and automates activities to make administration easier for the client.

Milliman provides unlimited training for City staff. Our ongoing support is included in the license fees and does not have a limit on the number of support hours that we'll provide. Once the system is installed, there will be no extra charges for any support (as defined in the scope of services) provided for the system, regardless of the amount of time. The City of Fort Pierce will have unlimited access to our experienced MARC staff (more than 15 years on average) for help in operating MARC.

As mentioned above, we also use MARC for Milliman's outsourced pension administration and actuarial clients. This allows us to provide additional support to the City on questions that are not just limited to pure system operation but may involve pension administration issues, actuarial items or temporary outsourcing if staff are suddenly unavailable.

We believe that MARC is the right choice for the City of Fort Pierce and that the Milliman solution provides advantages that our competitors cannot match.

- Significant system capabilities to operate extremely complicated plans as evidenced by our current clients who are now using the system
- A well designed system to be used by our clients
- A user friendly Participant Website that can be used by employees
- A MARC team with significant experience and continuity of service
- Unlimited customer support for operating the system
- Resources available to provide assistance with non-system pension administration questions

ORGANIZATION OVERVIEW

Milliman is a premier actuarial and consulting firm with significant experience administering a wide variety of both public and private defined benefit pension plans.

- Public pension plan services since 1947.
 - More than 250 public pension plans
 - More than 1,000 OPEB plans
- We focus on developing tools that are customizable to meet our clients' needs. Because Milliman owns and maintains its own system, it has complete flexibility in its ability to modify the system to meet the needs of its clients.
- Premier peer review and quality assurance practices
 - Milliman's quality assurance process includes a comprehensive test plan with the results peer reviewed by an actuary to verify that calculations are working correctly prior to initial installation.
 - SAS70/SSAE16 annual audit for MARC system
- MARC team provides actuarial, programming, and IT expertise to support and enhance MARC.
- Over \$15 million invested in developing the MARC system.
- Independent ownership allows us to deliver unbiased advice, solely on what is best for our clients.

Milliman is among the world's largest independent actuarial and consulting firms. With more than 3,200 employees and revenues of US\$905 million in 2015, the firm serves the full spectrum of business, governmental, and financial 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.

Primary Practice Areas

- Employee benefits, investment, and compensation consulting services and products
- Healthcare consulting services and products
- Life and financial consulting services and products
- Property and casualty consulting services and products

Organization

Milliman is owned and managed by approximately 430 principals, who have been elected in recognition of their technical, professional, and business achievements.

Milliman is the leading provider of actuarial and related products and services to insurance markets worldwide.

Milliman was founded in 1947. The MARC software was developed in 1991 and was first offered to clients in 1992.

References

We are including three references that you may contact. Additional references can be provided upon request.

City of Fort Lauderdale Police and Fire Retirement System

Ms. Lynn Wenguer, Executive Director
Fort Lauderdale Police and Fire Retirement System
888 South Andrews Avenue, Suite 202, Fort Lauderdale, Florida 33316
1.954.828.5595
lynnw@fortlauderdale.gov

The City of Fort Lauderdale Police and Fire Retirement System is using MARC to administer their Police and Fire plans. They have around 1,800 total participants on the MARC Plan Sponsor website and have been using MARC since February 2013. There is also a MARC participant website for their employees. Their Police and Fire plans include a DROP, member contributions, multiple tiers, and a SHARE plan.

Arapahoe County Retirement Plan

Mr. Lew Quigley, Retirement Plan Administrator
Arapahoe County
5334 South Prince Street, Littleton, Colorado 80120
1. 303.795.4484
lquigley@arapahoegov.com

The Arapahoe County Retirement System is using MARC to administer their general employee plan. They have around 3,000 total participants on the MARC Plan Sponsor website and have been using MARC since August 2012. There is also a MARC participant website for their employees. Their general employees plan include a member contributions, purchase of service provisions, and a partial lump sum option.

Christian Brothers Retirement Planning Services

Ms. Mary Seby, Administrative Coordinator
1205 Windham Parkway, Romeoville, Illinois 60446-1679
1.630.378.2638
mary.seby@cbservices.org

Christian Brothers Retirement Planning Services is a multiple employer plan serving Churches and schools across the country. They have around 33,000 total participants on a MARC windows system and have been using MARC since October 2009. The Christian Brothers pension plan has a Career Average formula along with Employee Contributions.

PROPOSED PROCESS

Milliman will set up a MARC administration system and participant website that will be used by the City employees. As requested, the pricing information excludes adding full system capabilities. Here's a summary of some of the capabilities that will be included with the MARC administration system (a more detailed list of capabilities is also included in the Service Highlights in the Cost Proposal section of this document):

- ☒ Ability to store the agreed upon pension data necessary for participant website calculations
- ☒ Ability to store data needed for DROP calculations
- ☒ Data change history tracking capability along with available audit reports
- ☒ Three pre-defined data imports to be run periodically by the City (including a payroll import)
- ☒ Three pre-defined data exports to be run periodically by the City (including a valuation data extract for the actuary)
- ☒ Ability for the City to create additional ad hoc data exports
- ☒ Ability to track correspondence with participants (as well as alternate payees and beneficiaries) and store documents in the participant's record
- ☒ Ability to load in existing documents in to the system during the implementation
- ☒ Participant website capabilities
 - Ability for participant to viewing and edit their data
 - Ability for participant to run benefit projections (including Pension, Defined Contribution, Social Security, Other Retirement Income and Spouse Retirement Income)
 - Ability for participant to download forms & documents (including beneficiary designation forms, SPDs, required notices, etc.)
 - Ability for participant to contact the City
- ☒ Ongoing personal assistance from MARC Account Manager

Timeline

We have put together a suggested timeline for this project. This timeline can be adjusted if the City is looking for a more or less aggressive timeframe or needs more time for their items. For a project of this size and complexity, we would expect the implementation of the websites to take around 8 full months beginning on the day that the MARC License Agreement has been signed by both parties.

City of Fort Pierce MARC Installation Project Phase	Due Date	Installation Fee Installment *
1. Signed license agreement	December 1, 2016	25%
2. Milliman will provide <i>the City</i> a copy of the standard MARC web pages.	December 1, 2016	
3. <i>The City</i> will have provided Milliman with all of the employee data and documents to be loaded into MARC.	December 15, 2016	
4. Milliman will provide <i>the City</i> with a Plan Grid outlining the calculation procedures that will be coded in MARC.	December 15, 2016	

City of Fort Pierce MARC Installation Project Phase	Due Date	Installation Fee Installment *
5. <i>The City</i> will have provided Milliman with any changes to the standard MARC web pages.	January 1, 2017	
6. <i>The City</i> will have provided Milliman with any changes to the MARC Plan Grids.	January 1, 2017	
7. <i>The City</i> will have provided Milliman with the final file layout for all imports and exports needed in MARC.	January 1, 2017	
8. Milliman will have imported the initial data and documents into MARC.	March 1, 2017	
9. Milliman will have set up all calculations, imports, exports and web pages in the MARC system.	April 1, 2017	
10. A beta version of the MARC websites will be available for <i>the City</i> to begin reviewing.	April 1, 2017	25%
11. Final MARC changes from <i>the City</i> due to Milliman.	May 1, 2017	
12. Milliman will have made final changes and will begin final testing of the MARC Websites.	May 15, 2017	25%
13. MARC Testing Completed.	June 30, 2017	
14. <i>The City</i> MARC Websites go Live.	July 1, 2017	25%

* *The implementation fees are generally paid in four equal installments. However, Milliman is willing to allow the implementation fees to spread out over 3 years.*

Milliman will provide a beta version prior to the actual implementation date. We recommend that the beta version be made available to a small test group of users. This allows time to familiarize users with the basics of the system and review the functionality in the system.

Milliman will perform an initial load of your pension data and provide a database with the final system. User training will be provided after the beta version is available and after the final websites are live. After training, it will then be the City's responsibility to true up the MARC data and run the ongoing imports using MARC's import scripts and current extracts from your payroll/HR system.

Milliman will provide updates and support as needed, pre- and post-implementation.

Milliman Experts

Milliman has experts with actuarial, IT, and programming backgrounds that will be working on this project. The chart below includes background information on each of the team members that would be working on this project. Biographies for these individuals can be provided upon request.

Project Team Member	Role
Kevin M. Hart, CPC	MARC product manager who will oversee the implementation and ongoing support of the MARC system.
Daniel F. Bostedt, MA Economics	Benefits consultant who will be supporting the team.
Jon B. Sobota	MARC account manager who will have primary responsibility for the setup of the MARC system as well as the ongoing support.
Brian R. Sandberg, MCSD	MARC IT manager who will assist in the setup of the MARC system.
IT Support	MARC IT staff members will assist with the installation and be available to answer any technical questions.
Backup Support	Additional MARC team members will provide backup support for the account and will be heavily involved in the testing and review of the system.
Actuarial Staff Support	Lead and backup pension consultant will be assigned to provide project oversight, quality assurance support and technical review.

During the implementation process, Milliman will expect to have a primary contact from the City to work with. In addition to being available for periodic meetings, the primary contact for the City will be expected to provide required information to Milliman. There are certain steps on the timeline above that require the City to provide Milliman with information. This includes, but will not be limited to, the following items:

- ☐ The City will need to provide Milliman with requested changes to MARC's standard web pages.
- ☐ The City will need to provide Milliman with all of the employee data and documents that will need to be loaded in to the system.
- ☐ The City will need to provide Milliman with the import and export file formats for each of the required imports and exports.
- ☐ The City will need to review and approve the Plan Grid document that Milliman creates. This document will outline all of the calculation procedures that will be coded in the system.
- ☐ Once the beta version of the MARC system is made available, the City and its personnel will have the opportunity to review MARC prior to going live.

**MARC Pension Administration System Services
Tailored to Meet Your Needs**

Service	System Choice	
	Full System	Limited System*
Participant Website		
Participant can view their data	✓	✓
Participant can do on-demand benefit estimates	✓	✓
Participant can use total family retirement income estimator	✓	✓
Participant can view & download documents, including beneficiary designation forms, SPDs, required notices, etc.	✓	✓
Participant Self-Service features including ability to change contact information, beneficiaries, retiree information	✓	✓
Participant can fill out a form to send a message to the Plan Administrator	✓	✓
Recordkeeping		
Pension Data Storage	✓	✓
Eligibility Tracking	✓	
Vesting Tracking	✓	
Beneficiary Storage	✓	✓
DROP Data Storage	✓	✓
Document Storage	✓	✓
Ongoing Payroll imports	✓	✓
Valuation Data extract for Actuary	✓	✓
Historical Salary, service, and status reports	✓	
Calculations that Plan Sponsor Can Run		
Early, Normal, & Late Retirement benefits	✓	✓
DROP estimate calculations	✓	✓
COLA increase calculations	✓	
Member contribution calculations	✓	✓
Death and Disability calculations ^		
^ Available for an additional fee		
Benefit Payment Services		
Retiree data maintenance	✓	
Beneficiary records/tracking	✓	
Direct-deposit services	✓	
Tax withholding tracking	✓	
COLA Increase tracking	✓	
Monthly data file showing new/changed benefit payments	✓	
Participant Communications		
Termination and retirement paperwork	✓	
Benefit statements	✓	
On-demand benefit estimates	✓	

* The Limited System requested by Fort Pierce includes the Participant Website, document storage, and the features that are required to set those items up on MARC.

COST PROPOSAL

Milliman offers the MARC system and participant website based on the following fees.

MARC Installation Fees (one-time)	\$20,000[^]
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Certain assumptions were made based on the information provided to Milliman in determining the fees for the System. These assumptions include:

- General Employees Plan, Utilities Plan, Police Plan
 - 552 Active participants (216 General, 237 Utilities, 99 Police)
 - 452 Retirees and Beneficiaries, 35 Vested Terminated participants
- The system will include only limited Administration System capabilities with a full Participant Website. However, pricing for the full Administration System has been provided.
- We assume the delivery of accurate data in an electronic format with minimal data editing required.
- Out-of-pocket expenses such as travel are billed at cost.

* The MARC installation fee is payable in four installments upon reaching certain milestones in the implementation process. Alternatively, we can allow the option of having the setup fee spread out over 3 years with quarterly payments beginning with the signing of the license agreement. If the license is terminated prior to the full setup fee being paid, the remainder of the setup fee would be immediately payable to Milliman.

[^] If the full Administration System were installed, the MARC Installation Fees would increase to \$36,000.

Participant Website & Limited Administration System Service Highlights

- | | |
|--|---|
| <ul style="list-style-type: none"> ▪ Comprehensive project management ▪ Develop implementation plan to ensure a smooth transition ▪ Review current plan design and administration processes & procedures; recommend changes ▪ Store agreed upon pension data and participant documents ▪ Store data necessary produce DROP calculations | <ul style="list-style-type: none"> ▪ Code pension plan parameters into MARC ▪ Develop test cases to ensure benefit calculations are coded and performed correctly on the participant website for applicable plan provisions ▪ Receive certified data feed for historical data for active and terminated vested participants ▪ Receive vested accrued benefits for all terminated deferred vested participants |
|--|---|

Additional Full Administration System Service Highlights #

- Prepare customized distribution packages, election forms and notices
- Test calculations and distribution packages after coded into MARC
- Prepare benefit statement and benefit estimate reports
- Load in Retiree, beneficiary, and alternate payee data and setup a report that can be sent to the Trustee each month with the payment reconciliation

All desired report modifications, import/export programming and other implementation work will be determined and documented during the implementation. Any requested changes to these reports, import/export programming, etc. after the implementation is completed will result in additional fees.

Monthly MARC License Fees

\$1,670[^]

The monthly MARC license fees are billed quarterly and are subject to an increase beginning in 2018. The license fees include the ongoing support for the MARC system.

[^] If the full Administration System were installed, the Monthly MARC License fees would increase to \$3,000.

Participant Website & Limited Administration System Service Highlights*

- Ongoing employer support for MARC system and websites
- Training sessions for MARC users
- Stores demographic data for employees
- Comprehensive and customizable database
- Stores historical employee data, such as employment history dates, pay, and hours worked
- Stores agreed upon pension related information including member contributions and DROP data
- Data change history tracking capability along with available audit reports
- Full data manipulation and uploading capabilities (as allowed by user permissions)
- Full data querying capabilities
- Periodic demographic data import
- Periodic payroll data import
- One additional pre-defined import (in addition to the two above)
- Three pre-defined exports including a valuation data extract for the Actuary
- Ability for the City to create ad hoc data exports
- Provides plan benefits under normal form and any available optional form
- Results from program certified by the provider
- Accrued, termination, early retirement, retirement, or late retirement benefit calculations (with actuarial adjustments)
- DROP projections using current DROP provisions
- Member contribution calculations
- Ability to track correspondence with participants
- Ability to store documents created by MARC electronically (PDF format)
- Ability to define correspondence types including incoming or outgoing designations
- Ability to "attach" outside documents to an individual's record
- Easy retrieval of documents related to an individual from within their record
- Role-based security features
- Standard user profiles with varying degrees of permissions
- Security Log and standard Audit Reports
- Quick Reference Guide for the City of Fort Pierce MARC system outlining significant features and processes

Additional Full Administration System Service Highlights*

- Ability to store comments, beneficiaries, and QDRO information
- Monthly pension statement, beneficiary listing, disability members close to age 65 reports will be setup (mostly pdf files, some csv files)
- Ability to track correspondence with beneficiaries and alternate payees
- Stores payments, deductions, refunds, taxes, and COLA increase information for retired members
- Contains a workflow module for retirement processing
- COLA increase calculations
- Death and disability benefits can be included for an additional fee (both service incurred and non-service incurred)
- Election form setup for final terminations and retirements
- Output includes entire package for delivery to participant, including cover letter explanations of benefits, forms, and tax notice(s)
- Benefit estimate report setup
- Reports produced by MARC can be modified to match the current City templates (or as mutually agreed upon prior to implementation)
- Benefit Statement Generator (batch processing capability) to simplify the annual benefit statement process
- Soft copy statements for each participant can be printed (in PDF format) for archiving and easy retrieval from the participant's record

** Additional features to the standard MARC Participant Website and standard MARC Plan Sponsor Website that are requested by the City will result in additional fees.*

Additional Fees That May Apply

Data Cleanup

During the setup, Milliman will load the agreed upon City of Fort Pierce pension data into the MARC system. Milliman's fees include a certain amount of data work when building the system as part of the conversion process. To the extent that the data provided to Milliman by the City requires more than 80 hours of data reconciliation and cleanup as part of the conversion process, Milliman will charge additional fees based upon the billing rates provided in Other Consulting and Additional Fees.

Milliman provides our standard data layout as a foundation for developing the necessary data source. Although we have the flexibility to accommodate changes in this layout as needed based on various plan complexities, the standard layout ensures that existing procedures, processes and technology provide quality data for import into our system. Our reconciliation process will ensure clean data is loaded into our system.

Administration System/Report Customizations

We've included pricing for a full Participant Website with a limited Administration system. Standard data reports are provided with the limited Administration system pricing. If the City was interested in a full administration system, Milliman will set up calculation reports with changes to reflect the City's plan provisions. In addition, the full administration system fees includes 90 hours for modifications to MARC's standard reports and additional reports as requested by the City. To the extent that requested report changes require more than 90 hours of work to modify MARC's standard reports and to add additional reports requested by the client, Milliman will charge additional fees based upon the billing rates provided in Other Consulting and Additional Fees.

Other Consulting & Additional Fees

Out-of-Scope services and additional data or report work described above will be billed according to the following schedule of hourly rates for the 2016 calendar year. These rates can increase annually thereafter and Milliman can provide those rates to the client upon request. We will discuss requests for out-of-scope services with our clients prior to beginning any work and where applicable, can also provide fixed fees for the services.

- MARC Support Staff \$110 - \$210
- MARC IT Staff \$155 - \$235
- Plan Administration Supervisor \$160 - \$235
- Benefit Analyst \$140 - \$210
- Systems Analyst \$160 - \$230
- Payment Analyst \$80 - \$130
- Principals & Consultants \$230 - \$550
- Actuarial Associate \$200 - \$380
- Actuarial Analyst \$150 - \$230

**MARC LICENSE AGREEMENT
WITH INTERNET ACCESS (Data Stored on Milliman Server)**

THIS AGREEMENT, dated _____, 20____, is between Milliman, Inc. (“Milliman”) and, the City of Fort Pierce (“Licensee”).

RECITALS

Milliman and Licensee acknowledge the following:

- A. Milliman has developed computer programs and documentation known as the Milliman Actuarial Retirement Calculator (“MARC”) for use in calculating retirement benefits and in communicating employee benefit retirement information to employees.
- B. Licensee desires [*to utilize MARC for retirement plan administration and*] to have MARC installed on computer servers in order to permit employees of Licensee to access MARC via the Internet or an intranet to obtain employee benefit information.
- C. Milliman is willing to grant Licensee a license to use MARC subject to the terms and conditions set forth below.

AGREEMENTS

In consideration of the Recitals and promises and agreements set forth below, Milliman and Licensee agree as follows:

- 1. Grant of License. Milliman grants Licensee a limited, non-exclusive, nontransferable, license to use MARC during the term of this Agreement, solely with respect to the following retirement plans sponsored by Licensee:
- 2. Participant Access Agreement. Prior to any individual participant being provided access to MARC, Licensee agrees that participants shall be required to acknowledge the terms of the MARC participant access agreement attached as Exhibit A.
- 3. Fees. Licensee agrees to pay Milliman a setup fee of \$_____, 50% of which is payable upon execution of this Agreement and the balance of which is due upon the completion of setup, plus an annual license fee, payable quarterly in advance commencing upon the completion of setup, for the right to use MARC. The first-year annual license fee shall be \$_____. The annual license fee for subsequent years may be adjusted by Milliman providing written notice of the revised annual fee to Licensee at least 30 days prior to the effective date of the adjustment.

4. Confidentiality. Licensee acknowledges that MARC has been developed at great expense to Milliman and consists of proprietary methodologies which are trade secrets of Milliman. To protect Milliman's interest in such trade secrets, Licensee agrees that it will not, directly or indirectly, unless otherwise authorized by Milliman in this Agreement, disassemble, decompile, distribute or otherwise disclose MARC or any portion thereof to any nonemployee of Licensee, or any third party, without prior written permission of Milliman. Licensee shall not alter or remove any copyright notice or proprietary legend contained in or on MARC. Licensee agrees to use the same standard of care it uses for the protection of its own proprietary information to prevent any unauthorized copying, use or disclosure of MARC.

5. Employee Access. Licensee shall limit access to MARC to employees of Licensee. Licensee shall require a separate user ID and password for each employee for access to MARC.

6. Limited Warranty.

(a) Milliman warrants that it has exercised reasonable care in developing and testing MARC and that MARC will correctly handle date routines or date fields on both sides of the year 2000. Milliman does not warrant or guarantee that MARC's operation will be uninterrupted or bug-free. Milliman makes no warranties regarding the calculation of retirement plan benefits involving (1) breaks in service, (2) limitations on benefit amounts or limitations on compensation amounts, (3) participants past the age of 70, (4) death or disability benefits, or (5) transfers between retirement plans. MILLIMAN MAKES NO OTHER WARRANTIES OR REPRESENTATIONS, EITHER EXPRESSED OR IMPLIED, WITH RESPECT TO MARC OR ITS DOCUMENTATION, INCLUDING THEIR QUALITY, PERFORMANCE, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE.

(b) The documentation and user training are integral parts of MARC. Milliman makes no warranties as to the functioning of MARC if use is in any material way inconsistent with the documentation or user training.

(c) Milliman makes no representation or warranty that MARC will be accessible at any particular speed or throughput across the Internet for Licensee or its employees. Milliman makes no warranty regarding system availability.

(d) In the event of any breach of the limited warranty made in 6(a), Licensee shall notify Milliman which shall, at its option, repair or replace the relevant portion of MARC at no additional cost to Licensee, or, if repair or replacement does not achieve the limited warranty described herein, refund to Licensee the licensee fees paid by Licensee during the preceding three months. THE FOREGOING SHALL BE THE SOLE OBLIGATION OF MILLIMAN AND EXCLUSIVE REMEDY OF LICENSEE FOR ANY BREACH OF THE LIMITED WARRANTY.

7. Limitations on Liability. IN NO EVENT SHALL MILLIMAN BE LIABLE FOR INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING ANY LOST PROFITS OF LICENSEE, TAX LIABILITY, INADEQUATE INVESTMENT RETURN, STATUTORY PENALTY OR OTHER DAMAGE OR PENALTY, SUFFERED BY THE LICENSEE OR RELATED PARTIES, OUT OF THE USE OF OR INABILITY TO USE MARC OR DOCUMENTATION, EVEN IF MILLIMAN HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE. IN NO EVENT SHALL MILLIMAN'S LIABILITY UNDER ANY PROVISION OF THIS AGREEMENT OR OTHERWISE EXCEED THE TOTAL AMOUNT ACTUALLY RECEIVED BY MILLIMAN FROM LICENSEE UNDER THIS AGREEMENT DURING THE TWELVE (12) MONTHS IMMEDIATELY PRECEDING ANY CLAIM.

8. Alternate Dispute Resolution. In the event of any dispute arising out of or relating to the licensing of MARC by Licensee, the parties agree first to try in good faith to settle the dispute voluntarily with the aid of an impartial mediator who will attempt to facilitate negotiations. A dispute shall be submitted to mediation by written notice to the other party or parties. The mediator will be selected by agreement by the parties. If the parties cannot agree on a mediator, a mediator will be designated by the American Arbitration Association at the request of a party.

The mediation will be treated as a settlement discussion and therefore will be confidential. Any applicable statute of limitations shall be tolled during the pendency of the mediation. Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

If the dispute has not been resolved within 90 days after the written notice beginning the mediation process (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate, and 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 in a location convenient to the parties, before a panel of three neutral and independent arbitrators. 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 of authority to award punitive or exemplary damages. The cost of the arbitrator shall be born equally by the parties, unless otherwise ordered by the arbitration panel.

9. Proprietary Rights, Warranty and Indemnity. Milliman represents that MARC is owned or licensable by Milliman and will not infringe any copyright, patent, trade secret or other proprietary right of any third party. In the event of any claim by a third party against Licensee asserting or involving a copyright, trade secret or other proprietary right infringement involving any software licensed to Licensee hereunder, Milliman will defend at its expense, and will indemnify Licensee against any cost, expense or damages awarded against

Licensee, except indirect, consequential, special or incidental damages; provided that Licensee notifies Milliman in writing within a reasonable time after Licensee first receives written notice of any such claim. Milliman may fully participate in the defense or agree to any settlement of any such claims. In the event an injunction shall be obtained against Licensee's use of MARC by reason of the allegations, or if in Milliman's opinion MARC is likely to become a subject of a claim of infringement of a copyright, patent, trade secret or other proprietary right of a third party, Milliman will, at its option and at its expense:

- (a) Procure for Licensee the right to continue using MARC; or
- (b) Replace or modify the same so that it becomes non-infringing; or
- (c) Refund License fees paid by Licensee for the preceding 12 months.

10. Data. Licensee understands and acknowledges that the accuracy of the participant and employee data and account balances is the responsibility of Licensee and that Milliman does not audit, verify or check the accuracy of such data. Licensee will take such steps as are reasonably necessary to ensure the accuracy of all data provided to Milliman for use in MARC.

11. MARC Limitations: Licensee acknowledges that Milliman may exclude from MARC calculations which in Milliman's sole judgement are sufficiently complex or unusual to warrant that they be performed outside of MARC. MARC does not perform calculations for retirement ages past age 70 or for benefits payable upon death or disability.

12. Indemnification. Licensee agrees to indemnify and hold Milliman, its officers, employees and agents, harmless from and against all loss, damages, liability, and expense incurred by reason of any claims, actions, suits or governmental investigations or proceedings, brought against or involving them or any of them, which relate to or arise out of any inaccuracy in the data provided by Licensee to Milliman, from any modification to MARC by Licensee, from use of MARC in a manner other than contemplated in the documentation or Licensee's breach of any of the terms of this agreement. As used in this paragraph, "Expense" shall include: all legal expenses incurred by Milliman in the investigation, defense or settlement of any claim, action, suit or proceeding, and all other reasonable costs and expenses, including the services of Milliman based on normal hourly rates, together with its out-of-pocket expenses, incurred in the investigation, defense or settlement of same.

13. Updating Data. Milliman has no responsibility to provide data, version or release updates of any kind with respect to MARC.

14. Termination of License. This Agreement and the license granted herein may be terminated by Licensee or by Milliman upon 30 days prior written notice to the other party. Upon termination and Milliman's receipt of satisfactory evidence that all copies of MARC in the possession of Licensee have been rendered unusable, Milliman shall refund to Licensee a portion of the most recent license fee installment paid by Licensee prorated to the date of termination.

15. No Transfer. Each party agrees that it will not transfer MARC or assign its rights under this Agreement unless the prior written consent of the other party is obtained.

16. No Waiver. No waiver by either party of any breach by the other party shall be valid unless in writing and no such waiver shall extend to any other breach by said party.

17. Entire Agreement. This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof and shall supersede all prior or contemporaneous written or oral understandings or agreements. This Agreement may be amended only by a written document by duly authorized representatives of Milliman and Licensee.

18. Governing Law. The interpretation, construction and enforcement of this Agreement shall be governed by the laws of the State of Wisconsin.

19. Binding Effect. This Agreement is binding upon and inures to the benefit of Milliman and Licensee and their successors and assigns; provided that neither party may assign this Agreement except under the circumstances described above.

20. Disclosure of Agreement. Milliman and Licensee each consent to allow the other to publicly disclose the existence of this Agreement.

MILLIMAN, INC.

CITY OF FORT PIERCE

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____