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Client:	The City of San Diego Defined Contribution Plans Trustee Board		
Contact:	Ms. Quennelle Allen		
Address:	1200 Third Ave, Suite 1000		
	San Diego, CA 92101		
Telephone:	916-236-6185	Email:	qallen@SanDiego.gov
Milliman Office:	San Francisco	Milliman Service Effective Date:	July 1, 2020

This Investment Consulting Services Agreement (the "Agreement"), effective as of July 1, 2020 ("Effective Date"), describes the engagement of Milliman Advisors, LLC ("Milliman") by The City of San Diego Defined Contribution Plans Trustee Board ("Trustee Board") to provide Services as described herein.

Subject to the terms of this Agreement, Trustee Board hereby engages Milliman to provide the Services described herein for the plans set forth in the attached schedules (individually and collectively the "Plan"), and Milliman hereby accepts such engagement.

## 1. Services

Milliman will provide the Services as are described herein and set forth in Schedule A, and attached hereto ("Services").

## 2. Fees and Expenses

- (a) **Payment of Fees and Expenses.** For the Services provided by Milliman, Trustee Board will pay or cause to be paid to Milliman the fees and expenses specified for such Services. Milliman will invoice Trustee Board quarterly, and all invoices will be paid within thirty (30) days of its receipt of the invoice.
- (b) **Direct Expenses.** Unless otherwise specified, Milliman's fee schedule is exclusive of direct expenses, including reasonable travel expenses, printing, shipping, trustee stop and repayment charges, IRS 1099R reversal fees, and express mail charges, all of which are charged at cost; provided, however, that all such out-of-pocket expenses will be limited to reasonable costs and airline travel expenses will be limited to nonrestricted coach fares.
- (c) **Additional Fees.** Milliman may assess additional fees for any Services requested by Trustee Board which are beyond the scope of the Services described in the attached schedule(s). Such fees will be determined based on standard hourly rates unless another basis is agreed to by Trustee Board. Milliman may assess additional fees at standard hourly rates for Services it performs as a result of inaccurate or incomplete data that is provided to Milliman by or on behalf of Trustee Board.
- (d) **Third-party Fees.** During the provisions of the Services described in the attached schedules, Milliman may recommend products or services that impose additional fees. These fees are not determined by Milliman, nor does Milliman receive any portion of these fees. Trustee Board hereby recognizes its responsibility to pay such third-party fees.

**3. Plan Data**

- (a) **Ownership of Plan Data.** Milliman acknowledges that all data with respect to the Plan provided by Trustee Board or obtained by Milliman pursuant to this Agreement will be and remain the property of Trustee Board. Upon Trustee Board's request at any time or times while this Agreement is in effect, and to the extent that all fees are current, Milliman will deliver to Trustee Board or its designee all data in an electronic format.
- (b) **Accuracy of Plan Data.** Milliman will have no obligation to determine whether data received is inaccurate or incomplete. Milliman cannot warrant the correctness of data supplied by Trustee Board, the Plan Administrator or third parties, nor can Milliman be responsible for the failure of Trustee Board, the Plan Administrator, or any third party to provide data in a timely manner.
- (c) **Completeness of Plan Data.** For any Services that Milliman performs or must re-perform using Plan data that is incomplete or inaccurate and requires additional effort by Milliman beyond the scope of the Services, Milliman will assess fees for such work using standard hourly rates.
- (d) **Confidentiality and Security of Plan Data.** Except as required by law Milliman agrees to treat Trustee Board's data in a confidential manner. Milliman will inform its employees of the confidential nature of such data and will instruct them not to disclose any such data to any non-affiliated third party without Trustee Board's prior approval, except as may be necessary in connection with the provision of Services or as may be required by law.

Milliman will be responsible for maintaining the integrity and security of the Plan data in its possession. Milliman maintains reasonable and appropriate administrative, physical and technical safeguards to protect the security of Plan data. Milliman will be responsible for the costs incurred while complying with applicable data security laws as a result of a security breach involving Milliman's data.

**4. Limitation of Liability and Indemnification**

- (a) **Limitation of Liability.** Milliman will have no responsibility for any acts or omissions that occurred prior to the Effective Date. Milliman will not be liable for the accuracy, completeness, timeliness or correct sequencing of information obtained from generally accepted sources external to Milliman that in turn are used to create values reported to Trustee Board or Plan participants.

**Trustee Board and Milliman agree that Milliman's, (including its affiliates, officers, directors, agents and employees) total liability to Trustee Board and Plan under this Agreement, under any theory of law including negligence, tort, breach of contract or otherwise, shall not exceed three million dollars (\$3,000,000). Milliman will not be liable to Trustee Board for any consequential, incidental, special or indirect damages (including, but not limited to, lost profits).**

The foregoing limitations will not apply in the event of Milliman's breach of a fiduciary duty under California law gross negligence, intentional fraud, or willful misconduct.

The federal securities laws impose liabilities under certain circumstances on persons who act in good faith, and therefore, nothing herein will in any way constitute a waiver or limitation of any rights which the undersigned may have under federal securities laws.

Milliman is not responsible for evaluating, monitoring and advising the Trustee Board or the Plan in relation to investment managers, investment programs, services or products hired or utilized by the Trustee Board or the Plan that are not described in Schedule A.

- (b) **Delays or Failures.** Neither Milliman nor Trustee Board will be liable for any delay or failure in performance of this Agreement resulting directly or indirectly from any cause beyond their control, including, without limitation, acts of nature, acts of war, governmental actions, fire, labor strikes, work stoppages, civil disturbances, interruptions or unavailability of power or other utilities, unavailability of communications facilities, failure of electronic or mechanical equipment, failure of communication lines or equipment, or other interconnection problems, or failure of Milliman's suppliers.
- (c) **Indemnification.** Trustee Board agrees that it will be responsible for satisfying any losses, claims, damages, judgments, liabilities or reasonable expenses (including reasonable attorneys' fees and expenses) of or against Milliman and its respective affiliates, officers, employees and agents, resulting from or arising in connection with (i) inaccurate data provided by Trustee Board, or (ii) Trustee Board's gross negligence or willful misconduct. Milliman agrees that it will be responsible for satisfying any losses, claims, damages, judgments, liabilities, reasonable expenses (including reasonable attorneys' fees and expenses) of or against Trustee Board, its affiliates and its respective officers, employees and agents, or the Plan resulting from or arising in connection with Milliman's gross negligence or willful misconduct. The term "affiliate" means any member of a controlled group of corporations or a group of trades or businesses under common control, within the meaning of Sections 414(b) and 414(c) of the Internal Revenue Code.

#### **5. Term and Termination of Agreement**

- (a) **Term.** This Agreement will become effective as of the Effective Date and will remain in effect for five (5) years or until terminated by either party as provided herein.
- (b) **Termination.** Trustee Board may terminate this Agreement for any reason upon thirty (30) days' prior written notice.
- (c) **Termination Assistance.** In the event that this Agreement is terminated for any reason, Milliman will cooperate with Trustee Board to provide an orderly transfer of Services and will provide the staff, Services and assistance reasonably required for such orderly transfer. Such Services will be provided at the expense of Trustee Board or the Plan at Milliman's standard hourly rates in effect for such Services at the time they are performed.
- (d) **Survival.** In the event that this Agreement is terminated, the Parties agree that Sections 3(a), 3(d), 4, 5(c), 5(d), 6, 7 and 8 of the Agreement will survive any termination.

**6. Notices**

Any notice or demand that Milliman or Trustee Board may desire to serve upon each other will be deemed served three (3) days after depositing in the United States mail, postage prepaid and certified or registered; when delivered by a nationally recognized courier service; or hand delivered to the following addresses:

**The City of San Diego Defined Contribution Plans  
Trustee Board**

1200 Third Ave, Suite 1000  
San Diego, CA 92101

Att.: Quennelle Allen  
qallen@SanDiego.gov

**Milliman Advisors, LLC**

650 California Street  
21<sup>st</sup> Floor  
San Francisco, CA 94108

Att: Jeffrey Nipp  
Jeff.Nipp@Milliman.com

**7. Dispute Resolution**

**(a) Mediation.** In the event of any dispute arising out of or relating to the engagement of Milliman by Trustee Board, 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 will 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 location for any mediation will be San Diego, California.

The mediation will be treated as a settlement discussion and therefore will be confidential. Any applicable statute of limitations will 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.

**(b) Arbitration.** If the dispute has not been resolved within sixty (60) days after the written notice beginning the mediation process (or a longer period, if the parties agree to extend the mediation), the mediation will terminate, and the dispute will be resolved by final and binding arbitration under the Commercial Arbitration Rules of the American Arbitration Association. The arbitration will take place in San Diego, California, before a panel of three arbitrators. Within thirty (30) days of the commencement of the arbitration, each party will designate in writing a single neutral and independent arbitrator. The two arbitrators designated by the parties will then select a third arbitrator. The arbitrators will have a sufficient background in either Finance, or law to reasonably prepare them to decide a dispute. The arbitration will be conducted in accordance with the rules and procedures of the American Arbitration Association and the terms of this Section 7. The arbitrators will have the authority to permit limited discovery, including depositions, prior to the arbitration hearing, and such discovery will be conducted consistent with the Federal Rules of Civil Procedure. The arbitrators will 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 will 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 advisers.

## 8. Miscellaneous

- (a) **Nature of Milliman's Services.** The Services to be performed by Milliman are ministerial in nature and will be performed within the framework of policies, interpretations, rules, practices and procedures made or established by Trustee Board. Milliman will not have discretionary authority with respect to the management of the Plan or the investment of Plan assets, nor will Milliman maintain custody over any assets of the Plan. It is understood that Milliman is not a "plan administrator" or "named fiduciary" under applicable law. Milliman cannot be relied upon to discover errors, irregularities or illegal acts, including fraud or falsifications that may exist in the administration of the Plan. Therefore, Milliman will not be liable for any actions taken, or not taken, as directed by or caused by actions of Trustee Board, the Plan Administrator, or any other person(s) authorized to provide directions to Milliman.

Milliman will serve as an investment consultant to the Plan with respect to the selection, monitoring, and performance evaluation of the Plan's portfolio managers. Milliman hereby certifies that it is registered as an investment adviser under the Investment Advisers Act of 1940, as amended, and its investment consulting services will be in compliance with such act and the regulation enacted there under. As an investment consultant, Milliman will serve in a fiduciary capacity to the Plan; however, Milliman will not serve as investment manager of the Plan as defined by applicable law. Milliman will not provide investment consulting services for individual securities such as company stock held in the Plan. Milliman will not provide investment consulting services with regard to the applicability or suitability of using individual securities such as company stock as an investment option in the Plan.

Milliman will use various tools in providing investment consulting services, including portfolio optimization, which is a systematic process that uses the historical relationships of various asset classes to construct prospective investment strategies. The optimization process does not infer that Milliman can predict future activity in financial markets, and there is no assurance of a successful investment result from using this methodology.

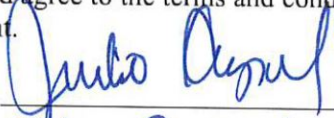
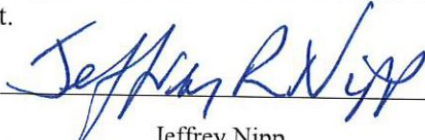
Milliman utilizes secondary data from statements provided by the plan trustee and/or custodian, Milliman software, and selected information in the Milliman database. Reasonable care is taken to assure the accuracy of the data used, and all written comments are objectively stated and are based on facts gathered in good faith. Milliman does not represent that it can predict future activity in financial markets, and there is no assurance of a successful investment result.

- (b) **Receipt of Form ADV.** Client hereby acknowledges receipt of the most current Milliman Advisors, LLC. ADV Part II, which is appended to this Agreement. By signing this Agreement, Client acknowledges its understanding and approval of all items stated in the ADV Part II. In addition, Client hereby consents to electronic delivery of Milliman's annual updating amendments to its Form ADV Part II as well as any interim amendments, if applicable. Client understands and agrees that this consent to electronic delivery may be revoked at any time with prior written or electronic notice to Milliman.
- (c) **Milliman Tool Development.** Milliman will retain all rights, title and interest to all technical or internal designs, methods, ideas, concepts, know-how, techniques, generic documents and templates that have been developed previously by Milliman or developed during the course of the provision of the Services. Such rights and ownership will not extend to or include all or any part of Trustee Board's proprietary data. To the extent that Milliman may include in the materials any Milliman proprietary

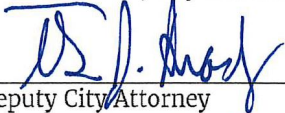
information or other protected Milliman materials, Milliman agrees that Trustee Board will be deemed to have a fully paid up license to make copies of the Milliman-owned materials as part of this engagement for its internal business purposes, provided that such materials cannot be modified or distributed outside Trustee Board without the written permission of Milliman or except as otherwise permitted in Section 8(h) hereunder.

- (d) **Payment by Plan.** Any statement in the Agreement that, or to the effect that, an amount will be paid by Trustee Board will not preclude such amounts being a Plan expense under the Plan's trust agreements and other documents and will not have any effect on Trustee Board's rights to direct the Plan's trustee to pay such amount from Plan assets.
- (e) **Severability.** If any provision of this Agreement is held to be invalid or unenforceable, all other provisions will nevertheless continue in full force and effect. If any provision of this Agreement is found to be contrary to the laws or regulations of the Employee Retirement Income Security Act of 1974, as amended, then such provision will be considered null and void, but all other provisions will nevertheless continue in full force and effect.
- (f) **Modification and Waiver.** By mutual written agreement, Milliman and Trustee Board may revise this Agreement (including any of the attached Schedules) from time to time. Any modification or waiver of any of the provisions of this Agreement will be effective only if made in writing and signed by both parties. Notwithstanding the foregoing, the waiver of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach, and any subsequent performance shall not constitute a waiver of any preceding breach.
- (g) **No Third-party Beneficiaries.** This Agreement is between Trustee Board and Milliman, and neither this Agreement nor the performance of the Services or the relationship between Trustee Board and Milliman will create any rights in any third parties. The parties expressly agree that there are no third-party beneficiaries hereto.
- (h) **No Third-party Distribution.** Milliman's work is prepared solely for the internal business use of Trustee Board. Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit any third-party recipient of its work product or create any legal duty from Milliman to a third party even if Milliman consents to the release of its work product to such third party. Milliman hereby consents to the distribution of its work product to the Plan's auditor, as long as the work product is distributed in its entirety. In the event that any audit reveals any error or inaccuracy in the data underlying Milliman's work, Milliman requests that the auditor notify Milliman as soon as possible. Milliman's work may include the preparation of certain government agency forms. Milliman consents to the release of these forms only to the requisite government agency. Any additional release of any Milliman work product by Trustee Board or any other party requires prior written consent by Milliman.
- (i) **Assignability.** No party will be entitled to assign its rights or obligations under this Agreement without the written consent of the other party, such consent not to be unreasonably withheld.
- (j) **Applicable Law.** This Agreement will be deemed to have been entered into in the State of California, and all duties, obligations and rights hereunder will be governed by the laws of the State of California.
- (k) **Entire Agreement.** This Agreement (which includes the attached Schedules) constitutes the entire Agreement between the parties with respect to the subject matter hereof, and there are no representations, warranties, covenants or understandings, other than those expressly set forth herein. This Agreement supersedes and replaces all prior agreements entered into between Milliman and Trustee Board with regard to the Plan(s) covered by this Agreement.

(l) **Headings.** Headings and captions hereunder are for convenience only and will not affect the interpretation or construction of this Agreement.

The City of San Diego Defined Contribution Plans Trustee Board	Milliman Advisors, LLC
I have read and agree to the terms and conditions of this Agreement.	I have read and agree to the terms and conditions of this Agreement.
Accepted by: <u></u>	Accepted by: <u></u>
Print Name: <u>Julio Canizal</u>	Print Name: <u>Jeffrey Nipp</u>
Title: <u>Risk Management Director</u>	Title: <u>Principal</u>
Date: <u>May 4, 2020</u>	Date: <u>April 17, 2020</u>

Approved as to form this 15<sup>th</sup> day of October, 2020.  
 MARA W. ELLIOTT, City Attorney

BY:   
 Deputy City Attorney  
Thomas J. Brady

**Schedule A****Investment Consulting Services**

This document provides a description of Milliman Advisors, LLC ("Milliman") Investment Consulting Services and the framework on which our fees for these Services are based. Unless otherwise indicated, these services are considered "Standard Services" and are provided for the fees outlined in the fee schedule that applies to these Services. Services that are outside the scope of Standard Services are provided on a time-and-expense basis.

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***A. Ongoing Service***

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Ongoing investment consulting services include:

- Evaluating performance of investment funds in which the Plans are invested compared with benchmarks. Providing quarterly written reports regarding the performance evaluation to the Board along with other investment fund market information that is reasonably necessary for the Board to fulfill its fiduciary and trustee responsibilities under the Master Trust.
  - Reviewing the Board's established Statement of General Investment Policies and Guidelines and recommending revisions as necessary. Preparing "watch list" procedures to be followed for investment funds not meeting expectations as identified through the quarterly performance evaluation
  - Reviewing the appropriate asset allocation and structure of the Plan funds. Suggesting changes to the investment structure, as needed, to ensure diversified investment portfolio options
  - Advising the Board on the selection and retention of investment managers. This will involve conducting investment manager searches, helping to negotiate terms of the engagement, providing written guidelines to managers consistent with individual mandates and the Plan Investment Policy, conducting ongoing due diligence and monitoring of investment manager performance
  - Providing investment education to the Board to ensure the Board is apprised of all pertinent issues, including latest investment trends as well as regulatory updates
  - Attending quarterly Board meetings held in San Diego to present the information included in the written quarterly performance evaluation reports and to answer the Board's questions regarding the investment funds and/or administration of the Plans. Participating in pre-Board meeting conference calls and preparation meetings with City and Third-Party Administrator staff to discuss agenda items to ensure the Board meetings are effective and efficient.
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**Schedule A**

**II. Fees for Investment Consulting Services**

<i>Service</i>	<i>Annual Fee</i>	<i>Quarterly Payment</i>
Retainer for Investment Consulting Services described above	\$62,500 with a 3% annual increase to account for inflation	\$15,625 (in year 1)



# Investment Consulting Services Agreement

## **Milliman Advisors, LLC Form ADV Part II**



## Milliman Advisors, LLC

1301 Fifth Street  
Suite 3800  
Seattle, WA 98101  
(206) 624-7940  
[www.milliman.com](http://www.milliman.com)

March 31, 2019

This brochure provides information about the qualifications and business practices of Milliman Advisors, LLC. ("Milliman", "the firm", "we" and "our"). If you have any questions about the contents of this brochure, please contact us at (206) 624-7940. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Milliman is available on the SEC's website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number known as an IARD/CRD number. The IARD/CRD number for Milliman is 112245.

Milliman has filed a separate brochure with respect to its sister company, Milliman Financial Risk Management LLC ("Milliman FRM") which is also regulated by the SEC. Milliman FRM's brochure, and additional information about its services, is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Both Milliman Advisors, LLC and Milliman Financial Risk Management LLC are owned by Milliman, Inc.

Milliman is an investment adviser registered with the SEC. Registration does not imply a certain level of skill or training.

## Material Changes

The SEC adopted "Amendments to Form ADV" in July 2010. This Firm Brochure, dated March 31, 2019, is Milliman's disclosure document prepared according to the SEC's requirements and rules. It supersedes and updates information contained in all previous versions of the firm's brochure.

Currently, our Brochure may be requested by contacting Susan Puz at 206-624-7940 or by email at [susan.puz@milliman.com](mailto:susan.puz@milliman.com).

Additional information about Milliman is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's site also provides information about persons affiliated with Milliman who are registered, or are required to be registered, as investment adviser representatives of our firm.

This Material Changes section of this brochure will be used to provide our clients with a summary of new and/or updated information. Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

### **Material Changes From the Prior Brochure**

- Milliman Advisors, LLC has succeeded to the registration of Milliman, Inc. As of January 1, 2019, all the advisory employees, advisory assets, advisory obligations and advisory services were transferred from Milliman, Inc. to Milliman Advisors, LLC, Non-advisory elements remain with Milliman, Inc. Due to the nature of this transfer, it was determined that it was not an assignment. Clients were notified of this succession in December 2018.

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## Advisory Business

### Our Business

Milliman was founded in 1947. It is one of the largest consulting and actuarial firms in the world. Milliman offers specialized consulting services in employee benefits, healthcare, life insurance and financial services, property and casualty insurance and investments. Milliman is a privately held company, owned by approximately 450 active employees. No one individual owns more than 1% of Milliman.

### Investment Advisory Services

Milliman offers investment advisory services to institutions including banks or thrift institutions, pension and profit sharing plans, and other corporations or business entities, principally in connection with defined contribution, defined benefit retirement plans, endowments, foundations and post-retirement benefits. Investment Advisory services are offered through Milliman Advisors, LLC. These investment advisory services may include the following:

**Investment policy.** We work with clients both to establish initial investment policies and to revise them as plan philosophy or circumstances change. We can help facilitate discussions within your organization that lead to clearly stated investment policy statements of purpose, objectives and investment guidelines. The resulting investment policy then stands as a guide underlying the actions of fund managers, trustees and other staff. Once established, the investment policy allows new trustees or fund managers to quickly and easily understand your investment philosophy.

**Asset allocation.** We help clients choose asset classes with targeted returns while attempting to minimize risk. Our analysis can include an assessment of your cash inflows, future liabilities, and required returns. Using independent asset class estimates, we can help design a suite of correlated investment managers to work toward your stated goals.

**Investment structure.** We assist clients in identifying strategies and styles they want to use to achieve their investment goals. Once a desired approach is determined, we can use our proprietary database of information on funds, and personal knowledge of manager track records, to select appropriate options for each strategy.

**Manager evaluation.** We evaluate how a manager's track record stacks up against expected performance and against performance of peers using both quantitative and qualitative elements. Our quantitative analysis uses data from third-party vendors and publically-available information on a manager's sector, performance, tenure, analytical method, etc. Our qualitative analysis includes attendance at conferences, webex and telephone meetings and in-person meetings. We visit with many managers on a regular basis because we believe regular on-site meetings are invaluable for understanding manager performance.

**Performance measurement.** We use robust tools to provide in-depth, quantifiable evidence of manager skill and performance. We employ automated reporting, using data warehousing to electronically capture data for analysis, which circumvents manual entry errors. Our performance evaluation includes:

- Evaluation of fund management. We evaluate factors such as depth of professional staff, organization structure, assets under management, and any changes in people or process.
- Absolute and relative performance appraisal. Investment manager performance is compared with previously set goals, as well as that of industry peers and relevant market indices. We offer the latest techniques for comparing manager performance against evolving industry benchmarks and peer measures.
- Risk assessment. We analyze to make sure the total return is within an appropriate level of risk for each portfolio.
- Style analysis. We monitor managers for "style drift" within their respective mandates.

**Investment education.** We offer investment education services tailored to the needs of each client. Our seminars can include hot topics in the industry, updates on the regulatory environment and future outlooks and investment trends.

### **Our Approach**

Milliman seeks to tailor its advisory services to the needs of its institutional clients. We will meet on a scheduled basis mutually agreed to by you and Milliman to review investment performance, client objectives and changes in your financial position. Clients may impose restrictions on investments in certain securities or types of securities.

Milliman does not participate in wrap fee programs.

### **Assets under Management and Advisement**

Milliman advises \$39.8 billion of client assets on a non-discretionary basis.

Milliman manages \$1.2 billion of client assets on a discretionary basis.

Both figures are based on account balances as of December 31, 2018.

### **Related Entity**

A separately-registered Milliman sister company – Milliman Financial Risk Management LLC (“FRM”) – provides hedging and asset allocation services to life insurers, banks, mutual funds, fund managers, reinsurers, and other types of clients. Further information on FRM is available on the Milliman website – [www.milliman.com](http://www.milliman.com) - or the SEC adviser site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Fees and Compensation**

### **Service Fees**

As compensation for our advisory services, Milliman may charge:

- An hourly rate for professionals and other employees assigned to a project based upon the nature and scope of the services, and the expertise of the persons assigned. Where requested, Milliman will provide an estimate of the cost of a particular project. The client and Milliman negotiate fees prior to commencement of the services consistent with current market rates.
- A percentage of assets. The asset-based fee will be calculated on a separately-negotiated schedule; an example fee is 10 basis points of the first \$10 million, 6 bps of the next \$10 million, 4 bps of the next \$30 million, and negotiable above \$50 million.
- A separately-negotiated fixed fee for periodic services, where the fee approximates the expected hourly rate for the expected time spent.

Milliman may bill clients either in arrears or in advance. Clients billed in arrears are billed no more frequently than monthly and no less frequently than once a year. Clients billed in advance, will be billed at least quarterly, meaning clients will not pay more than one quarter in advance. You may terminate our services on any assignment at any time with prior written notice to Milliman according to the advisory agreement. The final fee charged will be prorated on the basis of services performed to date of termination.

Fees are negotiable with each client. We may at times impose a minimum advisory fee in order to cover the costs of our investment advisory services. All such fee arrangements are disclosed to and subject to negotiation with the client.

## **Other Fee Related Information**

In some cases, where you have authorized it in writing, automatic deductions of our fees can be made through a qualified custodian. In such cases, we will send instructions for the fee deduction to the qualified custodian and send you a notice of such instructions. From time to time, we will verify that the custodian is also providing you with periodic reporting regarding our fee deductions.

Milliman fees are exclusive of brokerage commissions, transaction fees and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investments and other third parties such as fees charged by managers, custodial fees, deferred sales charges, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. We advise our clients to carefully review fund prospectuses and contracts with other providers carefully. Such charges, fees and commissions are exclusive of and in addition to Milliman's fee and Milliman shall not receive any portion of these commissions, fees and costs.

None of our *supervised persons* accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## **ERISA Accounts**

Milliman may be deemed to be a fiduciary to advisory clients that are employee benefit plans pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, Milliman is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Milliman may only charge fees for investment advice about products for which we and/or related persons do not receive any commissions or 12b-1 fees.

## **Performance-Based Fees and Side-By-Side Management**

Neither Milliman nor any of our supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Types of Clients**

Milliman provides investment advisory services to institutions; including banks or thrift institutions, pension and profit sharing plans, and other corporations or business or government entities. Services are provided principally in connection with defined contribution, defined benefit retirement plans, endowments, foundations and post-retirement benefits. We do not offer retail financial planning.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods and Strategies**

Through the use of various information sources together with our own studies and information, Milliman will make recommendations to clients with respect to the general categories of investments, the mix of investments among those categories, and suitable investment managers or registered investment companies to fill those investment categories without giving specific recommendations as to the individual securities to be purchased. These recommendations are designed to comport with the client's long-range goals while satisfying the short-term cash needs and other requirements of the particular client.



Milliman approaches its investment analysis by emphasizing a proper "fit" between the client and the investment and by coordinating the investment's fundamental features with the client's objectives. The analysis may include a computer-assisted analysis of the investment's history, financial quality, strength, stability and growth potential.

Milliman may also from time to time render advice with respect to specific individual securities and the selection of particular investments.

### **Risk of Loss**

Our analysis of investments relies on the assumption that the funds and investment managers that we recommend, the rating agencies that review them and other publicly-available sources of information about these investments, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Our typical recommendations include mutual funds and individual investment managers. Investment returns are not guaranteed and past performance is no guarantee of future performance. There is always a material chance that you may lose money on your investments.

### **Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Milliman or the integrity of Milliman management.

Neither Milliman nor any of its advisory employees has experienced any material legal or disciplinary events. Prior to the registration of Milliman Advisors, LLC, in January 2019, Milliman, Inc. also had no material legal or disciplinary events.

### **Other Financial Industry Activities and Affiliations**

Neither the firm nor any of Milliman's investment advisory management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, nor as a futures commission merchant, commodity pool operator, a commodity-trading advisor, or an associated person of the foregoing entities.

Milliman, Inc. provides actuarial and administrative services to retirement plan sponsors, including public and private defined benefit and defined contribution plans. Some of these clients also engage Milliman for investment advisory services. Many of these service may be offered in coordination with advisory services offered through Milliman Advisors, LLC.

Milliman receives no direct or indirect compensation from investment advisors or managers that it recommends to clients.

As stated, Milliman FRM, a Milliman, Inc. subsidiary, is separately registered with the SEC as an investment adviser and with the Commodity Futures Trading Commission as a commodity trading adviser and a commodity pool operator. Milliman FRM provides investment advisory services to certain collective investment trusts and mutual funds that are sold to the retirement plan market. Milliman will fully disclose to you if we are ever in a position to consider or recommend one of these funds to you, and will work with you to avoid any conflicts, were they to exist. You can find out more information about FRM's services at [www.milliman.com](http://www.milliman.com) and through FRM's Form ADV Part 2A filed at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Milliman Investment Management Services LLC, a sister company of Milliman, has an application pending with FINRA to become a registered broker dealer.

### Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Milliman's code of ethics for its investment adviser personnel contains guidance on standards of business conduct, personal securities transactions, reporting violations and education of advisers about the code. All *access* and *supervised persons*, as defined in SEC rules, are required to provide written acknowledgement that they have received the code. A copy of Milliman's code of ethics for investment advisers is available to any client or prospective client upon request.

Our investment advisory activities may include recommendations to purchase or sell particular types or categories of securities or investment products. It may also involve rendering advice with respect to particular securities or investment products. Concurrently with this advice, our investment consultants may, with certain restrictions, generally purchase, sell or hold investments within these categories or within these particular securities or investment products as most are publicly traded. All *access persons* are required to provide quarterly reports of their securities transactions and an annual report of holdings. Our compliance team reviews these reports.

### Brokerage Practices

At the request of an institutional client, we may have investment discretion in the choice of funds and the allocation of assets between funds in a portfolio. In addition, we may have discretion over the timing of movements between funds in a portfolio. These arrangements include discretion over holdings of mutual funds, collective investment trusts and separate accounts. If there are brokers involved for the execution of trades they are chosen by the client.

Milliman may at times recommend to clients the services of certain brokers, but receives no separate compensation or research services for this over and above our normal consulting fees. The brokers are recommended based upon the quality of the execution services provided and the competitiveness of the commission rates charged.

### Review of Accounts

Typically, Milliman reviews client accounts monthly or quarterly based on a mutually agreeable schedule. *Access persons* who are experienced investment consultants familiar with the account conduct these reviews. Certain events may trigger more frequent reviews of accounts

Reports typically cover both qualitative and quantitative information about the account and its managers. Reports may include:

- Commentary by market segment
- Performance information versus benchmarks and relevant indices
- Funds and managers on a watch-list
- Snapshots of model risk-based portfolios showing risk/reward relationships and variability
- Investment Policy Statement recap to facilitate periodic reviews

Reports are provided in writing and are augmented by calls or on-site meetings.

## Client Referrals and Other Compensation

Milliman does not currently have any referral arrangements in place.

Milliman may compensate Milliman employees for bringing in new clients or retaining existing clients. This compensation does not affect the individualized services tailored to each client.

## Custody

We do not keep custody of client funds or securities.

## Investment Discretion

At the request of an institutional client, Milliman may have investment discretion to choose investment funds, make allocation trades and determine the timing of trades. Prior to taking on such authority, we work with the client to define the limits of such authority and to be added to the client's authorized trader lists. We do not have brokerage or commission discretion in connection with our services.

InvestMap is developed by Milliman as an age-based asset allocation strategy that incorporates all or a portion of the retirement plan's underlying investment funds. The InvestMap asset allocations are designed such that employees in their early years of employment have more of their retirement plan assets allocated to equities. Employees closer to retirement age will have less of their retirement plan assets invested in equities and more in less risky investment types. Retirement age for the InvestMap asset allocation strategy is assumed to be 65. While InvestMap incorporates the retirement age into the strategy, asset allocations may continue to change beyond normal retirement age into the post-retirement years.

InvestMap is a participant directed investment strategy. InvestMap is not participant investment advice and neither Milliman, Inc. nor Milliman Advisors, LLC are an advisor to plan participants. InvestMap is an asset allocation strategy based on fundamental investment strategies designed to reduce risk over time while providing a reasonable rate of return.

## Voting Client Securities

In rare cases, Milliman may vote proxies for a client. Should Milliman contractually agree to vote proxies on behalf of a client, Milliman will develop a Proxy Voting Policy and provide it to such client. Milliman may assist clients in development of their own proxy voting guidelines and may provide recommendations in relation to individual proxy matters. In these cases, clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their portfolios.

## Financial Information

Milliman may bill clients either in arrears or in advance. In some cases our clients pay quarterly in advance of services. In no cases do we solicit or would we accept more than \$1,200 paid six months or more in advance.

Neither Milliman Advisors, LLC nor Milliman, Inc. have been the subject of any bankruptcy petition at any time in its history and there is no current financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients.

Milliman Inc.'s most recent audited financial statements are available upon request.



## **Brochure Supplement**

### **San Francisco Investment Team**

**Milliman Advisors, LLC  
650 California Street, 21<sup>st</sup> Floor  
San Francisco, CA 94108-2702**

**Tel: 415.403.1333**

Milliman Advisors, LLC  
1301 Fifth Avenue  
Suite 3800  
Seattle, WA 98101  
(206) 624-7940  
[www.milliman.com](http://www.milliman.com)

January 2020

This brochure supplement provides information about the supervisory persons of the San Francisco Investment Team for Milliman Advisors, LLC. You should have received a copy of that brochure. Please contact Jeffrey Nipp if you did not receive the Milliman Advisors, LLC brochure or if you have any questions about the contents of this supplement.

**Jeffrey R. Nipp**  
**Principal and Senior Investment Consultant**  
Milliman Advisors, LLC

Born: 1961

## **Educational Background and Business Experience**

### **Education**

Mercer University, BBA  
Duke University, MBA

### **Professional Designations**

Chartered Financial Analyst in good standing.

### **Business Background**

2017: Milliman  
2014-2015: Invesco  
2008-2014: BlackRock  
1998-2008: Watson Wyatt Investment Consulting

### **Positions Held for the Preceding Five Years**

Investment Solutions Strategists  
Managing Director, Multi Asset Client Solutions

## **Disciplinary Information**

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted.

There have been no past legal or disciplinary events.

## **Other Business Activities**

None.

## **Additional Compensation**

None.

## **Supervision**

Supervisors: Jeffrey R. Nipp, Principal, 415.394.3701

As Principal of Milliman Advisors, LLC. and practice leader of the San Francisco investment team, Jeffrey Nipp is responsible for supervision of all of the team members' activities, including their formulation and monitoring of investment advice offered to clients. Mr. Nipp oversees all material investment policy changes and oversees periodic testing to ensure that client objectives and mandates are met. In addition, Milliman has a strong ethic of peer review that is employed in any project that is undertaken. The process normally requires a secondary review of the work performed, reports prepared, and overall project management. The reviewer is selected as someone familiar with the project, but who has not performed significant work on the specific project. This allows for impartial review and the opportunity for additional insights.

**William R. Cottle**  
**Principal and Senior Investment Consultant**  
Milliman Advisors, LLC

Born: 1951

## **Educational Background and Business Experience**

### **Education**

Principia College, BA  
University of Colorado, MBA

### **Professional Designations**

Chartered Financial Analyst in good standing.

### **Business Background**

2002: Milliman  
1990: Dorn, Helliesen & Cottle, Inc.

### **Positions Held for the Preceding Five Years**

2002: Principal and Senior Investment Consultant

## **Disciplinary Information**

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted.

There have been no past legal or disciplinary events.

## **Other Business Activities**

None.

## **Additional Compensation**

None.

## **Supervision**

Supervisors: Jeffrey R. Nipp, Principal, 415.394.3701

As Principal of Milliman Advisors, LLC. and practice leader of the San Francisco investment team, Jeffrey Nipp is responsible for supervision of all of the team members' activities, including their formulation and monitoring of investment advice offered to clients. Mr. Nipp oversees all material investment policy changes and oversees periodic testing to ensure that client objectives and mandates are met. In addition, Milliman has a strong ethic of peer review that is employed in any project that is undertaken. The process normally requires a secondary review of the work performed, reports prepared, and overall project management. The reviewer is selected as someone familiar with the project, but who has not performed significant work on the specific project. This allows for impartial review and the opportunity for additional insights..

**Steven W. Cottle**  
**Consultant**  
Milliman Advisors, LLC

Born: 1983

## **Educational Background and Business Experience**

### **Education**

University of Santa Barbara, BA  
Lund University School of Economics and Management, MSc.

### **Business Background**

2007: Milliman

### **Positions Held for the Preceding Five Years**

2012 Consultant  
2007: Analyst

## **Disciplinary Information**

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted.

There have been no past legal or disciplinary events.

## **Other Business Activities**

None.

## **Additional Compensation**

None.

## **Supervision**

Supervisors: Jeffrey R. Nipp, Principal, 415.394.3701

As Principal of Milliman Advisors, LLC. and practice leader of the San Francisco investment team, Jeffrey Nipp is responsible for supervision of all of the team members' activities, including their formulation and monitoring of investment advice offered to clients. Mr. Nipp oversees all material investment policy changes and oversees periodic testing to ensure that client objectives and mandates are met. In addition, Milliman has a strong ethic of peer review that is employed in any project that is undertaken. The process normally requires a secondary review of the work performed, reports prepared, and overall project management. The reviewer is selected as someone familiar with the project, but who has not performed significant work on the specific project. This allows for impartial review and the opportunity for additional insights.

## **Jessica G. Romero**

### **Consultant**

Milliman Advisors, LLC

Born: 1970

## **Educational Background and Business Experience**

### **Education**

University of California at Berkeley, BA

University of California Hastings College of the Law, J.D.

### **Professional Designations**

Member, California State Bar Association

### **Business Background**

2002: Milliman

1995: Dorn Helliesen & Cottle, Inc.

### **Positions Held for the Preceding Five Years**

2012: Consultant

2007-2012: Analyst

1995-2006: Associate

## **Disciplinary Information**

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted.

There have been no past legal or disciplinary events.

## **Other Business Activities**

None.

## **Additional Compensation**

None.

## **Supervision**

Supervisors: Jeffrey R. Nipp, Principal, 415.394.3701

As Principal of Milliman Advisors, LLC. and practice leader of the San Francisco investment team, Jeffrey Nipp is responsible for supervision of all of the team members' activities, including their formulation and monitoring of investment advice offered to clients. Mr. Nipp oversees all material investment policy changes and oversees periodic testing to ensure that client objectives and mandates are met. In addition, Milliman has a strong ethic of peer review that is employed in any project that is undertaken. The process normally requires a secondary review of the work performed, reports prepared, and overall project management. The reviewer is selected as someone familiar with the project, but who has not performed significant work on the specific project. This allows for impartial review and the opportunity for additional insights.



**Travis Rego**  
**Investment Analyst**  
Milliman Advisors, LLC

Born: 1988

## **Educational Background and Business Experience**

### **Education**

University of California, Davis, BS, BA

### **Business Background**

2012-2013: Hall Capital Partners LLC

2014: Milliman

### **Positions Held for the Preceding Five Years**

2007: Portfolio Analyst

## **Disciplinary Information**

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted.

There have been no past legal or disciplinary events.

## **Other Business Activities**

None.

## **Additional Compensation**

None.

## **Supervision**

Supervisors: Jeffrey R. Nipp, Principal, 415.394.3701

As Principal of Milliman Advisors, LLC. and practice leader of the San Francisco investment team, Jeffrey Nipp is responsible for supervision of all of the team members' activities, including their formulation and monitoring of investment advice offered to clients. Mr. Nipp oversees all material investment policy changes and oversees periodic testing to ensure that client objectives and mandates are met. In addition, Milliman has a strong ethic of peer review that is employed in any project that is undertaken. The process normally requires a secondary review of the work performed, reports prepared, and overall project management. The reviewer is selected as someone familiar with the project, but who has not performed significant work on the specific project. This allows for impartial review and the opportunity for additional insights.

## Professional Designation Requirements

### **Chartered Financial Analyst (CFA)**

The CFA charter is a professional designation introduced in 1963 and awarded by the CFA Institute. To earn the CFA charter, candidates must pass three sequential, six-hour examinations. The three levels of the CFA program test a wide range of investment topics, including ethical and professional standards, quantitative methods, economics, financial analysis, equity and fixed-income analysis, alternative and derivative investments, and portfolio management and wealth planning. In addition, CFA charterholders must have at least four years of qualified investment work experience in the investment decision-making process and must commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.