



Winner School District 59-2,  
South Dakota



July 23, 2010

Presented by

SilverStone Group

11516 Miracle Hills Drive

Omaha, NE 68154

Phone 402.964.5400

[www.silverstonegroup.com](http://www.silverstonegroup.com)

Wisdom at Work

July 23, 2010

Ms. Laura Root  
Business Manager  
Winner School District 59-2  
PO Box 231  
Winner, SD 57580

RE: GASB 45 Actuarial Services Proposal

Dear Ms. Root:

We are pleased to present our proposal for actuarial and consulting services. This cover letter and the information contained in the enclosed proposal will provide information we believe will be of interest in evaluating our capabilities.

Our proposal is based on information you provided regarding the post-employment benefits to be addressed by GASB 45. Our proposal assumes GASB 45 is implemented for your fiscal year ending June 30, 2010.

In submitting this proposal, we certify:

- a. Our firm is a full-service actuarial consulting firm that provides services for employee benefit plans, post-employment plans and has expertise in GASB 45 valuations.
- b. We have provided actuarial services and administrative recommendations related to GASB 45 valuations to many employers of comparable size and scope.
- c. We understand the Scope of Services and are fully qualified and committed to perform the services requested.
- d. This letter is signed by an individual authorized to bind the firm contractually and contains the title, phone number and e-mail address of the contact person who is authorized to provide clarification of the proposal should it be necessary.

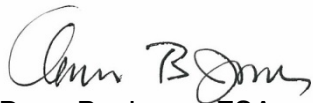
Ms. Laura Root  
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We believe SilverStone Group to be the best qualified to perform this engagement for these reasons:

- Qualifications - The assigned actuaries and consultants are fully qualified.
- Experience - We have performed actuarial services related to financial reporting of Other Post Employment Benefit Plans for over 16 years.
- Responsiveness - The assigned actuaries and consultants place the highest priority on delivering high-quality work with adequate time margins to satisfy all reporting deadlines.
- Commitment - Our clients are an important intention of our actuaries and consultants. We will work to provide the services promised in a format that is usable by the School.
- Economy - We respect the desire for quality work at a reasonable cost and have reflected this in our proposal.

We appreciate this opportunity to present our proposal and are interested in providing any additional information you may need to complete your evaluation. Please call me if you have any questions.

Sincerely,



Donn B. Jones, FSA  
Principal  
Phone 402.964.5505  
e-mail [djones@ssgi.com](mailto:djones@ssgi.com)

DBJ/az

Enclosures

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## Scope of Services

### Initial Year GASB 45 Reporting

We understand Winner Community School District is seeking an actuarial valuation and related services to implement GASB 45. The initial valuation will apply to the fiscal year ending June 30, 2010 with an initial valuation date of July 1, 2009.

### Actuarial Valuation

An Actuarial Valuation involves a more comprehensive process to make the necessary determinations and provides the actuary with additional flexibility in selecting assumptions that will affect the measurements that are reported. An actuarial certification will accompany the valuation report.

If your choice is the Actuarial Valuation these services will be included:

1. Derive the actuarial value of benefits, separately identifying amounts for active and retired employees.
2. Evaluate experience and select assumptions related to turnover, retirement age, mortality, projected post retirement benefit increases, inflation rate, amortization period and investment return.
3. Display GASB 45 financial information and footnote disclosures for the Comprehensive Annual Financial Report (CAFR) including:
  - a. Annual required contribution, as a dollar amount and a percentage of payroll
  - b. Annual OPEB cost as a dollar amount and a percentage of payroll
  - c. Reconciliation of net OPEB obligation during the current year and projected net OPEB obligation at the end of the year
4. Include descriptions of:
  - a. Benefit plan provisions
  - b. Actuarial methods and amortization policy
  - c. Actuarial assumptions
  - d. Claims and member data used in the valuation
5. Provide an Actuarial Certification in compliance with Actuarial Standards Practice of the American Academy of Actuaries.
6. Provide electronic and paper copies of written reports that document the services performed and determinations reported.
7. Present the valuation results to the Board or School via conference call.

## Interim Valuation Year Reporting

As we interpret GASB 45, a full actuarial valuation will be required every two to three years. For interim reporting, these options may be considered.

1. **Estimate** - Use the prior year valuation detail without adjustment, or modify using information estimation procedures.
2. **Roll Forward Valuation** - Prepare an interim valuation for the “off year” based on the prior year member data, claim detail and assumptions and “roll forward” using standard actuarial procedures.
3. **Actuarial Valuation** - Prepare an Actuarial Valuation based on updated member and claim data and review of assumptions. After you have received the initial year GASB 45 reporting you can decide regarding one of these options. We will provide any additional information that you need to reach a decision about interim year reporting.

## Additional Services

The Initial Year GASB 45 Reporting that is described above provides all that will be needed to satisfy your reporting requirements for the initial year. The following additional services may be of interest. We can provide additional information and details as you request.

1. **Pre-funding** - Prepare an analysis to illustrate how pre-funding the OPEB obligations would affect the valuation results.
2. **Sensitivity Analysis** - Prepare a sensitivity analysis to show the impact of alternative assumptions on the OPEB plans (e.g., healthcare trend rates, investment rate assumptions, etc.).
3. **Managing OPEB** - Provide recommendations on managing the OPEB liability that may include changes in plan design.
4. **Documentation** - Review the OPEB plan documents and design and offer recommendations to formalize practices for any informal features encountered, or to amend existing documented plans.
5. **On-site meetings** - Schedule and meet with the School or Board to review the valuation results.

## Firm Qualifications

### a. Name, address, contact name and contact information:

|              |  |
|--------------|--|
| Firm Name    | SilverStone Group                                    |
| Firm Address | 11516 Miracle Hills Drive<br>Omaha, NE 68154         |
| Contact Name | Donn Jones, FSA, MAAA<br>Principal                   |
| Phone        | 402.964.5505   |
| Fax          | 402.963.4089   |
| E-mail       | <a href="mailto:djones@ssgi.com">djones@ssgi.com</a> |

### b. Brief History of our Firm

We are an employee-owned consulting, actuarial and insurance brokerage firm with offices located in Omaha, Lincoln, Council Bluffs, West Des Moines and Sioux Falls. Guided by Midwestern values and a strong work ethic, we have become an industry leader for employee benefits, retirement plans, risk management and human resource consulting. Our reputation is based on 65 years of dedication to our clients.

### c. General Description of our Business

More than 190 consultants, actuaries and administrators bring together diverse backgrounds in law, actuarial science, underwriting, loss control, accounting, financial services and human resource consulting. The actuarial staff of SilverStone Group includes two Fellows of the Society of Actuaries, four Associates of the Society of Actuaries and a support staff of 15 actuarial analysts and administrators.

As one of the Midwest's most respected actuarial advisors, we provide actuarial, administrative and consulting services for defined benefit, defined contribution and post-employment benefit plans. Our actuaries and consultants provide advice regarding plan design, plan funding, financial reporting, benefit adequacy and security.

### d. Experience in performing GASB 45 and related valuation projects

SilverStone Group has provided actuarial valuation, consulting and administration for governmental entities for over 30 years. The specific services have included:

- Actuarial valuations for defined benefit pension plans
- Financial reporting guided by GASB 25 and 27 for pension plans
- Financial reporting guided by GASB 45 for OPEB plans
- Plan design consulting

Services for other post-employment benefits (OPEBs) are also supported by over 16 years of experience providing services to satisfy FAS 106 and SSAP 14 financial reporting for profit and not-for-profit corporations.

e. The professional staff assigned to this project.

|                          |                               |                                 |
|--------------------------|-------------------------------|---------------------------------|
| <b>Principal Actuary</b> | <b>OPEB Actuarial Analyst</b> | <b>Group Benefit Consultant</b> |
| Scott Stoltenberg, ASA   | Michael Vech, ASA             | Tony Sorrentino, CEBS           |
| Principal Actuary        | Actuarial Analyst             | Principal                       |

f. Resumes for the staff members assigned.

**Principal Actuary** - Scott Stoltenberg will serve as the Principal Actuary and will be responsible for the planning and execution of all services.

|                               |                                    |                                   |
|-------------------------------|------------------------------------|-----------------------------------|
| Society of Actuaries          | Associate (ASA)                    |                                   |
| American Academy of Actuaries | Member (MAAA)                      |                                   |
| Relevant Experience           | OPEB Retiree Valuations - 19 years |                                   |
| Actuarial Career              | SilverStone Group                  | 1994 to 1998 &<br>2007 to present |
|                               | Actuarial Consulting Inc.          | 2003 to present                   |
|                               | Conagra Foods Inc.                 | 1998 to 2003                      |
|                               | Hewitt Associates LLC              | 1990 to 1994                      |

**OPEB Actuarial Analyst** - Michael Vech will assist Scott Stoltenberg by providing technical valuation support.

|                               |  |                 |
|-------------------------------|--|-----------------|
| Society of Actuaries          | Associate (ASA)  |                 |
| American Academy of Actuaries | Member (MAAA)  |                 |
| Relevant Experience           | OPEB Retiree Valuations - One year<br>Health Benefit Pricing - Two years<br>Medicare Pricing - Two years |                 |
| Actuarial Career              | SilverStone Group  | 2008 to present |
|                               | Mutual of Omaha  | 2004 to 2008    |

**Group Benefit Consultant** - Tony Sorrentino will assist Scott Stoltenberg in any analysis of post-employment benefit design or retiree contributions.

|  |  |                 |
|--|--|-----------------|
| International Society of Certified Employee Benefit Specialist | Certified Employee Benefit Specialist (CEBS) |                 |
| Relevant Experience  | Group Medical Underwriting - 18 years        |                 |
| Career   | SilverStone Group                            | 1989 to present |
|  | Mutual of Omaha                              | 1984 to 1989    |
| Licenses   | State of Nebraska Group and Health Welfare   |                 |



g. References for GASB 45 valuations for governmental employers:

| <u>Client Name</u>   | <u>Contact</u>                       | <u>Contact Information</u>   |
|--|--------------------------------------|--|
| Yankton School District<br>1900 Ferdig Avenue<br>Yankton, SD 57078             | Jason Bietz<br>Business Manager      | 605.665.3980<br><a href="mailto:phjbietz@ysd.k12.sd.us">phjbietz@ysd.k12.sd.us</a>         |
| Brandon Valley School<br>District<br>301 S Splitrock Blvd<br>Brandon, SD 57005 | Paul Lundberg<br>District Manager    | 605.582.2049 phone<br><a href="mailto:paul.lundberg@k12.sd.us">paul.lundberg@k12.sd.us</a> |
| Black Hills Special Services<br>Cooperative<br>PO Box 218<br>Sturgis, SD 57785 | Georgia Sandgren<br>Business Manager | 605.347.4467 phone<br><a href="mailto:gsandgren@bhssc.tie.net">gsandgren@bhssc.tie.net</a> |

In addition, SilverStone Group has been engaged in - and has completed or is currently in the process of completing - several GASB 45 actuarial valuations for governmental entities in other Midwestern states. A partial listing of these clients includes:

- Iowa Western Community College, Iowa
- Boyden-Hull School District, Iowa
- Gladbrook-Reinbeck School District, Iowa
- City of Orange City, Iowa
- City of Prairie Village, Kansas
- City of O'Fallon, Missouri
- Dougherty County, Georgia
- Huron School District, South Dakota
- Three Rivers School District, South Dakota
- Aberdeen School District, South Dakota
- Mitchell School District, South Dakota
- Rapid City Schools, South Dakota
- Union Public Schools, Pennsylvania
- North Clarion County School District, Pennsylvania

## **Actuarial Capabilities**

Our firm is qualified to issue a Public Statement of Actuarial Opinion, and to undertake this project according to Precept 2 of the Code of Professional Conduct of the American Academy of Actuaries.

Based on our experience in preparing Other Post-Employment Benefits (OPEB) valuations, we will recommend an actuarial cost method, actuarial asset valuation method, amortization method and actuarial assumptions for consideration by the School. In offering our recommendation, we will discuss the range of choices and provide support for the methods and assumptions that are recommended. The following paragraphs summarize related observations recognizing the choices and the basis for making a selection.

### **Actuarial Methods**

As required under GASB 45, an actuarial cost method, actuarial asset valuation method and amortization method will be selected to determine the Annual Required Contribution (“ARC”). We will describe advantages and disadvantages of the various actuarial cost methods, asset valuation methods and amortization methods considering the covered population, benefits design and relevant actuarial standards. In addition, general conclusions about the impact on the ARC, due to the various methods, will be explained. We will offer a recommendation after consultation with the School.

### **Actuarial Assumptions**

A review of actuarial assumptions will be made based on available experience of the covered participants, other resources pertinent to the covered population and consultation with the School. This may include the consideration of actuarial assumptions utilized in other actuarial valuations of benefits, provided to the covered participants. The selection of actuarial assumptions should be based on expected long-term future trends, rather than giving undue weight to recent past experience. This is particularly important in setting the per capita health claims and healthcare cost trend rates, due to the benefits provided to a relatively small group of covered retirees. External claim resources may be utilized to set these assumptions, reflecting the region or regions in which the retirees reside. Finally, all assumptions will reflect the relevant accounting and actuarial standards.

### **Peer Review**

The valuation and reporting procedures include a careful and extensive peer review of the OPEB plan documentation, valuation system coding, valuation worksheets and all reporting formats.

## Work Plan

After confirmation of our engagement, we will discuss and confirm a work plan that provides adequate time to complete the reporting process.

### Actuarial Valuation

The typical work plan for an **Actuarial Valuation** will extend over an eight to 10-week period following the date we receive all supporting benefit descriptions, participant census data and claims detail.

| <u>Activity</u>  | <u>Responsible Party</u> | <u>Completion Date</u>                   |
|--|--------------------------|--|
| Engagement confirmed   | School                   |  |
| Pre-Valuation discussion   | School/SilverStone Group | Within the week following our Engagement |
| Submit data request:: <ul style="list-style-type: none"><li>– Benefits descriptions</li><li>– Participant census data</li><li>– Historical claims detail</li></ul> | SilverStone Group        | Week One                                 |
| Provide data requested   | School                   | Week Three                               |
| Data questions resolved  | School/SilverStone Group | Week Five                                |
| Assumptions/methods selected   | School/SilverStone Group | Week Six                                 |
| GASB 45 Report   | SilverStone Group        | Week Eight                               |

### Desired Deadline

If a deadline for reporting has been established we will provide direction and outline plans to assure that the reporting is available to satisfy your deadline.

## Fees

### Initial Year GASB 45 Reporting

Services corresponding to those outlined in the Scope of Services:

|                     |         |
|---------------------|---------|
| Actuarial Valuation | \$3,500 |
|---------------------|---------|

### Interim Year Reporting

A fee estimate will be provided, as requested, following your review of the Initial Year Valuation.

### Additional Services

SilverStone Group can provide optional services as listed in the Scope of Services. Charges will be based on recorded time, our hourly billing rates and any incurred travel expenses. We will provide an estimate of fees for any additional services, as requested.

|  | <b><u>Fees</u></b>  |
|--|---------------------|
| Analysis to illustrate pre-funding options                     | Time charges*       |
| Sensitivity Analysis to show impact of alternative assumptions | \$750 per scenario* |
| Recommendations on managing OPEB liability                     | Time charges*       |
| Review Plan Documents and Plan Design                          | Time charges*       |
| Meeting with School or Board                                   | Time charges*       |

\* Fee estimates will be provided after clarification of project scope.

## **SilverStone GASB 45 Services**

The following pages provide additional information about SilverStone Group and GASB 45 Services.

## SilverStone Group for GASB 45 Services

### Qualifications, Experience and Commitment to Serve You

*Donn Jones, FSA, FCA, MAAA, EA*

The Government Accounting Standards Board (GASB) issued standards and guidance to implement financial reporting requirements for state and local governments who maintain Other Post Employment Benefits (OPEB). Information about SilverStone Group, the GASB 45 process and available services follow.

#### **Consider SilverStone Group for GASB 45**

SilverStone Group is considered a good choice for GASB 45 services for these reasons:

*Qualifications*—The assigned actuaries and consultants are fully qualified.

*Experience*—Actuarial services related to the financial reporting of Other Post Employment Benefit (OPEB) plans have been provided for over 15 years.

*Responsiveness*—The assigned actuaries and consultants place the highest priority on delivering quality work with adequate time margins to satisfy reporting deadlines.

*Commitment*—Our clients are an important extension of our actuaries and consultants.

*Economy*—We respect the desire for quality work at a reasonable cost.

#### **SilverStone Group Profile**

SilverStone Group is an employee-owned consulting and risk management firm with offices in Omaha, Lincoln, Council Bluffs, Des Moines and Sioux Falls. Guided by Midwestern values and a strong work ethic, we have become an industry leader for employee benefits, retirement plans, risk management and human resource

consulting. Our reputation is based on more than 60 years of dedication to our clients. More than 175 consultants, actuaries and administrators bring together diverse backgrounds in actuarial science, law, underwriting, loss control, accounting, financial services and human resource consulting. The actuarial staff of SilverStone Group includes two Fellows of the Society of Actuaries, four Associates of the Society of Actuaries and a support staff of 15 actuarial analysts and administrators.

#### **Professional Credentials and Experience**

The actuaries of SilverStone Group have the qualifications and experience to address the financial reporting requirements of GASB 45. We are qualified to issue a Public Statement of Actuarial Opinion and to undertake this project by observing Precept 2 of the Code of Professional Conduct of the American Academy of Actuaries. We have completed GASB 45 valuations in Iowa, Nebraska, Kansas, South Dakota and surrounding States.

#### **The GASB 45 Process**

Communication is the key to the effective delivery of actuarial consulting services. We will initiate each GASB 45 engagement with a pre-valuation discussion. This discussion will provide the opportunity to clarify and confirm the features of the OPEB plans. Our reports will present the detailed results of the GASB 45 valuation. The reports will include adequate descriptions of the GASB process and the terminology used to present the results. Written reports will be supplemented by discussion during a post-valuation conference call. We will also be available to meet in your offices to present and discuss the results, as desired.

## Services

The Services that are available have been separated into Core and Optional Services.

The **Core Services** include everything needed to satisfy the GASB 45 reporting requirements. SilverStone Group will:

1. Derive the actuarial value of benefits, separately identifying amounts for active and retired employees
2. Evaluate experience and select assumptions related to turnover, retirement age, mortality, projected post retirement benefit increases, inflation rate, amortization period and investment return
3. Display GASB 45 financial information and footnote disclosures for the Comprehensive Annual Financial Report (CAFR) including:
  - a. annual required contribution, as a dollar amount and a percentage of payroll
  - b. annual OPEB cost as a dollar amount and a percentage of payroll
  - c. reconciliation of net OPEB obligation during the current year and projected net OPEB obligation at the end of the year
4. Include descriptions of:
  - a. benefit plan provisions
  - b. actuarial methods and amortization policy
  - c. actuarial assumptions
  - d. claims and member data used in the valuation
5. Provide an Actuarial Certification in compliance with Actuarial Standards Practice of the American Academy of Actuaries
6. Provide electronic and paper copies of written reports that document the services performed and determinations reported

**Optional Services** may be selected and include the following:

1. Information necessary to forecast future budget needs including:
  - a. annual required contributions needed to fund retiree benefits
  - b. ten-year "pay-as-you-go" cost projections
  - c. recommendations for managing the OPEB plan liabilities
2. Models or mechanisms for forecasting changes in assumptions and their general effect on potential liability
3. Attend on-site meetings to discuss result of valuations or optional services

### With less than 100 employees

An Alternative Measurement Method may be used when there are less than 100 eligible employees. If the alternative method is selected to comply with GASB 45, simplified assumptions are reflected to derive the desired financial disclosures. By selecting the alternative method, the plan sponsor gives up several levels of "sophistication" and forgoes an actuarial certification. But the cost to complete the required financial disclosures may be less. If eligible, additional information can be provided.

### Contact for Additional Information

To discuss a course of action and to make plans to complete a GASB 45 valuation, please contact Donn Jones, as indicated below:

Donn Jones FSA, FCA, MAAA, EA  
[djones@ssgi.com](mailto:djones@ssgi.com)  
SilverStone Group  
11516 Miracle Hills Drive  
Omaha, NE 68154  
Phone: 402.964.5505  
Toll Free: 800.288.5501 ext. 5505  
Fax: 402.963.4089

## Actuarial Services Agreement

To engage SilverStone Group for the GASB 45 Services, please:

1. Sign and date two copies of the Agreement
2. Return **BOTH** copies in the self-addressed envelope to:

Donn Jones  
Principal  
SilverStone Group  
11516 Miracle Hills Drive  
Omaha, NE 68154

We will sign and return one copy for your files.



## Actuarial Services Agreement

THIS ACTUARIAL SERVICES AGREEMENT (“Agreement”) is made and entered into effective as of the \_\_\_\_\_ day of \_\_\_\_\_, 2010 (the “Effective Date”), by and between SilverStone Group, Incorporated, (hereinafter referred to as Consultant), and Winner School District 59-2 (hereinafter referred to as the Client).

1. **Contract for Services.** The Client hereby contracts with Consultant for their services as actuaries to the plans, and Consultant hereby accepts such contract and agrees to provide such services in accordance with this Agreement.
2. **Actuarial Services.** Consultant shall render such services as actuaries to the plans as requested by the Client. Such services shall specifically include, but shall not be limited to, the services described as follows:
  - a. **Initial Year Valuation Services**
    1. Analyze the Client’s Other Post Employment Benefits (“OPEB”), as defined by GASB Statement 45 and related participant and claims data.
    2. Prepare an actuarial valuation following GASB Statement 45 guidelines and report the following determinations related to the OPEB’s:
      - Actuarial present value of total projected benefits.
      - Actuarial accrued liability.
      - Actuarial value of assets.
      - Unfunded actuarial accrued liability.
      - Normal cost.
      - Annual required contribution of the employer.
      - Annual OPEB Cost.
      - Net OPEB obligation (for employer disclosure under GASB Statement 45, as applicable).
    3. Prepare materials to complete the Comprehensive Annual Financial Report to comply with GASB Statement 45 OPEB reporting and disclosure requirements.
    4. Determine the impact of the Client’s implicit rate subsidy resulting from the use of uniform premium rates for both active employees and retirees. Identify and quantify the impact this issue has on the GASB Statement 45 reporting requirements.
    5. Present the valuation results via conference call.

b. Additional Services

1. Prepare an analysis to illustrate how pre-funding the Client's OPEB obligations would affect the valuation results. Timing considerations of establishing the trust should also be considered.
2. Prepare a sensitivity analysis to show the impact of alternative assumptions on the Client's OPEB plans (e.g., healthcare trend rates, investment rate assumptions, etc.).
3. Provide recommendations on managing the OPEB liability. This may include changes in plan design.
4. Review the Client's OPEB plan documents and design. Make recommendations to formalize practices for any informal plans encountered or to modify existing documented plans.
5. Schedule and meet to review the valuation results.

c. Interim Year Reporting Services

As we interpret GASB 45, a full actuarial valuation will be required every other or every third year. For interim reporting these options may be considered.

1. Estimate—Use the prior year valuation detail without adjustment or modify using information estimation procedures.
2. Roll Forward Valuation—Prepare an interim valuation for the “off year” based on the prior year member data, claim detail and assumptions and “roll forward” using standard actuarial procedures.
3. Full Actuarial Valuation—Prepare an actuarial valuation based on updated member data, claim detail and assumptions.

We assume a decision regarding procedures for interim reporting will be deferred until an Initial Year Valuation has been completed and evaluated.

3. **Other Consulting Services.** Consultant will provide, at the Client's request, additional actuarial, consulting or related services.
4. **Actuarial Fees.** As consideration for any of the services set forth in Paragraphs 2 and 3 above, the College agrees to pay SilverStone Group fees based on direct expenses, related travel expenses and hourly time charges that are based on the time recorded to complete the services and the hourly billing rates for the designated personnel as follows:

|                          |       |
|--------------------------|-------|
| Principal Actuary        | \$250 |
| OPEB Actuarial Analyst   | \$150 |
| Group Medical Consultant | \$250 |

However, for the Initial Year Valuation, SilverStone Group will guarantee the maximum fees to complete the services in Paragraph 2a consistent with a Full Actuarial Valuation will be no more than \$3,500.

Hourly rates for years following 2010 may be increased to reflect trends in hourly rates, but any increase will not exceed 5% for each year following 2010.

5. **Payment.** Client agrees to remit payment to Consultant within 30 days of receipt of quarterly invoices.
6. **Term.** The term of this Agreement shall commence on the Effective Date, and shall continue through December 31, 2012, unless terminated under the provisions of Paragraph 7, herein. This Agreement may be renewed for additional annual periods by mutual written agreement by both parties.
7. **Termination.** Either party to this Agreement may terminate the Agreement (with or without cause) upon delivery, at least 60 days' advance written notice to the other party. In the event that the Client exercises its right to terminate the Agreement as provided herein, Consultant shall be entitled to payment pursuant to Paragraph 5 herein, for services actually rendered to the Client prior to the date of termination.
8. **Indemnification of the Plans.** Consultant shall defend, indemnify and hold the Client harmless from and against any and all claims, suits, losses, liabilities, costs, damages and expenses, including reasonable attorneys' fees and court costs, suffered or incurred by the Client arising from or as a result of gross negligence, fraud or willful misconduct by Consultant or any representative, agent or employee of Consultant, or any such party's failure to perform its duties and obligations under this Agreement.

The Client shall defend, indemnify and hold Consultant harmless from and against any and all claims, suits, losses, liabilities, costs, damages and expenses, including reasonable attorney's fees and court costs, suffered or incurred by Consultant arising from or as a result of gross negligence, fraud or willful misconduct by the Client or any representative, agent or employee of the Client or any such party's failure to perform its duties and obligations under this Agreement.

9. **Insurance.** From and after the Effective Date and continuing throughout the term of this Agreement, Consultant shall, at their sole cost and expense, carry and maintain in full force and effect a professional liability/errors and omissions insurance policy with a policy limit of not less than Fifteen Million Dollars (\$15,000,000), issued by an insurance company. If requested, Consultant shall provide the Client with a certificate evidencing such coverage. Consultant shall provide the Client with not less than sixty (60) days prior written notice of any proposed change in the type, coverage or amount of insurance required hereunder.
10. **Access to and Ownership of Files and Information.** Consultant hereby acknowledges and agrees that the Client and the Client's authorized representatives, agents and employees shall have access to and the right to examine, inspect, audit, transcribe and copy during Consultant's normal business hours, any and all accounts, books, documents, records and papers relating to the services provided pursuant to this Agreement. All such examinations shall be at the Client's expense and shall be

conducted in a manner which preserves the confidentiality of Consultant's records and business operations.

All intellectual property rights (such as copyrights and trade secrets) relating to materials and information developed by or relating to the plans and disclosed or supplied to Consultant under this Agreement (the "Plans Information") will belong exclusively to the Client. All intellectual property rights (such as copyrights and trade secrets) relating to Consultant's work product (including all materials and information developed by Consultant in the course of performing services under this Agreement, but excluding Plans Information) ("Consultant's Work") will belong exclusively to Consultant. If personnel of Consultant incorporate into Consultant's Work any information relating to the plans to which Consultant's confidentiality obligations under this Agreement apply, the information so incorporated into Consultant's work will be and remain subject to such confidentiality obligations. Consultant hereby grants to the Client the perpetual and unrestricted right to use, reproduce and incorporate into other work all Consultant's work delivered to the Client under this Agreement for any internal business purpose of the Client.

11. **Confidential Treatment of Plan Files and Information.** Consultant acknowledges and agrees that, in the course of rendering their actuarial services and otherwise performing their duties and obligations hereunder, they shall be provided and entrusted with the safekeeping of certain documents and information relating to the Client and its property and accounts (hereafter referred to as "Plans Files"). Consultant shall maintain commercially reasonable policies and procedures to ensure the confidentiality and safekeeping of such Plans Files and shall not, except in accordance with the express terms of this Agreement or with the prior written consent of the Client, disclose or permit the disclosure of any Plans Files to any person or entity whatsoever other than Consultant's employees, officers and agents directly assigned to provide actuarial services to the plans hereunder. Consultant acknowledges and agrees that any breach, attempted breach or repudiation of the confidentiality requirements set forth in this Paragraph 11 would produce irreparable harm and injury to the Client and therefore agree that specific performance and/or injunctive relief, in addition to any other remedies available to the Client at law or in equity, shall be remedies available to prevent the breach, attempted breach or repudiation of this Paragraph 11.
12. **Integrated Agreement; Severability.** This Agreement constitutes the entire understanding between the parties concerning the subject matter hereof. This Agreement shall not be modified except in a writing signed by all parties hereto. If any provision of this Agreement shall for any reason be held to be invalid, unenforceable, or contrary to public policy, whether in whole or in part, the remaining provisions shall not be affected by such holding.
13. **Governing Law.** The statutes, regulations, and judicial interpretations of the laws of the State of Nebraska shall determine all questions arising with respect to the provisions of this Agreement, except to the extent federal statutes supercede the laws of the State of Nebraska.

14. **Actuarial Personnel.** Consultant shall at all times throughout the term of this Agreement maintain a team of qualified professionals comprised of designated full-time employees/ principals of Consultant who are permanently assigned to monitor, oversee and provide on a daily basis all of the actuarial services to be provided to the plans hereunder, and to receive and address all concerns communicated by the Client.

**IN WITNESS WHEREOF**, the Client and Consultant have duly executed this **ACTUARIAL SERVICES AGREEMENT** effective as of the day and year first above written.

CLIENT:

CONSULTANT:

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Addresses**

Winner School District 59-2  
PO Box 231  
Winner, SD 57580

SilverStone Group, Incorporated  
11516 Miracle Hills Drive  
Omaha, NE 68154