

Actuarial Services Agreement

THIS ACTUARIAL SERVICES AGREEMENT ("Agreement") is made and entered into effective as of the 1st day of May, 2015 (the "Effective Date"), by and between SilverStone Group, Incorporated, (hereinafter referred to as Consultant), and Meade 46-1 School District, SD (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. Governmental Accounting Standards Board GASB 45 valuation and written report based on a Full Actuarial Valuation:
 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 Client 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 the 2015 Fiscal 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 Client 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 2015 Fiscal Year Valuation Services, 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 \$4,500.

Hourly rates for years following 2015 may be increased to reflect trends in hourly rates, but any increase will not exceed 5% for each year following 2015.

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, 2018, 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.
15. **Limitation of Liability.** Except for fraud, gross misconduct or willful misconduct by SilverStone Group, its affiliated companies, shareholders, associates or Board members, neither party will be liable to the other party for any indirect, consequential, incidental, special or punitive damages, including but not limited to loss of profit, income or savings, even if advised of such possibility, and neither party's total liability arising out of or related to this proposal for services under any theory of law will exceed the total remuneration payable by the Client, to SilverStone Group in the 12 months before the accrual of the cause of action giving rise to liability.
16. **Dispute Resolution.** Any controversy, dispute or questions arising out of, in connection with or in relation to this agreement, between the Client and SilverStone Group, its affiliated companies, shareholders, associates, or Board members or its interpretation, performance or nonperformance or any breach thereof shall be resolved through mediation before a mediator mutually agreed upon by the parties. In the event mediation fails to resolve the dispute within 30 days after a mediator has been agreed upon or such other longer period as may be agreed to by the parties, such controversy, dispute or question shall be settled by arbitration in accordance with the rules of the American Arbitration Association as applied to Nebraska by a sole arbitrator. Any court having jurisdiction thereof may enter a judgment upon the award rendered by the arbitrator. Each party will advance ½ of the cost for the arbitration. The prevailing party will be entitled to the right to record any judgment in any and all jurisdictions in order to enforce the judgment and an allocation of cost within accordance with the arbitrator's decision.

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: Brett Bouditt

By: Neil Elko

Title: Business Manager

Title: PRINCIPAL

Date: 5-26-15

Date: 5-27-2015

Addresses

Meade 46-1 School District
1230 Douglas Street
Meade, SD 57785

SilverStone Group, Incorporated
11516 Miracle Hills Drive, Suite 100
Omaha, NE 68154