

VIA ELECTRONIC DELIVERY

Renee Blakely, Director
Klamath County Human Resources
305 Main Street
Klamath Falls, OR 97601

Re: Klamath County Actuarial Services

Dear Renee:

A recent review of our service agreement with you indicated the need for an update. I have taken the liberty of drafting a new agreement for your review. If it meets with your approval, please sign a copy and return to me. If there are aspects you would like to discuss or revise, please let me know.

The fees detailed in the enclosed agreement will apply for the 2019 and 2020 plan years, after which periodic increases may occur. The fees have modest increases (\$100 per month for the pension valuation, \$50 per month for the benefit statements and \$500 for the OPEB valuation).

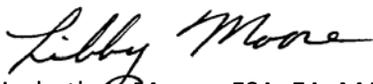
If the services and terms outlined in the agreement are acceptable to you, please sign where indicated and return one copy to us. If the services and terms are not acceptable to you, please contact us immediately to discuss.

Please note that if you do not return a signed copy of the enclosed service agreement, but request IAI to proceed with work for the plan either directly or indirectly (such as by submitting census data or other information), we will proceed with such work as if such service agreement letter has been signed.

If you would like clarification or additional services, please do not hesitate to contact us.

We recognize the confidence you have placed in our company, and we assure you that such confidence will be respected.

Sincerely,


Elizabeth A. Moore, FSA, EA, MAAA

email: LibbyMoore@indact.com

EAM/lm

Enclosure

c: Alyssa Gentry



AGREEMENT OF SERVICES AND TERMS KLAMATH COUNTY

AGREEMENT OF SERVICES AND TERMS BETWEEN KLAMATH COUNTY AND INDEPENDENT ACTUARIES, INC.

January 2019

Purpose and Scope

This Service Agreement (“Agreement”) is intended to cover services provided by Independent Actuaries, Inc. (“IAI”) to Klamath County (“Plan Sponsor”) and only the Plan Sponsor. This Agreement is not intended to benefit or to create a contractual obligation or fiduciary relationship between IAI and any retirement plan of the Plan Sponsor or any participant or beneficiary of such plan.

Fees For Annual Services

Other Post-Employment Benefits (OPEB) Valuation

Scope of Services –

- Perform an actuarial valuation under GASB Statement Number 45 to determine the County’s liability related to their OPEBs, which shall include:
 - The actuarial present value of total projected benefits
 - Unfunded actuarial accrued liability
 - Actuarial accrued liability
 - Actuarial value of assets
 - Normal cost
 - Annual required contribution of the employer as a level dollar amount and as a level percentage of covered payroll
 - Net OPEB obligation for employer disclosure under GASB Statement 45, if necessary.
- Prepare the necessary material for the audit report to comply with GASB OPEB reporting and disclosure requirements
- Determine the implicit rate subsidy, if any, and the impact it would have on the OPEB liability
- Provide recommendations on management of the OPEB liability.

Fee for Other Post-Employment Benefits (OPEB) Valuation – \$6,000 per valuation



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Pension Valuation

Scope of Services –

- Perform an actuarial valuation under GASB Statements 67 and 68 for the Klamath County Employees' Pension Plan. The results will be provided in a report that will include applicable accounting disclosure exhibits.
- Provide requested census data in an electronic spreadsheet format and respond to any follow-up questions regarding the census data in a timely manner.
- Complete work approximately 2 months after the end of the fiscal year.

Fee for Pension Valuation – \$20,700 per valuation

Benefit Statements

Scope of Services –

- Prepare benefit statements annually as of December 31 for the following employee groups and including the following information. Klamath County will be provided with an electronic version of the statements, as well as one copy of each benefit statement printed on statement paper.
 - Active participants nearing retirement benefits
 - Accrued retirement benefit at December 31st of the prior year, accrued retirement benefit at December 31st of the current year, projected retirement benefit at age 60 assuming future earnings remain at the current level, vesting service at December 31st of the current year, and account balance at December 31st of the current year.
 - Active participants currently working in non-benefit-eligible positions.
 - Accrued retirement benefit at December 31st of the prior year, accrued retirement benefit at December 31st of the current year, vesting service at December 31st of the current year, and account balance at December 31st of the current year.
 - Terminated participants with vested benefits
 - Accrued retirement benefit at December 31st of the current year, and account balance at December 31st of the current year.
 - Terminated participants with non-vested benefits
 - Account balance at December 31st of the current year.
- Provide requested census data as of January 1st of each year in an electronic spreadsheet format and respond to any follow-up questions regarding census data in a timely manner.



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Provide a copy of each benefit statement printed on statement paper, Klamath County will be responsible for preparing the participant mailing.

- Work will begin in January every year and will be completed approximately 3 to 4 months after receipt of census data.

Fee for Benefit Statements -- \$4,500 per year

Benefit Calculations

Scope of Services –

- Prepare a letter for each requested benefit calculation showing the applicable benefit amount, and including amounts for each applicable optional form. Each benefit calculation will also include a worksheet showing the data used for calculating the benefits.
- Provide participant data, such as service dates and highest average monthly earnings, necessary to complete the benefit calculation. Request additional information to clarify data when information reported differs from historical records.
- Benefit calculations will be completed as requested throughout the year in the event of termination, death, disability or retirement of an employee.
- Assist with determination of return employee contribution, remaining benefits payable to beneficiaries of deceased retirees and the value of pension benefits for members going through divorce.

Fee for Benefit Calculations -- \$325 per calculation

If any services should be requested by the County that fall outside of the scope described above, they would be charged at our standard hourly rates, which currently range from \$230 to \$350.

Services Not Provided by Independent Actuaries, Inc. (IAI)

IAI is not responsible for the accuracy or completeness of the employee census data provided to IAI or for valuing plan assets or verifying plan assets reported by the Plan Sponsor, plan trustee or its advisors. We do not sell investments or provide investment advice. IAI does not act as legal counsel for the Plan Sponsor, the plan or any plan participants or beneficiaries. IAI does not make determinations regarding things such as, but not limited to, the employer's business entity, membership in a controlled group or affiliated service group, or employment status. The Plan Sponsor is responsible for obtaining appropriate legal counsel with respect to these determinations. We do not serve as the ERISA Plan Administrator. IAI is not responsible for any services not included in the Schedule of Annual Services or such other services



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not mutually agreed upon between the Plan Sponsor and IAI. Neither the Plan Sponsor nor IAI intend that IAI will act in a fiduciary capacity to the plan, the Plan Sponsor or the plan participants or beneficiaries.

In addition, IAI will not be responsible for maintaining the plan document, updating the plan document for any required amendments, or restating the plan document on its required restatement cycle. All compliance as it relates to the plan document will be the responsibility of an outside source.

Responsibility of Plan Sponsor

The Plan Sponsor retains responsibility for all activities associated with the plan that are not assigned to IAI under the terms of this agreement. It is the responsibility of the Plan Sponsor to provide us with timely and accurate information. The Plan Sponsor is responsible for obtaining outside investment, tax, and legal counsel as is appropriate for the operation of the plan. The Plan Sponsor is responsible for notifying IAI of any material changes such as, but not limited to, changes in corporate structure, changes in company ownership, or any other relevant changes. The Plan Sponsor is also responsible for timely distributing any required participant notices. In the event that the Plan Sponsor does not provide IAI with timely, accurate and complete information, IAI may assess a rush charge up to ½ the core annual administrative fee without prior approval from the Plan Sponsor. For purposes of the last sentence, “timely” means no later than 30 days prior to the expected deadline or within 90 days of a request for such information by IAI, if earlier.

Choice of Venue and Law

This agreement shall be construed under Oregon law. Unless otherwise required by law, the appropriate venue for any legal actions arising from this agreement shall be within the Oregon counties of Clackamas or Multnomah.

Financial Terms

IAI will typically bill for services on a monthly basis after the services have been performed. For longer-term projects, IAI reserves the right to progress bill for services rendered-to-date. Payment is due within 30 days of receipt of the invoice. The greater of \$25 or 1½% per 30-day period late charge will be applied to balances due after 60 days from date of invoice. Where services are billed on an hourly basis at usual and customary fees, it is understood that the hourly fees may change from time to time and the fees assessed will be those in force at the time services are delivered. For services billed on a flat or formula fee basis, such fees will be fixed for two years and subject to periodic increase thereafter.

Both parties agree that payment for IAI’s services will be made directly by the Plan Sponsor. Any payments made from the Plan are made at the Plan Sponsor’s discretion. IAI’s services are not intended to unduly benefit the Plan or any Plan participant or beneficiary.



**AGREEMENT OF SERVICES AND TERMS
KLAMATH COUNTY**

Termination of Services

Either party may terminate this agreement by delivering written notice of termination to the other party. IAI reserves the right to cease work and terminate services if the Plan Sponsor fails to pay timely any fees due under this agreement. IAI also reserves the right to receive payment for services undertaken, but not completed upon termination of this agreement and the fees for such services will be based on our usual and customary full hourly rates in effect at that time. After notification of termination, IAI may provide services at its discretion only if requested in writing by the Plan Sponsor. The fee for all such services, including services related to the transfer of files and records to a successor actuarial firm will be charged on an hourly fee basis. IAI reserves the right to require payment in advance for such services. IAI reserves the right to not transfer files and records until all outstanding invoices have been paid in full.

The termination date of this contract is December 31, 2020 with final invoice date in January 2021.

Retention of Plan Records

IAI shall own all records and working papers prepared in the course of executing the terms of this agreement. IAI will retain our records and data for no more than 6 years following the year of the final distribution for a terminated plan, and no more than 3 years following the year in which are our services are terminated for any reason other than plan termination. Copies of such records will be provided upon request by the Plan Sponsor. The cost for retrieving, copying and transmitting such records will be billed at our usual and customary rates in effect at the time.

* * *

I have read and acknowledge the terms and conditions of this agreement. As evidenced by my signature below, I intend to be bound by the terms and conditions herein. I understand that if I request IAI to perform any tasks within the scope of this agreement prior to signing and dating this agreement, that my request will be treated as an acceptance of the terms outlined herein and I shall be bound by the terms and conditions of this agreement. If I do not wish IAI to perform services per the terms of this agreement, I shall notify IAI immediately.

Signature and Title of Plan Sponsor's Representative

Date

As evidenced by my signature below, IAI agrees to provide services as described within.

Elizabeth A. Moore

Signature of Independent Actuaries, Inc. Representative

January 2, 2019
Date