GASB 45 ACTUARIAL SERVICES AGREEMENT

This Agreement is entered into between ___________ (“Client”) and Milliman, Inc. as of ___________. Client is a member of Oregon Educators Benefits Board (“OEBB”) for purposes of this agreement.

Client hereby engages Milliman to provide the services described in Schedule A, which is incorporated as part of this Agreement, and understands and agrees such services will be performed by Milliman pursuant to the terms of a Consulting Services Agreement between City County Insurance Services (“CIS”) and Milliman. Client has expressed a desire to obtain Services, as described in Schedule A, under certain terms of the public contract between CIS and Milliman.

In consideration for receiving such services, Client agrees as follows:

1. Client will provide to Milliman in a timely manner all required information about OPEB (Postemployment Benefits Other than Pension) benefits it provides to its employees and retirees; its retiree premium subsidies; and such other information necessary to accurately produce the OPEB valuation described in Schedule A. (OEBB will provide directly to Milliman all relevant benefits data and information it maintains, and that data and information will be used to the extent it appears to Milliman to be complete and reliable.) Requests for such information will be provided by OEBB or Milliman to Client, and OEBB in turn will transmit to Milliman in a timely manner any information it receives from Client. To the extent possible, such information will be provided in the format requested by Milliman, and will be complete and correct to avoid additional costs to Client for data clean-up or processing. Upon receipt of all information necessary to provide the services described in Schedule A, and a signed copy of this contract, Milliman will provide for confirmation by Client, a standard set of assumptions upon which the valuations will be based, as well as a description of benefits to be valued. Standard assumptions include expected termination, mortality and retirement rates, as well as medical cost trends, age trending for expected claims, and investment rates of return. Development of customized assumptions may be requested but will incur additional costs.

2. Client acknowledges that Client is obligated to pay Milliman for Services provided to Client under this Agreement. Client agrees to pay Milliman the fees associated with the Services that are (a) incurred for initial evaluation of benefits, (b) incurred for a valuation report, and/or (c) incurred by Client on a time and expense basis, such as for additional actuarial studies, customized assumptions, data clean-up, or for other Services requested by Client.

Fees under this agreement are listed in Schedule B.

Milliman anticipates payment for Services in three installments. The first installment is a down payment of $200 to $400 for initial evaluation of Client’s benefits, and is due upon signing of the contract. The second installment will be 50% of the estimated valuation cost for Client, if applicable, and will be invoiced based on Milliman’s estimate of Client’s benefits. The final installment is due upon receipt of the invoice that will be issued upon completion of the Actuarial Report for Client. In addition, if any fees are incurred on
behalf of Client on a time and expense basis, such fees will be invoiced and payable on a monthly basis.

Milliman reserves the right to stop work on behalf of Client if any invoice is unpaid after 30 days.

3. Client agrees to be bound by the following terms with respect to the services provided by Milliman:

   A. Limitation of Liability: Client agrees that Milliman, its officers, directors, agents and employees, shall not be liable to Client, under any theory of law including negligence, tort, breach of contract or otherwise, for any damages resulting from, or alleged to have resulted from, the actuarial or consulting services provided pursuant to this contract in excess of $50,000. In no event shall Milliman be liable for lost profits of the Client or any other type of incidental or consequential damages. The foregoing limitations shall not apply in the event of the intentional fraud or willful misconduct of Milliman, its officers, directors, agents, or employees.

   B. Disputes:

      (a) Mediation. In the event of any dispute between Client and Milliman arising out of this Agreement, or any dispute arising out of or relating to the services provided by Milliman, if the parties in dispute cannot resolve the dispute among themselves, 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 of the parties. If the parties cannot agree on a mediator, a mediator will be designated by the American Arbitration Association at the request of a party.

      The mediation will be treated as a settlement discussion and therefore will be confidential. Any applicable statute of limitations 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 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 Portland, Oregon before a panel of three arbitrators. Within 30 days of the commencement of the arbitration, each party shall designate in writing a single neutral and independent arbitrator. The two arbitrators designated by the parties shall then select a third arbitrator. The arbitrators will have a sufficient background in either employee benefits, actuarial science, or law to reasonably prepare them to decide a dispute. 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 shall 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 advisors. By mutual agreement of all parties to such dispute, the provisions of this sub-section ( “Arbitration”) may be waived or modified.

C. Choice of Law: The construction, interpretation, and enforcement of the terms of this agreement shall be governed by the substantive contract law of the State of Oregon without regard to its conflict of laws provisions. In the event any provision of this agreement is unenforceable as a matter of law, the remaining provisions will stay in full force and effect.

D. No Third Party Distribution: Milliman’s work is prepared solely for the internal business use of Client. Except as required by law including any applicable public disclosure regulations, 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, even if Milliman consents to the release of its work product to such third party.

Milliman’s consent to release its work to any third party may be conditioned on the third party signing a Release, subject to the following exception(s):

Clients may provide a copy of Milliman’s work, in its entirety to their professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman’s work for any purpose other than to benefit the Client.

Clients may provide a copy of Milliman’s work, in its entirety, to other governmental entities, as required by law.

AGREED:

For Client:      For Milliman, Inc.:

____________________________  ____________________________
Authorized Signature    Authorized Signature

_____________________________  ____________________________
Printed name and title    Printed name and title

Date:         Date:
Schedule A - Services

Milliman will provide to Client a report prepared by Milliman, Inc. (Milliman) that will include information on the actuarial value of benefits (OPEB liability), GASB 45 accounting information including the Annual Required Contribution (ARC), annual Other Post Employment Benefits (OPEB) Cost, and Reconciliation of the Net OPEB Obligation (NOO). A ten-year payout projection, an ARC determined using an amortization period specified by Milliman, and general recommendations on managing the liability will be provided in the report. The content of the report will be uniform and determined by Milliman. Requests for additional content may be accommodated under the “Additional Fees” item of Schedule B.

The initial actuarial valuation will be performed as of October 1, 2008. This valuation will provide the July 1, 2008 - June 30, 2009 ARC. It will be the basis for the subsequent year's ARC, absent any significant changes to the Client's plan, and other required disclosure items.

Subsequent valuations will be offered by Milliman to all Clients on uniform valuation dates. Generally, biennial valuations are anticipated.

An actuarial certification, including indication of compliance with Actuarial Standards of Practice No. 41 "Actuarial Communications" and American Academy of Actuaries "Prescribed Statement of Actuarial Opinion" will be provided.

Milliman will make reasonable effort to provide the report to Client within sufficient time for Client to prepare required financial disclosures, but not earlier than 4 weeks after receipt of census data and benefits information determined by Milliman to be sufficient to prepare the information described above.

The report to Client will provide all required actuarial calculations for OPEB of which Milliman is made aware, including “implicit subsidies” arising from the extension of Client-sponsored health care coverage to retirees, as well as any Client-paid OPEB subsidies, such as premium reimbursement arrangements. However, the Client will be responsible for confirming the benefits valued and the assumptions used in valuation. The report to Client will not include valuation of any retiree benefits sponsored by Oregon PERS.

Prior to commencing work on a valuation, Milliman will assess the OPEB sponsored by Client and provide to Client an advisory recommendation as to whether a GASB 45 valuation should be performed, including justification for the recommendation.

Participating OEBB entities reserve the right to discontinue the Client Agreement prior to any valuation. Milliman will not commence work on any Client’s valuation until such Client has paid the preliminary invoice specified herein.
### Schedule B - Fees

The following is the schedule of fees through December 31, 2009. Fees are subject to a cost-of-living increase annually thereafter based on the west region CPI-U for the preceding 12 months, plus one percent.

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| Evaluation of OPEB offered and advisory recommendation – if no valuation performed | $200 for up to 200 covered participants*  
$400 if more than 400 covered participants  
Pro-rate on participant head count if 200 – 400 covered participants |
| Base fee for each valuation                                          | $3,300 (up to 100 participants)                                       |
| Fee per covered participant*                                         | $15 per each participant over 100  
$3 per each participant over 350                                       |
| Fee for each arrangement                                             | $500                                                                |
| Additional fees for Milliman work with data that does not meet specifications | Generally $120 - $200/hour, depending on services required          |
| Additional fees for Milliman OPEB actuarial work requested by Client | Lead Consultants:  
$300 - $450 per hour  
Project Manager / Lead Technical Actuary:  
$200 - $300 per hour  
Actuarial and Support Staff:  
$ 75 - $200 per hour |

* Participants are active employees, retirees, and dependents who remain on the Client’s plan after the retiree is no longer eligible.

** An “Arrangement” is a separately valued benefit structure in Milliman’s valuation.

Implicit subsidies for separate employee classifications with different health care coverages may be valued as separate arrangements at Milliman’s discretion. It is anticipated that most Clients will have three or fewer such arrangements.

Client-paid benefits constitute different arrangements if they require separate valuation or data processing. For example, a Client sponsoring a premium reimbursement for Certified employees hired prior to July 1, 1995 and a premium reimbursement and life insurance for Administrative employees hired prior to July 1, 1998 would have three arrangements. Milliman reserves the right at its sole discretion to reduce the number of arrangements billed under the schedule above in certain cases, such as multiple one-person arrangements for current retirees.