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Bushnell & Company
Employee Benefit Consultants

July 8, 2008

XXXXXXXXXXXX, CPA
Chief Financial Officer
XXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX
Austin, TX 78741

Dear XXXXXXX:

It has been a pleasure to work with you and the XXXXXXXXXXXXXXX over the last three months and assist you with your Voluntary Employee Benefit Association (VEBA) questions and concerns regarding the active and retiree covered populations. I believe that we exceeded your expectations with the creative solutions and ideas that were accepted by both your Actuary and CPA starting in 2008 and going forward. The solutions that we came up with and that you have been working on for four - five years will end up generating 1.) approximately a \$100,000 reduction in annual cost savings because interest can now be used to offset costs and 2.) the reduction of over \$1,500,000 liabilities on your balance sheet. These results were achieved during we what we both referred to as Phase I of the work necessary.

We would be happy to assist you with Phase II regarding your Voluntary Employee Benefit Association (VEBA), which is the implementation step to make all this happen for both your active and retiree populations. This would include advising you on transferring funds within your existing VEBA to a second account within your existing VEBA that would be established solely for the benefit of the current and future retiree population. There are a number of other issues that need to be addressed with this transaction and that we will be addressing them with you as we progress through Phase II. This letter is to explain what we would be engaged to do and what our fee will be. Further, we ask that you authorize us before we proceed.

INTRODUCTION

Bushnell & Company is compensated on an hourly fee plus out-of-pocket expense basis. In this way, we work only for you. Each member of our staff has a billing rate commensurate with their training, education and experience. We pride ourselves in providing services with a value in excess of our fees . . . often by a very wide margin. Currently, the billing rates for staff members who would be working on this project range from \$40 to \$350 per hour and are subject to change when we periodically adjust them firm wide. Further, our firm's Principals and Senior Consultants have multiple billing rates to properly reflect the level of professional services rendered under generally accepted billing rate structures of fee for service employee benefit consulting firms. This way, for example, if a Principal is doing

Staff Consultant research work, that person's billing rate will be reduced to the lower rate. We are transparent in this matter and that is why our invoices detail the work done by each person and at what billing rate level. We insist that our clients have an estimate of our anticipated fees before we are engaged for a substantial project, so that there are no surprises.

SERVICES

We would be engaged to consult with you on an "as needed" basis regarding the transferring of funds within your existing VEBA to a second account within your existing VEBA that would be established solely "for the benefit of" the current and future retiree population and could not be used for the active employee population. The scope of this study will include, but is not limited to the following:

1. Addressing questions and concerns regarding the retiree portion of your covered population under your self-funded medical/hospital plan.
2. The gathering and analyzing of Census and Demographic Data.
3. The gathering and analyzing of premium history data and reallocation of all 2008 contributions and benefit payments (split transactions)..
4. Working with your existing Third Party Administrator regarding the payment of claims for exclusive benefit of retiree population. There cannot be any co-mingling of funds.
5. Drafting a plan document for review and consent by your legal counsel.
6. Drafting a Board of Directors Resolution for review and consent by your legal counsel.
7. Assist with the establishment of the separate account For the Benefit of Retirees.
8. Assist with the establishment of the separate account For the Benefit of Active Employees.
9. The research questions and issues as they arise in this project.
10. Work with and answer questions of and for your Actuary and CPA as they arise.
11. Work with you and your staff on an "as needed" basis
11. Meet with your Audit Committee and/or Board of Directors on an "as needed" basis.

TIMING

We anticipate having the first draft of the new VEBA Plan Document and Trusts in time for your August 13th Board meeting. In addition, we anticipate having the 2008 accounting for existing monies done by then as well.

PROJECT NAME AND NUMBER

So that you can monitor our progress, all work on this project will be billed under the project name "XXXXXXXXXXXXXXXX VEBA – Phase II." The project number is xxxx.2TM. All charges for services performed and out-of-pocket expenses incurred for this project are itemized on our invoices.

FEES

Due to the nature of this assignment, we cannot accurately estimate in advance what our total fee and out-of-pocket expenses will be; therefore, you will only be billed for the work that is actually performed, at our standard billing rates. However, we anticipate that our total fee, excluding out-of-pocket expenses, for the services described in this engagement letter will be in the \$10,000 to \$17,500 range. So much is going to depend on the number and length of meetings that are required and other factors over which we have no control.

Note: The rates quoted above reflect our standard 15% discount that we provide to government and not-for-profit entities.

OUT-OF-POCKET EXPENSES

Normal out-of-pocket expenses that we incur on your behalf, for such things as postage, photocopying, long-distance telephone calls, overnight and/or same day delivery service, etc., will not be billed to you as an allowance for these items is included in our staff billing rates. However, extraordinary out-of-pocket expenses (generally items in excess of \$25, in the aggregate) that we incur on your behalf, for the items described above and/or such things as overnight lodging and meals, transportation, printing, temporary personnel, professional services (e.g., legal, accounting, language translation), etc., will be billed to you at our cost, plus ten percent for handling.

EXTRA SERVICES

Occasionally, you may ask us to perform special extra services and/or it may be necessary for us to perform special extra services which were not anticipated when we prepared our proposal and/or this engagement letter. These special extra services are called "non-engagement-letter services" and will be billed separately. However, so that there are no surprises and depending upon the nature and/or amount of the extra services, prior to the commencement of these extra

services, we will either prepare a separate formal engagement letter for that project or at the very least take the initiative to discuss the issue and associated fee with you, by telephone, for your authorization.

COORDINATION OF WORK

Based on our prior conversations, we have prepared this engagement letter and approached the assignment with the thought and philosophy that we would use your staff personnel wherever possible during this engagement. This approach will provide you with the opportunity to reduce your fee expense for our services. If this approach is not acceptable to you please let us know, at the outset of the assignment, so that we can discuss the workloads of the people involved.

TRAVEL TIME

All the travel time incurred by our staff will be billed to you at either fifty percent or one hundred percent of that employee's normal hourly billing rate. If the travel time, in each direction, is less than or equal to one hour, the time incurred during the travel will be billed at one hundred percent. If the travel time incurred, in each direction, is more than one hour, then the travel time will be billed at fifty percent.

TERMS

Invoices are presented periodically and are payable in full upon receipt.

DEPOSIT

As is customary for all consulting engagements, a deposit / retainer is required prior to the commencement of the assignment. This deposit will be credited to your account and be applied toward the fees incurred. Please remit \$5,000, payable to Bushnell & Company, as soon as possible.

DEFAULT

In the event that you default in your payment of our invoice(s) under the terms of this Letter of Engagement and we have to bring suit to obtain payment of our fees and/or out-of-pocket expenses, you agree to pay reasonable attorney's fees, court costs and out-of-pocket expenses for such suit.

ACCEPTANCE

Xxx, if the above is acceptable to you, would you please sign the bottom of this letter, where indicated, and return a copy via fax or a .pdf file. I would encourage you to make a photocopy of the signed letter for your records.

Please call me if you have any questions.

Sincerely,

James E. Bushnell, CLU, CEBS

JEB/jjm

Enclosure

Accepted By: _____ DATE: _____