

DEFINED BENEFIT PLAN SERVICE AGREEMENT

SPECIAL ACTUARIAL STUDY

The City of Jonesboro, Arkansas, (hereinafter referred to as “Employer”) hereby retains Werntz & Associates, Inc. (hereinafter referred to as “W&A”) for the performance of certain services indicated below in connection with the Retirement Plan for Employees of City of Jonesboro, Arkansas upon the following terms and conditions:

I. Scope of Services: The scope of services to be provided by W&A was determined based on Employer’s RFP #2008-15 which was received in the offices of W&A on May 27, 2008. In response to RFP #2008-15, W&A provided a Fee Proposal on June 3, 2008. Our Fee Proposal described the various services that would be performed by W&A and the fee basis for providing those services. Our Fee Proposal also provided background information about our firm and brief biographies of those individuals that would be responsible for the work done by our firm. It is the intent of this Service Agreement to formalize and commit to writing the intent of information previously provided in the Fee Proposal previously prepared and submitted by W&A. Accordingly, W&A hereby agrees to perform the services as outlined below.

1. Review of Plan Document
 - a. Outline of Major Plan Provisions
 - b. Assist Management in Formally Adopting Plan Benefit and Cost Objectives
 - c. Commentary on Plan Design Features
 - d. Regulatory Compliance
2. Review of Actuarial Valuation Reports
 - a. Review of Recent Experience vs. Actuarial Assumptions
 - i. Provide Commentary Where W&A Believes that Changes in Assumptions Might be Considered
 - b. Review of Funded Status with Commentary
 - i. Actuarial Equivalence Basis
 - ii. Market Value Basis
 - iii. Ongoing vs. Plan Termination Basis
 - c. Re-do of Most Recent Actuarial Valuation Report as Prepared by The Principal Based on W&A Assumptions and Procedures
 - i. Provide Management Summary of Results
 - ii. Funding Recommendations
 - iii. Highlight Where W&A Valuation Results Differ Significantly from Prior Actuary’s Results

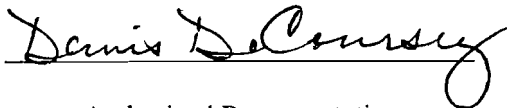
- d. Listing of Employees Showing Pertinent Census Data
 - e. Benefit Report Showing Each Participant's Average Compensation, Projected Benefit, Accrued Benefit, and Vested Under the Terms of the Plan
 - f. Preparation of Individual Participant Statements (if Requested)
 - i. Statements Would Show Each Participant's Projected Benefit, Accrued Benefit, Vested Benefit and Value of Employee Contributions Account (if any)
3. Provide Analysis of Certain Benefit Enhancements Being Considered by the City – Calculate and Report the Cost Projected Cost Impact of Various Proposed Enhancements Presented in a Manner that will Enable the City to Evaluate Individual Enhancements or Various Combinations of Enhancements
- a. Enhanced Survivor Benefits
 - b. Enhanced Disability Benefits
 - c. Increasing the Current Benefit Multiplier
 - i. Prospective and/or Retroactive Application
 - d. Changing Average Compensation Period from 5 Years to 3 Years
 - e. Adopting a “DROP” Provision Similar to APERS
 - f. Adding a Fully Subsidized “28 & Out” Early Retirement Benefit
4. Review of Financial Statement Disclosures
- a. Governmental Accounting Standards Board Statements Compliance
 - b. GASB Statement Number 25
 - c. GASB Statement Number 27
 - d. Review of Assumptions and Presentation
5. Presentation of Findings
- a. Findings of Study will be presented to Management in a Maximum of Two Meetings – Finance Committee and City Council
- II. Other Plans and Companies:** Employer is responsible for informing W&A of other retirement plans sponsored by Employer and any other entities which should be considered for purposes of our Study.

- III. Authority:** All work is accomplished for review/execution by the Employer. W&A does not have the discretionary authority or control in making decisions about plan administration. Employer represents here that Employer, Trustee or Plan Administrator is authorized to act for the Plan and to engage agents in this capacity to assist in the performance of administrative duties. W&A is merely designated to provide specified actuarial services and is not the Plan Administrator as defined in the Plan Document. W&A will not become a fiduciary or a party to the Plan and trust by this Agreement, and will assume only those responsibilities described in this Service Agreement. Employer understands that W&A does not contract to provide tax or legal advice, and that any responsibility for the preparation, adequacy or validity of any legal documents affecting this Plan will be vested in the attorney retained by Employer or the Plan. W&A does not perform investment advisory services. Nothing contained in this Agreement shall constitute any acknowledgment that W&A will act in any capacity so as to be construed as a fiduciary or investment counselor of the Plan.
- V. Reliance on Data:** Employer understands that all services, reports and forms prepared according to the terms of this Service Agreement will be based on information provided by Employer, Trustee or Plan Administrator, as applicable, and that W&A will incur no responsibility for the performance of such services until and unless such information as it requests is provided. W&A will be entitled to rely fully on the accuracy and completeness of information submitted by Employer, Trustee, and Plan Administrator, and will have no duty or responsibility to verify or validate such information.
- VI. Timing:** Employer agrees to timely furnish W&A with any and all information which W&A may require. It is anticipated that W&A will be able to complete the Study within approximately 60 days following receipt of the data necessary to perform the Study. Because of the relatively short time frame allowed for completion of the Study, it is imperative that Employer provide all requested information to W&A as soon as possible and that Employer provide immediate response to all census and financial data-related inquiries. Failure to respond to such request(s) will delay delivery of the findings of our Study.
- VII. Fees:** Employer shall pay to W&A for the performance of the above services based on the time and expenses related to providing the services defined herein. Employer will be billed by W&A as services are performed. As stated in our Fee Proposal, we estimate that our total fees for providing the services associated with the Study will range between \$17,000 and \$20,000. If W&A is requested by Employer to provide any services that W&A determines are outside of the scope as presented herein, W&A will inform Employer as soon as possible and advise Employer of the anticipated additional fees, if any, associated with providing such services. Fees unpaid for a period of more than 30 days shall accrue service charges at the rate of one and one-half percent (1.5%) per month. Fees unpaid for a period of more than 90 days shall have all services suspended until full payment is received.
- VIII. Confidentiality:** All data gathered by W&A and the results of our Study shall be held by W&A and its staff shall be treated as strictly confidential and, unless directed in writing by a duly authorized member of the Finance Committee or the City Council, shall not be disclosed or provided to any other person outside of W&A, the Finance Committee, or the City Council.
- VIII. Effective Date:** This Service Agreement becomes effective on the date signed and continues in force until completion by W&A of the services described in Section II. All files held by W&A are exclusively the property of W&A.

- IX. Governing Law:** The parties agree that this Agreement shall be made and entered in the State of Arkansas and the validity, performance, interpretation and effect of this Agreement shall be governed by the laws of the State of Arkansas, regardless of what jurisdiction may be involved with said Agreement.
- X. Binding Effect:** This Agreement shall be binding upon and inure to the benefit of each of the parties hereto, their heirs, successors and assigns.
- XI. Indemnification:** Employer shall define and indemnify W&A for claims, losses, damages or expenses (including reasonable attorney's fees) occasioned by any act or omission to act in connection with the Plan on the part of Employer, the Trustee, the Custodian, the Plan Administrator or any person other than W&A or its employees.
- XII. Collection Costs and Attorney's Fees:** Employer agrees to pay reasonable collection costs or attorney fees arising from non-payment of fees under this agreement.
- XIII. Entire Agreement:** This writing is intended by the parties as a final expression of their agreement and as a complete and exclusive statement of its terms. No course or prior dealings between the parties shall be relevant or admissible to supplement, explain, or vary any of the terms of this Agreement. No other representations, understandings, or agreements have been made or relied upon in the making of this Agreement other than those specifically set forth herein. This Agreement can only be modified in a writing signed by the parties or their duly authorized agents.

IN WITNESS WHEREOF, the parties have executed this Agreement this the _____ day of _____, 2008.

WERNTZ & ASSOCIATES, INC.



Authorized Representative