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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.