Food Employers Labor Relations Association and United Food and Commercial Workers Health and Welfare Fund

Proposal for Benefits Consulting Services

Submitted May 21, 2014

Horizon Actuarial Services, LLC

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A. Introduction

Horizon Actuarial Services, LLC ("Horizon Actuarial") is pleased to present our proposal to the Food Employers Labor Relations Association and United Food and Commercial Workers Health and Welfare Fund (the "Fund") to provide benefits consulting services.

Horizon Actuarial is a national firm providing actuarial and consulting services to multiemployer benefit plans. Our staff includes experienced consulting actuaries, benefit consultants, and analysts, many of whom formerly served multiemployer clients as part of Watson Wyatt Worldwide (now Towers Watson). All of us at Horizon Actuarial welcome the opportunity to provide top quality, comprehensive benefits consulting services to the Fund.

Our Understanding of Your Needs

We understand you are seeking to engage a firm to provide consulting services to maintain and operate a multiemployer health and welfare plan. If we are chosen, we will provide superior service to you. We would be happy to provide references to confirm the quality of our work. We currently serve as actuarial consultants for over 100 multiemployer health and welfare and pension funds, including other UFCW health and welfare and pension funds, and we look forward to developing a health benefits consulting relationship with you.

We understand that you are looking for a consultant who will:

- Spend face-to-face time with the Trustees, administrator and other professionals who are affiliated with the Fund to gain an in-depth understanding of your challenges and potential solutions.
- Focus on the management of large claims, addressing both the utilization and costs expected from the elimination of annual benefit limits.
- Assist with the integration of medical management among CareFirst, Health Dialog and Carewise for efficiency and effectiveness.
- Make recommendations to improve and modernize Fund benefits, always keeping in mind the Maintenance of Benefit (MOB) Agreements.
- Manage vendor searches to obtain vendor agreements that provide the best value to the Fund and participants.
- Assist in design and administrative issues associated with exiting the non-Medicare retiree plan and exploring access and incentives with either the public and/or private exchange marketplaces.
- Provide design, vendor management and other change recommendations based upon analysis of actual claims and trends from our annual report as well as claim drivers. We can also supplement the detailed administrative reports at a high level by comparing actual results to the projections on a quarterly basis.

We believe that Horizon Actuarial will exceed your expectations in meeting these needs. We propose to provide all the services outlined in the April 25, 2014 Request for Proposal for Benefits Consulting Services (the "RFP") for the Active Fund. We have also included the ASC 965 (SOP 92-6), Medicare Part D creditable coverage, vendor renewal and management, and attendance at four Trustee meetings on the same day as the Active Fund for the Retiree Fund. We can refine our proposal once we know the specific other services required for the Retiree Fund.

A. Introduction (cont.)

WHY HORIZON ACTUARIAL SERVICES?

At Horizon Actuarial we view ourselves as an extension of your team. We will meet with the Trustees, administrator, and other professionals to better understand the issues surrounding the Fund's evolving needs and collaborate on the options available to you to address these issues.

We understand that outstanding consulting service is more than just technical expertise. We take pride in our ability to communicate difficult and sometimes very technical issues in a manner that is easily understood by our clients. We believe it is important to always keep the lines of communication open with both the Trustees and the other Fund professionals. Our consultants actively monitor developments and trends in the benefit community, which enables us to keep our clients informed of important issues as they develop and provide updates and recommendations as appropriate.

At Horizon Actuarial, we know Trustees are often required to make extremely important decisions under time constraints, so we strive to resolve any unusual or controversial issues before reporting to the Trustees. For example, we will review unusual data changes with the administrator before producing an annual report and discuss the implications of any changes in the law with legal counsel before finalizing any recommendations.

When changes in the law, population, experience or utilization occur, we will provide the necessary information to help you decide if immediate action is warranted or if the current course of action is advisable. We recognize there are many critical issues currently facing multiemployer health and welfare plans, including health care legislation. We will work with you to both minimize surprises for the Fund and alert you to opportunities as they emerge.

We will meet with your administrator at the very beginning of our relationship to discuss the history, philosophy and other unique aspects of the Fund. This enables us to better serve the Fund. We also will work with your administrator to clarify all data, ensuring that the data is relevant and any questions clarified. We do these things immediately so we can be in a position to provide outstanding service to the Trustees in short order.

We firmly believe that Horizon Actuarial is the best health and welfare consulting partner for you for these reasons:

- **We are multiemployer specialists.** Horizon Actuarial is a national firm providing actuarial and consulting services to multiemployer benefit plans. This is what we do. Our sole focus is on multiemployer plans and their unique issues.
- **Our relevant experience is second to none.** The team we have assembled to work with the Fund has provided consulting and actuarial services to a wide variety of large and small multiemployer plans. Each member of our health consulting team has significant experience with funding policy, benefit design, and vendor and administrative issues.
- **We bring broad resources to meet your needs.** Our consultants specialize in multiemployer issues and bring deep knowledge of the issues facing today's multiemployer benefit plans. We use proven tools and established processes, and are prepared to respond fully and rapidly to your needs.

A. Introduction (cont.)

- **Our consultants present our work effectively.** Each member of our team has both the communication skills to clearly explain our work and the technical expertise to ensure that the Trustees always have accurate and reliable information on which to base decisions.
- **We help you avoid problems.** We believe it is our role to offer guidance and strategic advice before potential issues turn into problems. We will help you understand the impact of emerging developments in advance so you are not forced to react hastily.
- **We deliver superior quality.** Our work meets the highest quality standards through our use of strict actuarial practices and review procedures. Our overall commitment to high quality is evidenced by principles and programs that our firm has in place and by what our clients say about our work. We encourage you to contact our references listed on page 23.
- **We look at things differently**. Clients do not hire consultants to offer the same old advice to every organization, regardless of circumstances. You will not get that from Horizon Actuarial -- our consultants bring fresh perspectives to our clients. We understand that you are unique, and this understanding will govern all of our interactions with you. Here are just a few examples:
    - Horizon Actuarial worked with one health and welfare trust to keep health care cost increases at about 1/3 the national health care cost trend over the last 10 years – with no reduction in benefits. This was achieved through a variety of tactics including referenced based pricing, directing employees to the highest quality medical providers through tiered networks, and making specialty drugs available only through the pharmacy benefits manager (not through hospitals or doctors).
    - For another health and welfare trust Horizon Actuarial negotiated outcomes-based guarantees with a national health carrier to quantify the value of its provider performance-based patient-centered care program. These guarantees were based on meeting a health care cost trend target and ensured the client received a return on its investment for the program.
    - Horizon Actuarial has worked with several clients to review new ways of reducing retiree health costs including the introduction of private exchanges for retirees, the creation of retiree-only health plans, and the implementation of employer group waiver programs for prescription drugs.
    - In a recent marketing of a PPO network, our client realized estimated annual savings of $5,000,000 from the current carrier, based on 6,200 active employees. Further, we negotiated performance guarantees and an implementation credit. The providers used by the participants matched the new carrier's providers by over 98%, which generated minimal member disruption.

B. Specific Comments About Your Fund and Our Approach

We are providing specific comments about the Fund to give you a sense of our consulting style. We based the following comments on our review of publicly available materials, the reports and documents provided for this proposal, and other documents found on the Fund's website.

Our health and welfare consultants differentiate themselves in the marketplace in a number of ways. Whether we develop the rates, projections and forecasts, or those services remain with Associated Administrators, we take the results to the next level. Our consultants develop strategies and tactics through our understanding of the market and your needs to provide suggestions and recommendations that the Trustees can adopt to help control costs. All of this is done while focusing on improved outcomes and participant satisfaction.

We understand that active employees have access to one of three closed PPO plans (I, X and XX) or two new PPO plans (XXX and IV). These plans utilize CareFirst's network and Associated Administrators' claims adjudication services. Utilization review is provided by Health Dialog and SHPS (Carewise). Retirees have access to a Cigna PPO, Medicare Supplement administered by Associated Administrators, and a Kaiser HMO. Prescription drugs are offered through Giant, Safeway and other pharmacies with Express Scripts as the pharmacy benefit manager. Dental is fully insured with Aetna and vision is fully insured with Advantica. We have strong working relationships with your vendors based on our work with other clients.

OUR APPROACH

In general, we believe there are three critical issues facing welfare funds in the near future, namely financial viability, cost containment and health management, and legislative impacts.

FINANCIAL VIABILITY

Ensuring the financial health of the Fund is a critical issue given the state of the economy and the resulting drop in eligibility, while claim and premium expenses are continually increasing. One of our jobs as consultants is to project and monitor the Fund's experience, and consult with you about the appropriateness of the actuarial assumptions and funding.

The Administrative Manager's Fourth Quarter 2013 Report indicates positive results for both actives and retirees. The Active Plans showed a surplus of $9.9 million in 2013 compared to the prior year deficit of $39.0 million. This appears to be primarily due to increases in employer contributions. A summary of the results by plan for 2013 is included below:

Plan	FT/PT	Income	Expense	Surplus/(Deficit)	Participants
Plan I	FT	$22,296,652	$20,498,792	$1,797,860	1,362
Plan I	PT	$3,610,654	$3,099,070	$511,584	231
Plan X	FT	$49,145,105	$46,573,277	$2,571,828	5,019
Plan X	PT - Ind	$23,320,508	$19,714,166	$3,606,342	4,278
Plan X	PT - Dep	$13,307,218	$14,024,854	-$717,636	1,113
Plan XX	FT	$2,999,158	$2,080,219	$918,939	520
Plan XX	PT	$8,523,049	$7,669,482	$853,567	5,927

B. Specific Comments About Your Fund and Our Approach (cont.)

The 2012 results were quite different. The Fund experienced a deficit in total, and every individual plan also experienced deficits. According to the 2012 audit, the 2011 results also showed a deficit in the amount of $7.7 million.

The Retiree Plans had a total surplus of $2.1 million compared to the partial prior year deficit of $3.4 million. Both the full-time and part-time retirees experienced surpluses in the fourth quarter of 2013. Similar to the active population, retiree experience in 2012 was worse than in 2013. In the partial year 2012 retiree total income was $15.8 and expenses were $19.2 million for a deficit of $3.4 million.

The 2012 audit shows net assets available for benefits totaling $113.7 million at the end of 2011 and $70.8 million at the end of 2012, reflecting a $42.9 million loss in 2012. The following benefit obligations are also reported in the 2012 audit:

- $17.9 million for claims incurred but not reported and insurance payables
- $57.3 million for future severance claims
- $519.0 million for postretirement benefit obligations

Ongoing Review

The key financial issue is maintaining the long-term viability of the Fund. It appears that the financial picture improved in 2013; however, we recommend a complete review of the Fund's finances and plan structure to identify opportunities for improving the Fund's ongoing financial position.

As your consultant, our principal task in our ongoing review is advising you about the appropriateness of the funding, design and strategy. We will begin that process with an analysis that includes a review of the Fund's demographics, administrative costs, benefit plan design, actual claims cost trends versus norms, and cost drivers. We also can provide the Trustees with a quarterly utilization dashboard that supplements the annual report by comparing the budget to the prior year and identifying cost drivers. A sample report is attached in Appendix I.

We can use the projections provided by your administrator or provide projections ourselves. If you use Horizon Actuarial to provide forecasts, we will analyze prior experience and set appropriate rates for the projection period using actuarial methodologies and our underwriting tools. We choose our assumptions and methods to ensure they are reasonable and appropriate based on discussions with the Trustees and professionals in addition to the review of historical experience. We can also include a sensitivity analysis to demonstrate the financial impact of changes in key assumptions such as trend, employer contributions, number covered, etc.

Financial analysis and projections are especially important in collectively bargained plans, due to maintenance of benefit provisions (MOBs) and multi-year negotiated rates. During the course of our analysis, we may uncover areas where the plan could be changed to become more efficient or to mitigate rising costs. If and when these areas are identified, we will bring them to the Trustees' attention.

B. Specific Comments About Your Fund and Our Approach (cont.)

COST CONTAINMENT AND HEALTH MANAGEMENT

At Horizon Actuarial, we differentiate ourselves by using creative tactics to address *income vs. expense* issues. Based on this review, we offer several areas that we could explore further with the Trustees for your Medical, Prescription Drug, Vision, Dental, and Retiree programs along. These options are outlined below.

With the continual increase in health benefit costs, coordination of cost containment and health management initiatives are critical to the well being of your Fund. We consider your objectives and culture in order to match the best plan with the highest value for your investment. We balance fiscal prudence with the impact on participants and dependents, and base our advice to our clients on these two critical considerations.

To improve participant health care quality and experience, and FELRA and UFCW Fund cost effectiveness, we recommend coordination with all the various care management programs and vendors. Due to an increase in both cost and incidence of large medical cases, and with medical advances increasing survival rates among ill and injured patients, care management programs must monitor the quality of care for all medical care and especially for high-dollar cases. This coordination and monitoring of care can help control the spiraling costs of catastrophic cases and advocate for the patient.

Aruna Vohra, Senior Consultant for Horizon Actuarial and proposed team leader for your Fund, presented "The Administrator's Role in Successful Disease Management and Wellness Programs" at the IFEBP's Administrators Conference. This is just one example of the depth of understanding and expertise our organization offers the Fund regarding health care management programs.

SELF FUNDED PPO PLANS

With annual limits removed, exposure to large claims in your self-funded plans could rise. In general, we are seeing both an increase in the number of large cases and higher large claim total spend. We recommend a review of further risk aversion through consideration of stop loss coverage and a thorough review of the utilization and large case management programs to improve efficacy, management, and patient advocacy.

We noted that the Fund has implemented a number of utilization management programs. We will work with the Fund to assess the success of the current programs and review the impact of any proposed programs.

B. Specific Comments About Your Fund and Our Approach (cont.)

Implementation of Centers of Excellence for Both Specialty Care and Transplants

We suggest you consider adding ”centers of excellence,” which are designated facilities that meet objective, evidence-based thresholds for clinical quality with demonstrated expertise and significant positive outcomes for select procedures impacting both the quality and cost effectiveness of your plan.

Implementation may include educating participants about higher quality, lower cost treatment options through the use of centers of excellence and medical second opinion programs.

Integration of Mental Health and Medical

We noted the separate vendors for mental health and medical benefits. We suggest you consider integrating these benefits in light of Mental Health Parity rules, as well as cross-application of out-of-pocket maximums.

Discount Review

There may be vendors that have more competitive discounts and/or broader networks that could improve experiences for both the Fund and the participants with minimal disruption. We recommend a review of the current PPO vendor’s overall offering, including discounts, fees, and performance assessments.

FULLY-INSURED HMO, DENTAL, VISION AND SELF-FUNDED PPO PLANS

Vendor Performance Management Review

In light of medical cost trend increases, we recommend discussing the following:

- Increased use of “free” programs and services offered by your vendors, including wellness and communication content.
- A thorough review of vendors to benchmark fees and premiums, quality, and service including the dental and vision providers.
- Implementation of a higher threshold of performance guarantees and a review of the services and operations being provided.

We have reviewed the list of your current vendors. We currently work with most of them and are familiar with the marketplace for all the benefits you provide.

We may recommend a separate, focused strategy to review the current benefits and vendor structure with options and alternatives for modifying both current health plans and/or vendors. As an example, marketplace options, including private and public health insurance exchanges, can facilitate the change in the pre-Medicare retiree plans and provide options for the Medicare retiree plans.

B. Specific Comments About Your Fund and Our Approach (cont.)

Our team of health consultants and actuaries has a comprehensive understanding of the group and health care industry and benefit vendors, including pricing practices, business models and clinical and operational capabilities. Our overall goal is to help the Fund be more economically effective, while providing exceptional benefits to active and retired participants and dependents.

RETIREE PROGRAM

Based on the recent change that transitioned pre-Medicare retirees to individual plans, it is apparent that retiree medical liabilities are a concern for the Trustees. We can assist with any access and administrative issues associated with this transition. In regard to the Medicare retirees we suggest you consider the following:

- Marketplace options, including health insurance exchanges, which can provide opportunities for redesign of the Medicare retiree medical programs to deliver benefits more cost-effectively.
- In collaboration with your pharmacy consultant, a review of potential prescription drug programs, including employer group waiver program options.

Kaiser Permanente

With Kaiser Permanente providing medical and pharmacy coverage for Medicare retirees, we recommend a separate strategy to work directly with the carrier. Dee Shaw formerly served as Vice President of Special Accounts for Kaiser Permanente, where she was responsible for the Taft-Hartley segment along with Public Sector and National Accounts. Dee is very familiar with the Kaiser Permanente operations and can bring extraordinary value to the relationship among the Fund, carrier and members.

CUSTOMIZED PRACTICAL SOLUTIONS

We mentioned earlier that Horizon Actuarial consultants differentiate ourselves by looking for creative tactics to solve *income vs. expense* issues. Other types of services we recommend would be based on an analysis of customized tactics and solutions to meet the specific needs of your Fund. Examples are provided below:

STRATEGY AND TACTICS	DESCRIPTION	COMMENTS
Benefit Design: Pre-authorizations	Controls on inpatient admissions and lengths of stay	Considered highly effective
Benefit Design: Value Based Benefit Design or Reference Based Pricing	Design to remove barriers to essential, high-value health services	On the increase, proven results in some areas
Benefit Design: Rewards or penalties based upon behavior	Behavioral economics including tobacco surcharge, health risk assessment	On the increase, proven results in some areas
Benefit Design: Pharmacy	Step therapy, disease management focus	On the increase, proven results

B. Specific Comments About Your Fund and Our Approach (cont.)

STRATEGY AND TACTICS	DESCRIPTION	COMMENTS
Benefit Design: Consumer driven health plans (CDHP) or account based health care plans (ABHP's)	High deductible health benefit plans that engage individuals in choosing their own providers, managing health expenses, and improving health	On the increase in non Taft-Hartley plans, proven financial results
Networks: Centers of Excellence	Preferred places of care with best outcomes	On the increase, proven financial and quality results
Networks: High quality provider networks	Selective contracting with health care providers, Accountable Care Organizations -ACO's	On the increase, proven financial and quality results
Networks: Custom select networks, onsite clinics	Select provider networks and/or onsite clinic	Current selective usage, trending upward
Care Management: Disease management	Coordinated health care interventions and communications for populations with conditions in which patient self-care efforts are significant	Increasing trend, variable financial results
Care Management: Large Case Management	Intensive management of high-cost health care cases	Getting increased attention
Care Management: Gaps in care	Analytic programs to review under utilization, compliance and drug interaction	Becoming standard practice with positive results, low investment
Care Management: Decision support	Nurse triage, shared decision making programs, Telemedicine	Utilization poor on nurse line, increase focus on shared decision making
Specialized Review: Second Opinions	Health review in order to get a differing point-of-view	Getting increased attention, ROI variable
Specialized Review: Advocacy	Support to navigate healthcare and insurance. More prevalent in cancer treatment	Getting increased attention
Specialized Review: Audits	Medical – pre/post Pharmacy Dependent	Getting increased attention, ROI
Private Insurance Exchanges	Marketplace intermediaries working as an extension of the particular carriers	On the increase for post -65, proven financial results
Vendor Performance Management	Performance guarantees based upon outcomes	Getting increased attention
Annual plan performance scorecards or dashboards	Metric to evaluate program and target areas for improvement	Getting increased attention and integrating with other plan metrics

LEGISLATIVE IMPACTS

Keeping abreast of legislative and regulatory changes is a critical issue facing funds today. There are numerous requirements that impact welfare plans. In addition to keeping our clients informed of these issues, we also work with them to identify any necessary plan changes, estimate the cost impact of such changes, and communicate these changes to participants.

B. Specific Comments About Your Fund and Our Approach (cont.)

Based on the information we reviewed on your website, it appears the Fund has made changes to comply with the Patient Protection and Affordable Care Act (PPACA) guidelines, including increased annual maximums and coverage of essential and preventive health benefits due to the loss of grandfathered status. It also appears that the Fund has made changes for Mental Health Parity.

PPACA Fees and Out-of-Pocket Maximums

We have worked with many clients to quantify the cost impact of changes and recommended solutions based on best practices of other multiemployer plans. We can assist with any upcoming changes such as payment of various fees or setting separate medical and pharmacy out-of-pocket maximums for 2015. For example, the Fund's Plan X has a $4000 in-network/out-of-network out-of-pocket maximum on deductibles, copayments and coinsurance for medical essential health benefits. In 2015, prescription drug coinsurance will need to be applied to either a combined out-of-pocket limit or separate medical and prescription drug limits, as long as the combination does not exceed statutory requirements.

Special Reporting

We can assist with identifying reporting requirements under Sections 6055 and 6056 and working with the administrator to determine compliance with the special reporting needed in early 2016 for the 2015 year.

Excise "Cadillac" Tax

We also recommend an evaluation of the ACA Excise or "Cadillac tax." Based on the findings, we will suggest strategies and tactics to mitigate the impact of this tax.

We recommend our clients work to find ways now to avoid the application of this tax to their benefit programs, even though the Cadillac tax will not be effective for four years. This is especially important in collectively bargained plans, which may require negotiations before plan changes can be made.

Thank you for the opportunity to submit this proposal. In the following pages, we describe our team's qualifications and our firm's resources. We also outline our experience and provide reference information.

C. Questionnaire Responses

1. ***What is the location of the office that would service the Fund? Please describe the staffing, facilities, and equipment available at that office, as well as the primary contact should your proposal be accepted.***

HORIZON ACTUARIAL OFFICES

Horizon Actuarial is comprised of five offices across the United States. Our locations include Washington DC, Miami, Atlanta, Los Angeles, and Cleveland. Though we are spread across the country, our associates collaborate across offices to meet our clients' needs. Contact information for our offices is provided below.

WASHINGTON, DC	MIAMI	ATLANTA	LOS ANGELES	CLEVELAND
8601 Georgia Ave. Suite 700 Silver Spring, MD Tel: 240.247.4600 Fax: 240.247.4601	6120 Rolling Road Dr. Miami, FL Tel: 678.317.4150 Fax: 678.317.4151	900 Ashwood Pkwy. Suite 170 Atlanta, GA Tel: 678.317.4100 Fax: 678.317.4101	5200 Lankershim Blvd. Suite 740 N. Hollywood, CA Tel: 818.691.2000 Fax: 818.691.2001	5005 Rockside Road. Suite 600 Independence, OH Tel: 678.317.4162 Fax: 678.317.4163

CONSULTING TEAM

The proposed consulting team for your Fund will be located primarily in our ***Washington DC, Miami, Atlanta and Los Angeles*** offices, with additional support from other offices. Our proposed lead consultant is Aruna Vohra in our Miami office. Please contact Aruna with any questions regarding this proposal. Aruna's contact information is below.

Aruna Vohra
Senior Consultant
Phone: 678.317.4150 | cell: 305.773.9047 | fax: 678.317.4151
aruna.vohra@horizonactuarial.com

We serve our clients using a team approach. For your Fund, the following associates will be actively involved in providing services:

- **Aruna Vohra** will be the lead consultant and primary contact and will attend the Board of Trustees meetings and coordinate all services provided by our team.
- **Stephanie Patrick** will serve as the lead actuary and have secondary responsibility. She will complete the annual report, calculate the COBRA rates as needed, and provide overall actuarial support. Stephanie will also attend the Board of Trustees meetings as needed.
- **Dee Shaw** will assist in vendor management.
- **Gary Lake** will be the senior actuarial advisor on the team.
- **Jason Russell** will be the retirement actuary providing assistance with the valuation of post retirement liabilities.
- **Stan Goldfarb** as Managing Consultant is responsible for your overall satisfaction with our services.

These associates will be supported by analysts experienced in health and welfare benefit plans. Biographies for the team follow below:

Aruna Vohra
Senior Consultant
Phone: 678.317.4150 | fax: 678.317.4151
aruna.vohra@horizonactuarial.com

Proposed Lead Fund Consultant: Aruna will serve as the primary contact to the Trustees and the Administrator on issues related to the Fund.

Aruna Vohra is the health and welfare practice leader of Horizon Actuarial and is located in our Miami office. Aruna has 27 years of experience in group benefits and health and welfare plan consulting with Horizon Actuarial and Watson Wyatt. She serves as lead consultant on a number of large health benefit plan projects. Her work includes health care cost containment, plan design, wellness initiatives, vendor bids, retiree medical design and pricing, underwriting, compliance and financial audits, reserve analysis, rate setting, and projection of group insurance and self-funded programs.

Aruna's multiemployer benefit fund clients include:

- Teamsters Local 639 Employers Health Trust Fund and Teamsters Local 639 Employers Retiree Medical 401(h) Account
- Fox Valley Laborers Health and Welfare Fund
- California Teachers Association Employees' Health and Welfare Benefits Trust
- ACRA Local Union No. 725 Health and Welfare Trust Fund
- Plumbers and Pipefitters Local Union No. 630 Welfare Fund
- Asbestos Workers Local Union Number 53 Welfare Fund
- United Association Local 198 Health and Welfare Trust Fund

She also leads the provision of consulting services to multiemployer trust funds with respect to the Patient Protection and Affordable Care Act.

Before the formation of Horizon Actuarial, Aruna spent more than twenty years with Watson Wyatt Worldwide. Aruna has an MBA degree from the University of Miami. She has been a member of the Group and Flexible Benefits Practice Committee and the Flexible Benefits Peer Review Committee at Watson Wyatt, and she chaired Watson Wyatt's workgroup on legislative compliance. She has testified before the Internal Revenue Service on issues in regard to the Affordable Care Act. Aruna has spoken on a number of benefits topics before the International Foundation of Employee Benefit Plans (IFEBP) and other groups such as the Midwest Coalition of Employee Benefit Plans. She was a member of the IFEBP's Continuing Education and Research Committees and has spoken on health care reform at the IFEBP's one day seminars across the country.

Stephanie Patrick, FSA, MAAA
Consulting Actuary
Phone: 678.317.4116 | fax: 678.317.4117
stephanie.patrick@horizonactuarial.com

Proposed Lead Actuary Consultant: Stephanie will serve as the actuary and secondary contact to the Trustees and the Administrator on issues related to the Fund.

Stephanie Patrick is a consulting actuary in our Atlanta, GA office. She has over eight years of experience in the health and group benefits field, four years of which have been with Horizon Actuarial. Her experience includes plan design strategy, vendor renewals and RFPs, annual rate projections, utilization reviews, contribution strategy, and mid-year budget assessments.

Stephanie's career as an actuary began at Towers Watson, where she worked on a variety of large corporate clients before joining Horizon Actuarial in 2010.

Her current clients include:

- United Food and Commercial Workers Local No. 1529 and Employers Health & Welfare Plan
- United Food and Commercial Workers Local No. 1529 and Employers Health & Welfare Plan for Retirees
- Teamsters Local 639 Employers Health Trust Fund
- Fox Valley Laborers Health and Welfare Fund California Teachers Association Employees' Health and Welfare Benefits Trust
- San Diego Electrical Workers Welfare Fund

Stephanie graduated magna cum laude from Vanderbilt University with a BS in mathematics and philosophy. She is a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries.

Dee Shaw
Senior Consultant
Phone: 818.691.2012 | fax: 818.691.2013
dee.shaw@horizonactuarial.com

Dee Shaw is a senior consultant for Horizon Actuarial's health care team in Southern California. Based in Los Angeles, she has more than 25 years of experience in the health care and benefit consulting marketplace and seven years at Horizon Actuarial and Watson Wyatt.

Dee helps clients navigate the complexities of health care delivery and financing, and manage health care costs. She has worked with purchasers and plans to address their challenges and opportunities. Drawing on her broad background and extensive experience, Dee offers clients innovative practical

strategies and solutions — keeping a strong client focus and delivering desired results. Dee's work with multiemployer benefit funds includes:

- Teamsters No. 83 Joint Council
- Tri-County Building Trades Health Fund (Sheet Metal Workers)
- Southern California Plastering Institute
- Airconditioning and Refrigeration Industry Trust Fund – Southern California
- San Diego Electric Health and Welfare Trust

Dee has led teams in various aspects of health care management including health plan design and health management, major, national, large group and Taft-Hartley groups, HMO/POS, PPO and consumer-directed plan consulting, behavioral health benefit management, and retiree medical plan consulting.

Before joining the company, Dee was the Health and Group Benefits Office Practice Leader for Watson Wyatt (now Towers Watson). She has also served as vice president of special accounts at Kaiser Permanente and was the regional director of commercial and large accounts at Health Net.

Dee holds a Bachelor of Science degree from the University of Iowa and is a graduate of the Advanced Leadership Program at the University of North Carolina's Kenan-Flagler Business School.

Gary D. Lake, FSA, MAAA
Consulting Actuary
Phone: 301.365.1964
gary.lake@horizonactuarial.com

Gary is a senior actuary in our Washington, D.C. office who consults on client projects. He's an expert on managed care, self-insurance, life and health insurance company analysis, and the valuation of life and health plans.

With more than 40 years of industry experience, Gary also is skilled in benefit modeling, claims analysis, pricing the impact of benefit changes, development of reserves, financial projections, and other actuarial work for insurance carriers, HMOs, and multiemployer health and welfare benefit plans. Gary has been with Horizon Actuarial and Watson Wyatt for 25 years.

His experience includes:

- Serving as Appointed Actuary for various life and health insurance companies, which includes the following:
  - Certifying to actuarial items in the annual statement
  - Setting appropriate reserves at year end
  - Testing cash flows under various scenarios
  - Reviewing investment criteria
- Performing required state actuarial certifications and rate filings for insurance companies and managed care organizations in several states nationwide
- Analyzing and developing life and health products

- Reviewing reinsurance arrangements in addition to plan management structure and administration
- Negotiating with client's vendors

From 1993 to 1995, Gary was the national practice leader for health actuaries at Foster Higgins, a major benefits consulting firm, which merged with William M. Mercer. Gary continued with Mercer from 1995 to 1998. From 1972 to 1993, Gary managed a 25-person health and welfare benefit actuarial unit at Watson Wyatt, a national actuarial consulting firm. He also was associate actuary for a life insurance company and directed its actuarial department in 1971 and 1972. Gary established Lake Consulting, Inc. in 1998.

Gary's work with multiemployer benefit funds includes serving as health consultant and actuary on many Horizon Actuarial clients, including:

- United Food and Commercial Workers Local No. 1529 and Employers Health & Welfare Plan
- United Food and Commercial Workers Local No. 1529 and Employers Health & Welfare Plan for Retirees
- Plumbers and Pipefitters Local Union No. 630 Welfare Fund
- United Association Local 198 Health and Welfare Trust Fund
- IBEW Locals 728 and 1579
- Plumbers Locals 72, 123, 150, 188, 198, 234 and 630

Gary is a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. He received a BA in mathematics from the University of Iowa.

Jason L. Russell, FSA, EA, MAAA
Consulting Actuary
phone: 240.247.4522 | fax: 240.247.4523
jason.russell@horizonactuarial.com

Jason Russell is a consulting actuary in the Washington, DC office of Horizon Actuarial Services, LLC. Jason began his career as an actuary with Watson Wyatt Worldwide in 2001 and joined Horizon Actuarial upon its founding in early 2008. Jason's areas of experience include actuarial valuations under ERISA, asset-liability modeling, plan design, and plan administration. Jason has special expertise in performing interactive modeling for multiemployer plans with respect to their projected funded status and the requirements of the Pension Protection Act of 2006 (PPA). Jason also recently authored the report on construction industry pension plans with the Mechanical Contractors Association of America and the Horizon Actuarial survey of capital market assumptions.

Some of Jason's clients include:

- UFCW Consolidated Pension Fund
- AFTRA Retirement Fund
- New England Teamsters & Trucking Industry Pension Fund
- Buffalo Laborers' Pension Fund
- International Union, United Mine Workers of America Pension Plan
- United Food and Commercial Workers Local No. 1529 and Employers Health & Welfare Plan for Retirees (ASC 965 valuation)

Jason graduated with honors from the University of North Carolina at Chapel Hill with a BS in mathematical sciences. He is a Fellow of the Society of Actuaries, an Enrolled Actuary, and a Member of the American Academy of Actuaries. Jason is a regular speaker at the IFEBP Annual Employee Benefits Conferences, having led sessions each year since 2007.

Stanley I. Goldfarb, FSA, EA, MAAA
Actuary & Managing Consultant
phone: 240.247.4512 | fax: 240.247.4513
email: stan.goldfarb@horizonactuarial.com

Stan Goldfarb is one of three principals of Horizon Actuarial Services, LLC. He is a founding member of the Washington, DC office as well as the office's Managing Consultant. Over a thirty-one-year career at Watson Wyatt, Stan became a senior consulting actuary specializing in working with multiemployer clients, and most of his work related to defined benefit pension plans. Now, as Actuary & Managing Consultant with Horizon Actuarial, he conducts analyses and provides strategic guidance to multiemployer pension funds and is also involved with health and welfare plans and other types of benefit plans.

Stan works directly with several clients including:

- Central Pension Fund of the International Union of Operating Engineers
- AFTRA Retirement Fund
- National Electrical Benefit Fund
- New York State Teamsters Conference Pension & Retirement Fund.
- New England Teamsters

Stan is a frequent public speaker, for example, at meetings of the International Foundation of Employee Benefit Plans. Stan holds a BS in mathematics and education from the University of Maryland. He is a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and an Enrolled Actuary under ERISA.

HORIZON ACTUARIAL STAFF

Horizon Actuarial staff includes over 50 professionals, 26 of whom are credentialed actuaries. They bring general qualifications and expertise as follows:

Staffing	Number of Staff	Average Years of Service	Professional Credentials
Washington Office: 26 Professionals; 1 Admin – TOTAL: 27 Staff			
Actuary & Managing Consultant	1	34 years	FSA, EA
Consulting Actuaries & Other Consultants	13	19 years	FSA, ASA, EA, JD
Actuarial Analysts	12	3 years	Pursuing
Administrative Staff	1	12 years	
Atlanta Office: 9 Professionals; 2 Admin – TOTAL: 11 Staff			
Actuary & Managing Consultant	1	43 years	ASA, EA
Consulting Actuaries & Other Consultants	5	20 years	FSA, ASA, EA, CFP
Actuarial Analysts	3	6 years	Pursuing
Administrative Staff	2	20 years	
Los Angeles Office: 10 Professionals; 5 Admin – TOTAL: 15 Staff			
Actuary & Managing Consultant	1	37 years	FSA, EA
Consulting Actuaries & Other Consultants	8	20 years	FSA, ASA, EA
Actuarial Analysts	1	3 years	Pursuing
Administrative Staff	5	6 years	
Cleveland Office: 2 Professionals – TOTAL: 2 Staff			
Senior Consultant	1	27 years	
Consulting Actuaries & Other Consultants	1	23 years	FSA, EA
Miami Office: 1 Professional – TOTAL: 1 Staff			
Senior Consultant	1	35 years	MBA

OFFICE, FACILITIES, AND TOOLS

All of the facilities used by Horizon Actuarial are leased; however, all furniture within the offices is owned by Horizon Actuarial. All associates are equipped with laptop computers and therefore have the capability to access data or process actuarial valuations through a secure VPN connection, anywhere they can access the Internet. Horizon Actuarial associates generally also have VPN capability on their own personal computers. The result is that virtually all associates are able to service our clients from the office, from home, or from the road.

Horizon Actuarial has purchased designated servers to host its data, which are located in a co-location facility in Atlanta. The servers are maintained and serviced by All Covered, which is a trusted company in providing IT infrastructure to small businesses. This vendor was selected after an extensive search by Horizon Actuarial, and was determined to be the best able to match or exceed the services, security, and speed that would be needed by a first class consulting firm. This service includes data and server backup and redundancies in case one of our servers goes down. We also use this outside vendor for IT support.

At Horizon Actuarial, we deeply believe technology helps make our firm work as effectively and efficiently as possible. Today, each of our offices and their personnel can maintain immediate contact with each other, utilizing our mainframe system to communicate and share information like never before. All of our consultants and staff have their own e-mail accounts (utilizing Microsoft Outlook) and the ability to communicate and share files and documents at a blink of an eye.

We use the Microsoft suite of software including Excel, Word, PowerPoint, and Outlook, and the Relius suite for preparation of our attestations for our client's Form 5500. The use of PowerPoint, Excel, Publisher and other software allows us to produce professional-level documents and presentations for our clients.

We also utilize cost-saving communication initiatives, such as conference calls and e-mail, on a daily basis to keep in constant contact with our clients.

Horizon Actuarial currently uses a variety of proprietary and purchased actuarial and data processing software, including HealthMAPS health rating software, Quantify data processing and report generation systems, and actuarial valuation and life contingency systems like fxAct and Quantify. We have developed additional tools for report generation, asset liability modeling, pension plan and health plan financial projections, and health claims pricing.

Three systems developed to better serve our clients are described below.

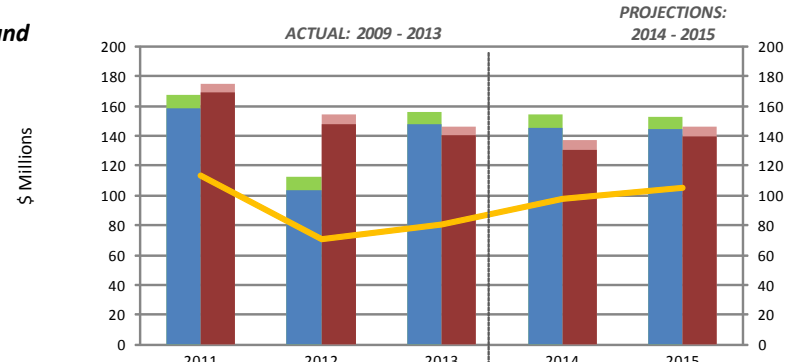
- HealthMAPS: Health Rating Software HealthMAPS health rating manuals and corresponding software are the most comprehensive guides available. The software is used as primary rating tools or for relative pricing factors. The manuals and software contain information necessary for rating a complete range of health products. We use this product to assist on our pricing and projection process and to assist in the assessment of the impact of plan design changes.

- Projection model: Our consultants stress the importance of looking beyond the one year "snapshot" results to long-term projections. To that end, should you choose Horizon Actuarial

to provide Fund projections, we have developed projection model that enables us to analyze the effects of various factors such as investment returns, work levels, contribution rates, and plan design on future funding levels.

The chart below is one example of how we communicate actual and projected results for our clients. This chart is illustrative, but does incorporate some of the information we had available relating to your combined Fund.

Illustrative:
FELRA and UFCW H&W Fund



(1) Plan Year	2011	2012	2013	2014	2015
(2) Enrollment	27,224	23,926	23,217	20,150	20,000
(3)Employer Contribs/Other Income ($M)	158.63	103.23	147.51	145.47	144.27
(4) Employee/Retiree Contribs ($M)	8.90	8.99	8.96	8.81	8.74
(5) Benefit Costs (Claims & Premiums) ($M)	(169.18)	(148.22)	(140.25)	(130.94)	(139.83)
(6) Operating Expenses ($M)	(6.01)	(6.31)	(6.07)	(6.26)	(6.44)
(7) Net Surplus/(Deficit) ($M) (3+4+5+6)	(7.66)	(42.32)	10.15	17.08	6.75
(8) IBU Reserves (EOY) ($M)	17.73	17.93	16.94	15.81	16.88
(9) Extended Eligibility Liability ($M)	83.22	75.19	71.19	66.76	71.17
(10) EOY Asset Value ($M)	113.72	70.83	80.98	98.06	104.80

Assets In (10) Include IBU

- Quantify: We use a software application called "Quantify" to perform actuarial valuations for pension plans and retiree medical plans. This software is developed and supported by Towers Watson, with whom we have a special lease to utilize the full capabilities of the software. (In other words, this software is not available in the marketplace.) Quantify is state-of-the-art; we selected it after considering and testing other applications that are available through third parties. The flexibility and power of Quantify enable our consultants and analysts to effectively and efficiently value even complicated multiemployer plan designs. We use Quantify for processing and reconciling participant data records and for determining actuarial costs and liabilities. We also use Quantify to perform open group projections of plan costs and liabilities, which we then load into our proprietary projection model.

2. Please outline your firm's experience in providing consulting services to group health plans, particularly multiemployer group health plans, of a similar size to the Fund.

HORIZON ACTUARIAL'S HISTORY

Horizon Actuarial was created and began providing actuarial and consulting services to health and welfare plans in October, 2007, when Watson Wyatt Worldwide, a multinational consulting firm, announced it was exiting the multiemployer and Taft-Hartley plan consulting business. After providing consulting services to multiemployer plans for nearly 60 years, Watson Wyatt decided to focus on its corporate clients, and spun off its multiemployer/Taft-Hartley business to a new company – Horizon Actuarial Services, LLC.

For a select group of actuaries and consultants at Watson Wyatt, this event provided an exciting opportunity to create a new company dedicated to serving of multiemployer and Taft-Hartley plans. Horizon Actuarial officially began serving clients on February 1, 2008.

Most of the senior actuaries and consultants at Horizon Actuarial began their careers at The Wyatt Company. In 1995, The Wyatt Company formed a partnership with R. Watson and Sons, which created Watson Wyatt and Company. That partnership was solidified with an official merger in 2002, creating Watson Wyatt Worldwide. A few months following Watson Wyatt's spin-off of Horizon Actuarial in 2008, Watson Wyatt merged with Towers Perrin (another firm focusing on corporate clients) to form a new firm, Towers Watson. Horizon Actuarial is entirely separate and independent of Towers Watson. However, the two firms maintain a cooperative relationship.

OUR CLIENTS

Horizon Actuarial serves roughly 100 multiemployer health and welfare and pension funds. While Horizon Actuarial is a relatively new firm, we have experienced substantial growth in our client base since our inception. We attribute our growth to our firm's ability to provide innovative, high-value consulting coupled with our strict commitment to providing the highest quality work.

Here is a representative list of our health and welfare plan clients that are Taft-Hartley plans including the size of the Fund.

Fund Name	Fund Location	Asset Size (Market Value)	Participants*
Airconditioning and Refrigeration Industry Health and Welfare Trust Fund	Anaheim, CA	$20 million	2,000
ACRA Local 725 Health & Welfare Trust Fund	Ft. Lauderdale, FL	$8 million	800
Insulators Local No. 53 Welfare Fund	New Orleans, LA	$5 million	230
California Teachers Association Employees' Health and Welfare Benefits Trust	Burlingame, CA	$17 million	1,100

C. Questionnaire Responses (cont.)

Fund Name	Fund Location	Asset Size (Market Value)	Participants*
Fox Valley Laborers Health and Welfare Fund	Elgin, IL	$62 million	1,500
Inland Refrigeration and Air Conditioning Trust Fund	Ontario, CA	$1.4 million	100
Plumbers and Pipefitters Local Union No. 630 Welfare Fund	West Palm Beach, FL	$17 million	700
San Diego Electrical Workers Welfare Fund	San Diego, CA	$28 million	2,500
Southern California Plastering Institute Group Benefits Trust	Pomona, CA	$8 million	320
Teamsters Joint Council 83	Richmond, VA	$68 million	3,200
Teamsters Local 639 – Employers Health Trust Fund	Washington, DC	$112 million	3,500
Teamsters Local 639 – Employers Retiree Medical 401(h) Account	Washington, DC	$10 million	1,600
Tri-County Building Trades Health Fund, Sheet Metal Workers Local 33	Massillon, OH	$24 million	1,400
United Association Local 198 Health and Welfare Trust Fund	Baton Rouge, LA	$6 million	1,500
United Food and Commercial Workers 1529 Employers H&W Trust Fund (Actives only)	Memphis, TN	$7 million	6,500
United Food and Commercial Workers 1529 Employers H&W Trust Fund for Retirees	Memphis, TN	<$1 million	600

** Includes active members and retirees unless otherwise noted* ***Bold*** *indicates fund selected as reference below*

In addition to the list outlined above, we serve as health and welfare actuaries in the completion of the ASC 965 valuations for a number of multiemployer funds.

OUR EXPERIENCE

Over the years, we have gained tremendous experience helping our clients address an extensive range of issues, from new carrier/vendor implementation, to health and welfare fund reserve analysis, and everything in between. We provide a wide array of services related to health and welfare consulting, including legislative compliance, vendor studies, performance measurement and guarantees, annual actuarial projections and valuations, plan design cost analysis, and merger and spin-off studies.

Our years of experience have also given us a deep understanding of the unique dynamics of multiemployer plans. We have always viewed our role as consultants whose responsibility it is to protect the interests of the plan participants by keeping all trustees – both labor and management – well-informed and well-equipped to navigate the challenges facing their plans.

C. Questionnaire Responses (cont.)

We understand that an important aspect of providing top-tier service is keeping our clients apprised of emerging legislation, regulations, and ideas affecting multiemployer plans. Our consultants are proactive with their research and analysis of new laws and regulations, often serving as thought leaders within the actuarial and multiemployer community.

We have ongoing cooperative relationships with several organizations, as described below.

- We are active with the International Foundation of Employee Benefit Plans. Many of our consultants and actuaries are regular speakers at the Foundation's Annual Conferences, Trustees and Administrators Institutes, and Investment Institutes.
- We often assist the National Coordinating Council for Multiemployer Plans (NCCMP) on actuarial issues as it advocates for the interests of plans such as yours. We are the only actuarial firm to present and exhibit at the last three of the NCCMP's annual conferences.
- Our actuaries are members of the Society of Actuaries (SOA), the Conference of Consulting Actuaries (CCA), and the American Academy of Actuaries (AAA). We not only keep abreast of the latest developments as members of these organizations; we also regularly draft white papers and communications that serve to educate and inform the rest of the actuarial community.

Here are just a few examples of our presence as thought leaders within the actuarial and multiemployer plan community.

- Aruna Vohra, Senior Consultant for Horizon Actuarial presented "The Administrator's Role in Successful Disease Management and Wellness Programs" at the International Foundation's Administrators Conference. This is an example of the depth of understanding and expertise our organization has to offer the Fund regarding health care management programs. She also spoke on Health Care Reform for the International Foundation's Trustees Masters Program at last year's annual conference. She spoke on the Affordable Care Act and Collective Bargaining as well as on Evolving Plan Designs at the most recent International Foundation annual conference in Las Vegas. She also coauthored a letter and presented at an Internal Revenue Service hearing with John McNerney, General Counsel Mechanical Contractors Association of America regarding "Comments on Proposed Rules for Shared Responsibility for Employers Regarding Health Coverage as They Relate to Employers Participating in Multiemployer Plans."
- Cary Franklin of our Los Angeles office was part of a small coalition of employers and plan professionals that educated FASB on multiemployer plans over the past year, resulting in final disclosure rules that are much less draconian than those FASB had originally proposed. Cary is also on the faculty of the International Foundation's Trustees Masters Program.
- Horizon Actuarial conducts an annual survey of capital market assumptions from different investment consultants to multiemployer pension plans. This survey helps our actuaries and consultants evaluate the reasonableness of the investment return assumption for their client funds. This survey also helps investment consultants gauge their expectations relative to their peers in the industry. Jason Russell was the principal author of the 2013 edition of the survey, which can be found on our website.

3. Please provide three references from other multiemployer group health plans.

We have provided four references to contact in reference to satisfaction with Horizon Actuarial health and welfare consulting:

1. **United Food and Commercial Workers Local No. 1529 and Employers Health and Welfare Trust and United Food and Commercial Workers Local No. 1529 and Employers Health and Welfare Trust for Retirees**

   Rick Slayton, *Labor Trustee*
   8205 Macon Road
   Cordova, TN 38101
   901.758.1529

   Peggy Prescott, *Management Trustee*
   2175 Parklake Drive
   Atlanta, GA 30045
   770.496.7545

2. **Teamsters Local 639 Employers Health Trust Fund**
   Teamsters Local 639 Employers Retiree Medical 401(h) Account
   Mark Winter, *Administrator*
   3130 Ames Place, NE
   Washington, DC 20018-1993
   202.636.6529

3. **Fox Valley and Vicinity Laborers Pension and Health and Welfare Funds**
   Patricia M. Shales, *Administrative Manager*
   2400 Big Timber Road, Suite 206B
   Elgin, IL 60124-7812
   847.742.0900

4. **Teamsters Joint Council 83**
   Mike McCall, *President and CEO*
   8814 Fargo Road, Suite 200
   Richmond, VA 23229
   804.282.7204

4. Please furnish a copy of a standard consulting services agreement. Please outline any limit of liability such agreement would contain.

Please see Appendix II for a copy of Horizon Actuarial's sample engagement letter and contract with terms and conditions.

Horizon Actuarial will not require a limitation of liability as part of the terms of our engagement with the Fund.

5. Please advise whether your firm will receive fees or other consideration, direct or indirect, from any party other than the Fund for, or in connection with, the provision of your services to the Fund, and if applicable, describe such fees.

Horizon Actuarial will not receive fees or other consideration from any party other than the Fund for, or in connection with, the provision of services. We typically do not accept any commissions or other fees from vendors – this is an essential characteristic of our consulting independence.

Horizon Actuarial earns fees by providing consulting services to our clients. We will not receive commissions or compensation with respect to insurance or other services purchased by the Fund. We can, however, accommodate such an arrangement if a client requires it and would disclose all such remuneration to the Trustees and any commissions received will be used to offset our fees otherwise payable.

As an example, recently while working with a client to assist in the transition of their retirees to a private exchange it was brought to our attention that the exchange company was planning to pay referral fees to Horizon Actuarial for the assistance we provided. After much discussion, it was determined that the exchange company could not pay these referral fees to the client directly and could not reduce the premiums charged to retirees if the referral fees were not used. Therefore, if the referral fees were not paid to Horizon Actuarial, they would be lost. Working in the best interest of the client, Horizon Actuarial agreed to accept these referral fees, which were used to offset our consulting fees. The reduction to our fees matched dollar for dollar what we received from the exchange company and will be reported on the ERISA 408(b)(2) disclosure each year.

Horizon Actuarial is an independent company. Both our firm and our individual associates will not enter into a financial relationship with any broker dealers, insurance vendors, or money management companies, or any other type of relationship which would impact our independence.

As a professional service provider, we have to disclose any indirect compensation on Form 5500 Schedule C. If we kept any referral money and did not disclose it, we would be in violation of federal law (under ERISA).

We are willing to confirm in writing that we would agree not to accept any compensation, gifts or things of value from any third-parties in exchange for recommending their service or product to the Fund and/or its participants.

6. Do you contemplate subcontracting any portion of the work? If so, please describe.

Horizon Actuarial typically does not use outside vendors to perform any of the services we are proposing for the Fund, with two exceptions. We use an outside vendor to manage our data, which is located offsite at a secure co-location facility. This outside vendor (All Covered) is a trusted company in providing IT infrastructure to small businesses.

In addition, on a very limited basis, we may occasionally use certain contractors to assist with communication assignments, brochure layouts, and printing. All of the work will be performed under the supervision of a Horizon Actuarial Senior Consultant.

We accept full responsibility for the quality, timeliness, and accuracy of all services provided to the Fund, including those provided by outside vendors, as described above.

7. Please provide an estimated installation/startup timeline for the Fund.

Horizon Actuarial's goal is to facilitate the knowledge transfer as quickly as possible. Our associates have worked together many times to smoothly transition new clients from other actuarial and consulting firms. We have a well-documented transition approach that is both flexible and cost-effective, enabling the Fund to make a smooth transition to Horizon Actuarial as your new consultant.

Here are the transition steps we follow:

Informational Meetings. We will meet with the administrator, Trustees, attorneys, vendors and other professionals (as appropriate), to discuss the history and current state of the Fund. In initiating our actuarial and consulting relationship, we seek to:

- Become as familiar as possible with the Fund's financial and benefit objectives.
- Design data formats and screening procedures to eliminate unnecessary work.
- Review procedures for collecting and verifying participant and financial data.
- Discuss plan administration to ensure effective ongoing support.

From our perspective, the purpose of these meetings is to obtain an in-depth knowledge of the Fund's history. This includes how the benefits reached their present form, alternatives considered in the past, and any additional changes contemplated for the future. This valuable insight will ensure our advice and services do not unnecessarily retrace previously explored steps.

From the Trustees' and administrator's perspectives, these informational sessions provide another view of the Fund within the context of benefits design, financial management and governance trends. They will also serve to raise issues and provide insights that may not have been fully investigated. Finally, the review provides a new perspective on the implications of recent legislation and assures the Trustees, the administrator and Horizon Actuarial that all the relevant issues are addressed.

C. Questionnaire Responses (cont.)

Transferring Background Information. Our goal in transferring background information is to understand your culture, processes, and programs, both from a historical perspective and with an eye to the future.

We recommend scheduling conference calls with Fund professionals to discuss the history, current state, and future of your programs. These calls may include Associated Administrator's account staff as well as other professionals including Fund attorneys, auditors, investment consultants, medical, dental and prescription drug management vendors.

Data Transfer. When we begin working with a new client, we prepare a comprehensive data request that includes demographics, enrollment, rate history, vendor contacts, copies of policies, Fund documents, sample premium statements, the benefits section of the collective bargaining agreements, and historical premium, fees and claims information. We work with vendors and the administrator to get this information.

This step involves the transfer of sufficient participant and claims data and written documents from the incumbent consultant and/or vendors to Horizon Actuarial to support your consulting requirements. Should you choose to have Horizon Actuarial complete the Health and Welfare annual report which usually includes multiple years of claims and utilization analysis, we will want to receive this data in order to set up our underwriting and actuarial models and annual report formats.

See Appendix III for a sample data request.

Validating Data. Finally, we review with you the overall picture to ensure the data is reasonable and that any changes, trends, and/or peculiarities reflect reality.

Our proven transition process will provide you with the benefits of a smooth transition and will meet our own professional standards. A typical timeline is depicted below.

Activity	Purpose	Week							
		1	2	3	4	5	6	7	8
Information Meeting	Establish Expectations	X							
Transfer Background	Review Information	X	X						
Transfer Data	Ongoing Process	X	X	X	X				
Validate Data	Validate/Resolve Questions				X	X	X	X	X

Our structured transition process will be completed within eight weeks.

No Transition Fees

The transition process has two objectives: to provide you with a smooth transition and to meet our own professional standards. Because the process is as much for our purposes as yours, Horizon

Horizon Actuarial will not charge the Fund for transition services.

Actuarial will absorb all costs associated with the transition, provided we receive accurate and timely information from the administrator. We will notify the Trustees immediately if we encounter any issues or concerns during the transition.

8. Please provide a summary of any litigation involving your firm within the last five years. Please describe any governmental investigations involving your firm within the last five years.

Horizon Actuarial has not been party to any government investigation or proceeding since its inception.

9. Please provide the name of your errors and omissions carrier and describe the applicable policy limits and sub-limits.

Horizon Actuarial maintains professional liability (errors and omissions) insurance with limits of not less than $10,000,000. The coverage provider is XL Insurance, located at One World Financial Center, 200 Liberty Street, 21st Floor, New York, New York 10281. The insurance was bound on December 18, 2007, with a January 1, 2008 effective date. The binder letter can be found in Appendix IV. No claim has ever been made against our errors and omissions insurance policy.

10. Please provide your annual retainer for 2014 and 2015, as well as hourly rates for any additional services not covered in your standard agreement or otherwise described above. Please provide one version of your annual retainer that includes all of the standard services described above, a second version that includes all of the above standard services except those described in paragraphs 2 and 3, and a third version that includes all of the above standard services except those described in paragraph 7.

We generally find that Taft-Hartley welfare funds prefer to include in the fixed monthly retainer only those projects that recur each year with a fairly predictable scope (retainer services). Examples of this type of service include the annual welfare actuarial report, rate setting, ASC 965 valuation report, attendance at Board of Trustees' meetings, and vendor renewals.

Services that are provided infrequently are generally provided as separate billable non-retainer services on an as needed basis. Examples of additional services (non-retainer services) include tasks such as preparation of a Summary Plan Description and Summary of Material Modifications, estimating the impact of major plan design changes, drafting or review of amendments, vendor searches, etc.

We are flexible about which services are included in the retainer and which are not depending on the specific items included for the covered services shown below and our learning more about you and the required work.

We have assumed that the services outlined in the RFP are for the Active Fund, with only the ASC 965 (SOP 92-6), Medicare Part D creditable coverage and vendor renewal and management applying to the Retiree Fund. Attendance at four Trustee meetings for the Active Fund can also include the Retiree

Fund if the meetings are conducted on the same day. If the Trustees would like us to provide any additional services for the Retiree Fund, we will be able to provide a quote for those services once we have a details on the scope of work needed. The table on the following page sets out the retainer and non-retainer services as well as which services are included in the three Options outlined below.

Option I: Based on our review of all the Standard Services listed in the RFP, we propose a monthly retainer of $11,000 for the services listed in the retainer section of the table on the following page.

Option II: Should you choose to hire Horizon Actuarial to perform all of the above Standard Services except those described in paragraphs 2 and 3 of your RFP, we propose a monthly retainer of $8,500.

Excludes:

2. "Prepare annual forecasts, reflecting the Fund's current funding level and forecasts of projected future contribution levels.
3. Calculate maintenance of benefit contribution rates annually. Review sufficiency of fixed rate contributions based on applicable bargaining agreements. Calculate COBRA Premiums rates."

Please note that any review of these forecasts or contribution rates performed by others will result in out-of-scope fees due to our professional and strict quality standards.

Option III: Should you choose to hire Horizon Actuarial to perform all of the above Standard Services except those described in paragraph 7, we propose a monthly retainer of $9,600.

Excludes:

7. "Provide calculation of ASC 965 (SOP 92-6) related liability."

These prices will be fixed for two years.

We seek reimbursement for reasonable out-of-pocket expenses incurred in performing the services. These expenses may include travel, costs related to production and the cost of other services or materials purchased from third parties in connection with this engagement.

As an investment in our relationship with you, we will not pass on any of the set-up charges we incur in transitioning the work.

C. Questionnaire Responses (cont.)

Proposed Services for Options I, II and III

	Standard Services	Annual Fee (Retainer)	Special Time Charge Billing (Non-Retainer)
1.	Prepare annual reports analyzing fund claims experience, benefits paid, contributions, administrative expenses and other relevant items.	Included in Option I and III	
2.	Prepare annual forecasts, reflecting the Fund's current funding level and forecasts of projected future contribution levels.	Included in Option I and III	
3.	Calculate maintenance of benefit contribution rates annually. Review sufficiency of fixed rate contributions based on applicable bargaining agreements. Calculate COBRA premium rates. *Includes cost of providing retiree coverage in the pricing.*	Included in Option I and III	
4.	Perform actuarial costing and prepare recommendations with respect to plan design changes. It is anticipated that such cost estimates would be narrow in focus, as opposed to major plan changes.	Included in all Options	Major plan change studies
5.	Negotiate with insurance providers and health benefit vendors and assist in the selection of new Fund vendors or renewal of agreements with existing vendors.	Renewals included in all Options	Selection of new vendors
6.	Assist in developing benchmarks and monitoring Fund vendor performance.	Included in all Options	
7.	Provide calculation of ASC 965 (SOP 92-6) related liability *(for the retiree plan).*	Included in Options I and II	
8.	Determine Medicare Part D creditable coverage status and draft the required annual notice to the Fund's participants.	Included in all Options	
9.	Review and coordinate compliance with the Fund's reporting obligations under the Affordable Care Act and other applicable laws.	General advice included in all Options	
10.	Assist in the drafting of forms, participant notices, plan amendments, and summaries of material modifications, as required.	Review included in all Options	Drafting
11.	Advise and report on financial impact of statutory and regulatory developments affecting the Fund.	General advice included in all Options	
12.	Meetings: • Attend four meetings of the Board of Trustees per year. • Be available by telephone for Board meetings, if necessary.	Included in all Options	

C. Questionnaire Responses (cont.)

	Additional Services	Annual Fee (Retainer)	Special Time Charge Billing (Non-Retainer)
1.	Quarterly utilization dashboard recommended as a supplement to the annual report in Options I and III – See Appendix I for sample		$12,000
2.	Prepare and circulate RFP's for vendors such as PPO, PBM, and other providers.		X
3.	Prepare cost estimates of major plan changes, benefit redesign or cost restructuring studies.		X
4.	Prepare proposals for benefit plan alterations.		X
5.	Analyze compliance with legislation or new regulations that affect the Fund.		X
6.	Assist in the review of plan documents or amendments.		X
7.	Assist in the drafting of revised summary plan description booklets.		X
8	Develop new procedures or actuarial calculations required by changes in accounting or auditing standards, usually as a result of guidelines issued by the Financial Accounting Standards Board.		X

Any special projects or studies will be billed on either a project or time and expense basis with a "not to exceed" cap. Our current hourly rates are shown in the table below. These hourly rates will apply to the first two years of our contract with the Fund. In the third year of the agreement, we may adjust the underlying rates based on inflation.

Associate Level	Hourly Rate
Senior Consultant / Senior Actuary	$395 - $540
Consultant / Actuary	$235 - $455
Actuarial Analyst / Technical Specialist	$195 - $325
Administrative Support	$150 - $175

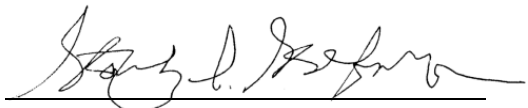
D. Closing

Thank You

Thank you again for the opportunity to submit this proposal. If selected to be your partner, we will provide the highest quality advice and service to the Fund. We are proud to be of assistance to the Food Employers Labor Relations Association and United Food and Commercial Workers Health and Welfare Fund.

Respectfully submitted,

Aruna Vohra
Senior Consultant



Stanley I. Goldfarb, FSA, EA, MAAA
Actuary & Managing Consultant

Submitted: May 21, 2014

Appendices:

I. Sample Quarterly Utilization Report
II. Sample Engagement Letter and Terms and Conditions
III. Sample Data Request Letter
IV. Professional Liability Insurance

APPENDIX I:

Sample Quarterly Utilization Dashboard

Horizon
Actuarial Services, LLC

Sample Client
Utilization Dashboard - Q1

Incorporating data for January - March 2012

Income
$5,383,581
Compared to:

Forecast	Prior Year
$5,253,500	$5,115,000

Expenses
$6,571,990
Compared to:

Forecast	Prior Year
$6,310,000	$5,683,000

Surplus/(Deficit)
-$1,188,409
Compared to:

Forecast	Prior Year
-$1,056,500	-$568,000

Assets Available for Benefits
$36,000,000
Compared to:

Forecast	Prior Year
$36,131,909	$36,568,000

Employee Counts
2,253
Compared to:

Forecast	Prior Year
2,167	2,158

Hours
1,000,000
Compared to:

Forecast	Prior Year
950,000	900,000

Sample Client
Quarterly Utilization Report - Q1
Incorporating data for January - March 2012

Total Amounts

	Current Year Total Jan - Mar 2012	Forecast Total Jan - Mar 2012*	% Difference Current/Forecast	Prior Year Total Jan - Mar 2011	% Difference Current/Prior
Income					
Employer Contributions	$5,126,787	$5,000,000	3%	$4,900,000	5%
Employee/Retiree Contributions	252,736	250,000	1%	200,000	26%
Add'l Income	4,058	3,500	16%	15,000	-73%
Total Income	**$5,383,581**	**$5,253,500**	**2%**	**$5,115,000**	**5%**
Expenses					
Medical Claims	$4,623,344	$4,400,000	5%	$4,000,000	16%
Rx Claims	1,189,573	1,200,000	-1%	1,000,000	19%
Dental Claims	344,929	300,000	15%	290,000	19%
Disability Claims	52,967	50,000	6%	50,000	6%
Life Premium	16,511	15,000	10%	15,000	10%
Vision Premium	48,275	45,000	7%	43,000	12%
Operating Expenses	296,392	300,000	-1%	285,000	4%
Total Expenses	**$6,571,990**	**$6,310,000**	**4%**	**$5,683,000**	**16%**
Surplus/(Deficit)	**-$1,188,409**	**-$1,056,500**	**12%**	**-$568,000**	**109%**
Assets Available for Benefits**	**$36,000,000**	**$36,131,909**	**0%**	**$36,568,000**	**-2%**
Total Employee Months	6,760	6,500	4%	6,475	4%
Total Hours	1,000,000	950,000	5%	900,000	11%

PEPM Amounts

	Current Year Total Jan - Mar 2012	Forecast Total Jan - Mar 2012*	% Difference Current/Forecast	Prior Year Total Jan - Mar 2011	% Difference Current/Prior
Income					
Employer Contributions	$758.40	$769.23	-1%	$756.76	0%
Employee/Retiree Contributions	$37.39	$38.46	-3%	$30.89	21%
Add'l Income	$0.60	$0.54	11%	$2.32	-74%
Total Income	**$796.39**	**$808.23**	**-1%**	**$789.96**	**1%**
Expenses					
Medical Claims	$683.93	$676.92	1%	$617.76	11%
Rx Claims	$175.97	$184.62	-5%	$154.44	14%
Dental Claims	$51.03	$46.15	11%	$44.79	14%
Disability Claims	$7.84	$7.69	2%	$7.72	1%
Life Premium	$2.44	$2.31	6%	$2.32	5%
Vision Premium	$7.14	$6.92	3%	$6.64	8%
Operating Expenses	$43.84	$46.15	-5%	$44.02	0%
Total Expenses	**$972.19**	**$970.77**	**0%**	**$877.68**	**11%**
Surplus/(Deficit)	**-$175.80**	**-$162.54**	**8%**	**-$87.72**	**100%**
Average Employee Count	2,253	2,167	4%	2,158	4%
Average Hours/Employee/Month	147.9	146.2	1%	139.0	6%

Hourly Amounts

	Current Year Total Jan - Mar 2012	Forecast Total Jan - Mar 2012*	% Difference Current/Forecast	Prior Year Total Jan - Mar 2011	% Difference Current/Prior
Total Income	$5.38	$5.53	-3%	$5.68	-5%
Total Expenses	$6.57	$6.64	-1%	$6.31	4%
Surplus/(Deficit)	**-$1.19**	**-$1.11**	**7%**	**-$0.63**	**88%**

*The forecast estimate outlined above is based on the Annual Report provided by Horizon on INSERT DATE. Note that the annual forecast has been split into the year to date amount outlined above based on expected monthly trend.

**Continuation value as of the end of the prior year (plan year ending INSERT DATE) was X.X months. Based on the full annual forecast this was expected to increase/decrease to Y.Y months by the end of the current plan year (ending INSERT DATE).

APPENDIX II:

Sample Engagement Letter and

Terms and Conditions

Horizon
Actuarial Services, LLC

Horizon Actuarial Services, LLC
6120 Rolling Road Dr.
Miami, FL 33156-5629
Phone: 678.317.4150
Fax: 678.317.4151
www.horizonactuarial.com

January 18, 2014

VIA ELECTRONIC MAIL

Mr. _____
_____
_____
_____

Subject: Engagement Letter

Dear ____:

This letter agreement will confirm the scope and terms of Horizon Actuarial Services, LLC ("Horizon Actuarial") engagement by _____ (the "Fund") to provide consulting and actuarial services to the Board.

Scope of Services
Horizon Actuarial will provide the Retainer Services described below and in Attachment 1 to this letter effective _____.

Terms and Conditions of Engagement
The services described above and in Attachment 1 and any other services that Horizon Actuarial provides to the Board will be provided subject to the Terms and Conditions of Engagement contained in Attachment 2 to this letter.

Non-Retainer Services
At your request, we may provide Non-Retainer Services, either those listed in the Non-Retainer Services section in Attachment 1 or other services not specifically described as Retainer Services in Attachment 1. Unless otherwise agreed, Horizon Actuarial consulting fees for any Non-Retainer Services are based on the time spent by our associates in performing the Services for you and on the value of the work. Actual fees will be determined in accordance with Section 4 Fees and Expenses of our Standard Terms and Conditions as set forth in Attachment 2 of this letter.

Fees and Expenses
Horizon Actuarial fees for Retainer Services are provided on a retainer basis. Based upon our review of the information provided, we propose a monthly retainer of $_____ for the first two years to cover the Retainer Services under the retainer in Attachment 1.

Fees for Non-Retainer Services are generally provided once the scope of the service is known. Sometimes, when a project is open ended and time is of the essence, we may use an hourly rate charge until the project has been defined and a fee quote provided. Associates' time will be invoiced at our customary hourly rates in effect at the time the Services are performed, and our rates will be subject to adjustment annually, normally effective October 1st of each year.

We guarantee our retainer fee for two years. Charges for out-of-pocket expenses such as associate travel incurred in performing the Services (including meals and lodging), production costs and the cost of other services or materials purchased from third parties in connection with this engagement will be billed at cost.

A sample Business Associate Agreement is included as Attachment 3 below.

If this letter and the Attachments accurately describe the terms of our engagement, please have an authorized representative of the Board sign this letter as noted below and return the enclosed copy to Aruna Vohra.

Horizon Actuarial Services, LLC appreciates the opportunity to be of service to the Board and the participants. If you have any questions now or during the course of our engagement, please contact us**.**

Very truly yours,

HORIZON ACTUARIAL SERVICES, LLC

_____	_____
Stanley I. Goldfarb, F.S.A, E.A, M.A.A.A.	Aruna Vohra
Actuary & Managing Consultant	Senior Consultant

File Path

Attachments: Attachment 1 (Scope of Services)
Attachment 2 (Terms and Conditions of Engagement)
Attachment 3 (Business Associate Agreement)

ACCEPTED AND AGREED:
CLIENT NAME

By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

ATTACHMENT 1: SCOPE OF SERVICES

	STANDARD SERVICES	ANNUAL FEE (RETAINER)	SPECIAL TIME CHARGE BILLING (NON-RETAINER)
1.	Prepare annual reports analyzing fund claims experience, benefits paid, contributions, administrative expenses and other relevant items.	Included in Option I and III	
2.	Prepare annual forecasts, reflecting the Fund's current funding level and forecasts of projected future contribution levels.	Included in Option I and III	
3.	Calculate maintenance of benefit contribution rates annually. Review sufficiency of fixed rate contributions based on applicable bargaining agreements. Calculate COBRA premium rates. *Includes cost of providing retiree coverage in the pricing.*	Included in Option I and III	
4.	Perform actuarial costing and prepare recommendations with respect to plan design changes. It is anticipated that such cost estimates would be narrow in focus, as opposed to major plan changes.	Included in all Options	Major plan change studies
5.	Negotiate with insurance providers and health benefit vendors and assist in the selection of new Fund vendors or renewal of agreements with existing vendors.	Renewals included in all Options	Selection of new vendors
6.	Assist in developing benchmarks and monitoring Fund vendor performance.	Included in all Options	
7.	Provide calculation of ASC 965 (SOP 92-6) related liability *(for the retiree plan).*	Included in Options I and II	
8.	Determine Medicare Part D creditable coverage status and draft the required annual notice to the Fund's participants.	Included in all Options	
9.	Review and coordinate compliance with the Fund's reporting obligations under the Affordable Care Act and other applicable laws.	General advice included in all Options	
10.	Assist in the drafting of forms, participant notices, plan amendments, and summaries of material modifications, as required.	Review included in all Options	Drafting
11.	Advise and report on financial impact of statutory and regulatory developments affecting the Fund.	General advice included in all Options	
12.	Meetings: • Attend four meetings of the Board of Trustees per year. • Be available by telephone for Board meetings, if necessary.	Included in all Options	

ATTACHMENT 1: SCOPE OF SERVICES (cont.)

	ADDITIONAL SERVICES	ANNUAL FEE (RETAINER)	SPECIAL TIME CHARGE BILLING (NON-RETAINER)
1.	Quarterly utilization update recommended as a supplement to the annual report in Options I and II – See Appendix I for sample		X
2.	Prepare and circulate RFP's for vendors such as PPO, PBM, and other providers.		X
3.	Prepare cost estimates of major plan changes, benefit redesign or cost restructuring studies.		X
4.	Prepare proposals for benefit plan alterations.		X
5.	Analyze compliance with legislation or new regulations that affect the Fund.		X
6.	Assist in the review of plan documents or amendments.		X
7.	Assist in the drafting of revised summary plan description booklets.		X
8	Develop new procedures or actuarial calculations required by changes in accounting or auditing standards, usually as a result of guidelines issued by the Financial Accounting Standards Board.		X

TERMS AND CONDITIONS OF ENGAGEMENT

Horizon Actuarial Services, LLC
and _____

1. **General.** These master terms and conditions ("general terms") will apply to all engagements for services provided to the entity identified above or its subsidiaries or affiliates ("Client") by Horizon Actuarial Services, LLC or any entity directly or indirectly owned or controlled by Horizon Actuarial Services, LLC ("Horizon Actuarial") unless the services furnished are the subject of a separate written agreement signed by both parties. These general terms may be changed only by a written amendment signed by the duly authorized representatives of Client and Horizon Actuarial.

2. **Engagement Letters.** From time to time, Horizon Actuarial may issue engagement letters for particular projects or assignments. All such engagement letters will be deemed, unless they provide otherwise, to incorporate these general terms, as they may have been amended from time to time by a written agreement signed by both parties. Except with respect to the description of specific services and fees for any engagement, these general terms will prevail over any conflicting terms of any engagement letter. Together with such engagement letters, these general terms state the entire understanding between the parties concerning Horizon Actuarial's services and supersede any prior proposals, correspondence or discussions.

3. **Scope of Services.** Horizon Actuarial will provide the services described in engagement letters or other communications through which Horizon Actuarial agrees to provide services. Horizon Actuarial's undertakings will be limited to advising Client or its subsidiaries or affiliates concerning those matters on which Horizon Actuarial has been specifically engaged. Horizon Actuarial will perform its services with due care and in accordance with the engagement letters, these general terms and prevailing consulting industry standards for comparable services. Horizon Actuarial is not a law firm and does not provide legal or tax advice. Except for the warranties expressed in these general terms, Horizon Actuarial makes no warranty, either express or implied, with respect to its services.

4. **Fees and Expenses.** Unless the parties agree otherwise, Horizon Actuarial's fees will be determined taking into account factors that generally include the circumstances relevant to the particular engagement, the time required to perform the services, the novelty and difficulty of the work, the skill required, the experience and seniority of the associates who perform the services, any time limitations or other unusual conditions that may be applicable, and Horizon Actuarial's standard hourly rates in effect at the time services are performed. Client will reimburse Horizon Actuarial at cost for reasonable out-of-pocket expenses, including travel, incurred in performing the services. Invoices for services rendered and expenses incurred are normally rendered monthly and are due upon receipt. A late payment charge is payable on balances outstanding more than 30 days. Client is responsible for any sales, gross receipts or similar taxes applicable to the services but not for taxes based upon Horizon Actuarial's net income.

5. **Client's Responsibilities.** Client will provide Horizon Actuarial with all documentation and information required to enable Horizon Actuarial to provide the services. Client also will cause its employees and any third parties who are otherwise assisting, advising or representing Client to cooperate on a timely basis with Horizon Actuarial in the provision of its services. Horizon Actuarial may rely upon information provided by Client and its employees and agents as accurate and complete. Horizon Actuarial may rely upon any directions provided by Client and its employees and agents concerning the provision of the services, including without limitation directions with respect to the interpretation of Client's employee benefit plans or matters reflecting the exercise of discretion by Client or the administrator of such plans. If Client or its employees and agents are unable to participate in the project as required, or if information provided by Client or its employees and agents is inaccurate, incomplete or delayed, the scope of the services may be different, the schedule may be delayed, Horizon Actuarial's fees may be higher than described, and/or Horizon Actuarial may be unable to perform some or all of the services as originally agreed.

6. **Resolution of Disputes.** The parties will try to resolve any dispute or claim arising from or in connection with these general terms, any engagement letter or Horizon Actuarial's services by appropriate internal means, including referral to each party's senior management. If the parties cannot reach a mutually satisfactory resolution, then any such dispute or claim will be settled by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA"), and the Federal Arbitration Act, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction. The arbitration will be conducted in the metropolitan area where the Horizon Actuarial office principally responsible for providing services to Client is located or in another mutually agreeable location before a panel of three neutral arbitrators, with one arbitrator named by each party and the third named by the two party-appointed arbitrators, or, if they should fail to agree on the third, by the AAA. The arbitrators may not award non-monetary or equitable relief, punitive damages or any other damages not measured by the prevailing party's actual direct damages. This paragraph will not prevent any party from pursuing equitable remedies to the extent required to protect rights or property or to prevent irreparable harm. If any dispute or claim between the parties is subject to judicial proceedings, each party expressly waives any right it might have to demand a jury trial in such proceedings.

7. **Horizon Actuarial Not a Fiduciary.** Horizon Actuarial is not being engaged to perform or assume any fiduciary functions, including those of any plan administrator, with respect to Client or any employee benefit plan of Client or its affiliates. If Horizon Actuarial is deemed to be a fiduciary with respect to any services, Horizon Actuarial's responsibility as a fiduciary shall extend only to those activities deemed to be fiduciary activities under applicable law and shall in no event extend to any acts or omissions of any other person.

8. **Termination.** Either party may terminate any engagement upon 30 days' prior written notice. Client will compensate Horizon Actuarial for all services provided through the effective date of termination. Paragraphs 4, 6, and 9 will survive the termination or expiration of these general terms or any engagement letter to which they apply.

9. **Confidentiality.** Each party will take reasonable measures to preserve the confidentiality of any proprietary or confidential information provided to it in connection with the services. At the conclusion of any engagement, the recipient will, upon request, return any materials, data or documents provided by the other party, provided that Horizon Actuarial may retain a copy of such materials for archival purposes, subject to its confidentiality obligations hereunder. Client shall retain ownership of all data and materials provided to Horizon Actuarial. Horizon Actuarial does not confer to Client any interest in the materials, tools, software or know how used or developed by Horizon Actuarial to provide the services.

10. **Governing Law; Severability.** These general terms will be governed by and construed in accordance with the laws of the jurisdiction where the Horizon Actuarial office principally responsible for providing services to Client is located. If any provision of these general terms is declared invalid by a court or in arbitration, the remaining provisions shall remain in full force and effect.

HIPAA BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement ("BAA") is between _____ ("Fund") and Horizon Actuarial Services, LLC ("Provider") and is made in addition to any other written contract, agreement or other arrangement (referred to hereinafter as the "Agreement") between them.

This BAA is intended to:

(a) protect the privacy of individually identifiable health information and to comply with the business associate contract requirements of the Standards for Privacy of Individually Identifiable Health Information ("Privacy Rules") issued by the Department of Health and Human Services (45 C.F.R. §§ 160 through 164) and promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. § 1171 et seq.), as amended by Division A, Title XIII, Subtitle D, of the American Recovery and Reinvestment Act of 2009; and

(b) protect the security of electronic protected health information and to comply with the business associate contract requirements of the Standards for Security of Electronic Protected Health Information ("Security Rules") issued by the Department of Health and Human Services (45 C.F.R. §§ 160, 162 and 164) and promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. § 1320d-1320d-8.), as amended by Division A, Title XIII, Subtitle D, of the American Recovery and Reinvestment Act of 2009; and

(c) comply with the Breach Notification Rules for Unsecured Protected Health Information (“Breach Notification Rules") issued by the Department of Health and Human Services (45 C.F.R. §§ 160 and 164) and promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. § 1171 et seq.), as amended by Division A, Title XIII, Subtitle D, of the American Recovery and Reinvestment Act of 2009; and

(d) comply with the Modifications to the HIPAA Privacy, Security, Enforcement, and Breach Notification Rules Under the Health Information Technology for Economic and Clinical Health Act and the Genetic Information Nondiscrimination Act; Other Modifications to the HIPAA Rules ("Omnibus Rules") issued by the Department of Health and Human Services on Friday, January 25, 2013 (78 Fed. Reg. 5566 (January 25, 2013)).

SECTION 1. DEFINITIONS.

Any capitalized terms not otherwise defined in this BAA shall have the same meaning as those terms are defined in the HIPAA Rules.

HIPAA Rules. "HIPAA Rules" shall mean the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164.

Breach Notification Rules. "Breach Notification Rules" shall mean the rules at 45 CFR Part 164 Subpart D.

Privacy Rules. "Privacy Rules" shall mean the rules at 45 CFR Part 164 Subpart E. Security Rules. "Security Rules" shall mean the rules at 45 CFR Part 164 Subpart C.

Protected Health Information or "PHI". "Protected Health Information" or "PHI" shall have the same meaning as defined in 45 CFR § 160.103. It means any information created, received or maintained by the Fund or on its behalf that relates to the past, present, or future physical or mental health or condition, provision of health care, or payment for the provision of care of an individual, including demographic information, that identifies the individual or may reasonably be used to identify the individual, which is transmitted or maintained in any form or medium including electronic media.

Security Incident. "Security Incident" shall have the same meaning as defined in 45 CFR 164.304, and means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.

SECTION 2. ACKNOWLEDGMENT.

The parties acknowledge that Provider, in the course of meeting its obligations to the Fund, may create, receive, maintain, or transmit protected health information ("PHI") for the Fund and that such activities will cause it to be a "Business Associate," as that term is defined in 45 C.F.R. § 160.103.

SECTION 3. PERMITTED USES AND DISCLOSURES OF PROTECTED HEALTH INFORMATION BY PROVIDER.

Subject to the requirements of Section 164.504(e) of the Privacy Rules, and except as otherwise limited in the Agreement or this BAA, Provider may use or disclose PHI on behalf of, or to provide services to, the Fund for the following purposes:

(a) To perform the services required under the Agreement or this BAA;

(b) For the proper management and administration of the Provider or to carry out the legal responsibilities of the Provider as limited by Section 4(c) below; and

(c) To provide data aggregation services on behalf of the Fund.
Provider may de-identify PHI in accordance with 45 C.F.R. 164.514(a)-(c).

SECTION 4. OBLIGATIONS OF PROVIDER TO SAFEGUARD PROTECTED HEALTH INFORMATION.

Provider agrees that as an entity in possession of electronic and non-electronic PHI of the Fund, it will comply with the following obligations and conditions:

(a) Provider agrees not to use or further disclose PHI of the Fund other than as permitted or required by this BAA or as required by law.

(b) Provider agrees to report to the Fund any use or disclosure of PHI not provided for by this BAA of which it becomes aware, as well as make any notification required by the Breach Notification Rules.

(c) Except as otherwise limited in this BAA, Provider may disclose PHI for its proper management and administration or to carry out its legal obligations, provided that disclosures are required by law, or Provider obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and the person notifies Provider of any instances of which it is aware that the confidentiality of the information has been breached.

(d) Provider agrees to ensure by written agreement or other suitable arrangements that any agent or subcontractor that creates, receives, maintains, or transmits PHI covered by this BAA on behalf of Provider:

(1) agrees to the same restrictions and conditions that apply to Provider through this BAA or pursuant to law with respect to such information in accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2);

(2) agrees to implement reasonable and appropriate safeguards to protect the electronic PHI; and

(3) agrees to likewise enter into a written or other suitable arrangements with any agent or subcontractor imposing the same restrictions and conditions that apply to the original agent or subcontractor.

(e) Provider agrees to mitigate, to the extent practicable, any harmful effect that is known to Provider of a use or disclosure of PHI by Provider or an agent or subcontractor of Provider in violation of the requirements of this BAA, the Privacy Rules, or the Security Rules.

(f) Provider may disclose PHI to the proper authorities including a health oversight agency, public health authority, or health care accreditation organization to report conduct by the Fund that Provider in good faith believes violates professional or clinical standards, endangers patients, workers or the public, fails to meet professional standards or otherwise constitutes misconduct, as provided in the Privacy Rule at 45 C.F.R. § 164.502(j)(1).

(g) Provider agrees it will implement, periodically review, and modify, where appropriate, administrative, physical, technical and documentation safeguards that reasonably and appropriately:

(1) protect the confidentiality, integrity, and availability of the electronic and non-electronic PHI it creates, receives, maintains, or transmits on behalf of the Fund as required by the Privacy Rules and the Security Rules;

(2) prevent the use or disclosure of the PHI other than as provided for by this BAA; and

(3) comply with Sections 164.306, 164.308, 164.310, 164.312 and 164.316 of the Security Rules.

(h) Provider agrees to report to the Fund any Security Incident that is not otherwise required to be disclosed as a Security Breach of which it becomes aware within a reasonable period of time after the discovery of the Security Incident. The term Security Incident shall have the same meaning as provided in 45 C.F.R. § 164.304.

(i) Provider agrees it will exercise reasonable diligence to promptly determine when an impermissible use or disclosure of Unsecured PHI has occurred, and will conduct and document a risk assessment in accordance with 45 CFR 164.402 to determine whether the impermissible use or disclosure constitutes a Breach as provided in the Breach Notification Rules, and that it will impose this same obligation on any agent or subcontractor subject to Section 4(d) above and ensure that any such agent or subcontractor will impose the same obligation on subsequent agents or subcontractors, that would be subject to Section 4(d) above if they directly contracted with the Provider, for as many levels as agents or subcontractors as there may be.

(j) Provider acknowledges that it is obligated to comply with the same Privacy Rule requirements the Fund would have to satisfy in regards to any obligations delegated by the Fund to the Provider either in the Agreement or in this BAA.

(k) Pursuant to the Breach Notification Rules, the Provider also agrees to:

(1) Notify the Fund of any Breach of Unsecured PHI by itself, its agents or its subcontractors as soon as reasonably possible but in no case later than within 30 days of the Provider's Discovery of the Breach (as those terms are defined in the Breach Notification Rules);

(2) Include in the notification, or promptly thereafter as the information becomes available, the information set forth in Breach Notification Rules 164.410(c)(1) and (2);

(3) Include in the notification a description of what steps it will take to provide notification of the Breach to affected individuals as required under the Breach Notification Rules or provide a written recommendation if it believes the Fund is in the best position to provide notice to the affected individuals;

(4) Unless the Fund expressly instructs otherwise, provide the affected individual(s) with notice of the Breach in compliance with the Breach Notification Rules and, to the extent permitted under the Rules, provide any other required notice in lieu of the Fund providing notice; and

(5) Verify with the Fund that such notice has been made.

(l) Provider acknowledges that it is directly liable for compliance with the Security Rules and those portions of the Privacy Rules that provide for its direct liability as well as any uses or disclosures of PHI that are not in accord with the Agreement or this BAA. Provider also acknowledges that it is directly liable for the failure to disclose PHI when required by the Secretary to do so in order to investigate and determine Provider's compliance with the HIPAA Rules.

SECTION 5. OBLIGATIONS OF PROVIDER TO MAKE AVAILABLE PROTECTED HEALTH INFORMATION.

(a) Provider agrees to make available PHI to the Fund that the Fund needs to comply with its legal obligation to provide a participant, beneficiary or other individual access to inspect and obtain a copy of PHI about the individual, maintained or in the possession of Provider in connection with the services it provides to the Fund. At the request of the Fund, Provider also agrees to make PHI available directly to the individual who has properly requested access.

(b) Provider will make available PHI for amendment and incorporate amendments to PHI at the request of the Fund, pursuant to the Fund's legal obligation to amend PHI at the request of an individual.

(c) Provider will make available to the Fund all information necessary for the Fund to provide an accounting of disclosures of PHI to individuals who have requested the accounting and to whom, the Fund has determined, disclosure is legally required or otherwise appropriate.

(d) Provider agrees to make internal practices, books, and records relating to the use and disclosure of PHI covered by the Agreement or this BAA available to the Fund, at a time and in a manner designated by the Fund for purposes of the Fund auditing Provider's compliance with this BAA, the Privacy Rules and the Security Rules.

(e) Provider agrees to make internal practices, books, and records relating to the use and disclosure of PHI covered by the Agreement or this BAA available to the Secretary of the U.S. Department of Health and Human Services, at the request of the Secretary or the Fund, at a time and in a manner designated by the Fund or the Secretary.

(f) Provider shall maintain accurate and complete records of any and all receipts, transmissions, uses and disclosures of PHI throughout the term of this BAA and for such longer period as may be required by applicable law. Provider shall maintain all records and other information in a safe and secure environment and in compliance with applicable laws. Provider shall maintain all records and other information with a system of audit trails and controls sufficient to allow the Fund to audit and assure compliance with this BAA, the Privacy Rules and the Security Rules.

SECTION 6. OBLIGATIONS OF THE FUND.

(a) The Fund shall provide Provider with a copy of any individual authorization to disclose PHI or any modification or revocation of an individual authorization, if such document affects Provider's permitted or required uses or disclosures of the individual's PHI.

(b) The Fund shall notify Provider of any required restriction on the use or disclosure of an individual's PHI.

(c) The Fund shall not require Provider to use or disclose PHI in any manner that would violate the Privacy Rules or Security Rules.

SECTION 7. BREACH OF THE BAA.

(a) Should the Fund discover or learn of a breach of this BAA by Provider, the Fund may, at its discretion:

(1) Provide an opportunity for Provider to cure the breach; or

(2) Immediately terminate the Agreement between Provider and the Fund.

In addition to the above, the Fund may seek any other remedies under this BAA or the Agreement, or as permitted by law, in the event of a breach of this BAA by Provider.

(b) Should Provider discover a pattern of activity or practice that constitutes a material breach or violation of the obligations under this BAA by the Fund, Provider will take reasonable steps to cure the breach or end the violation, as applicable, and, if such steps are unsuccessful:

(1) Terminate the Agreement, if feasible; or

(2) Report the problem to the Secretary of the U.S. Department of Health and Human Services.

SECTION 8. TERM OF THE BAA.

(a) The term of this BAA shall be the same as the term of Provider's Agreement with the Fund to provide services to the Fund, except that this BAA will survive the Agreement and be enforceable to the extent Provider has a continuing obligation to protect the disclosure of PHI, return PHI to the Fund, destroy PHI or disclose PHI as required under law.

(b) Upon termination of the Agreement between Provider and the Fund:

(1) Provider, except as provided in subparagraph (2), will return or destroy all PHI received from the Fund, or created, received, or maintained by Provider on behalf of the Fund. This provision shall apply to PHI that is in the possession of Provider or subcontractors or agents of Provider. Provider shall not retain copies of the PHI, whether in paper or electronic form.

(2) If return or destruction of any PHI is not feasible (such as may naturally result from Provider's digital storage and ordinary data/information archiving practices), Provider shall limit further uses and disclosures of such PHI to those purposes making return or destruction infeasible and continue to apply the protections of this Agreement to such PHI for so long as Provider retains such PHI. Provider may, subject to its continued adherence to its obligations of use and disclosure as defined in this Agreement, retain one copy of documents containing PHI to defend its work product and to comply with applicable insurance record-keeping laws and regulations. Fund recognizes that Provider's retention of "one copy of documents" shall by necessity additionally include any and all digital copies contained in Provider's electronic storage of data/information archived records.

SECTION 9. MISCELLANEOUS.

(a) **Regulatory Reference.** A reference in this BAA to a section in the Privacy Rule or the Security Rule means the section as in effect or as amended, and for which compliance is required.

(b) **Amendment.** The parties agree to take such action as is necessary to amend this BAA from time to time as is necessary for the Fund to comply with the requirements of the Privacy Rules and the Security Rules.

(c) **Interpretation.** Any ambiguity in this BAA shall be resolved in favor of a meaning that permits Provider and the Fund to comply with the Privacy Rules and the Security Rules.

(d) **Conflict.** If there is any conflict between the terms of this BAA and the Agreement to provide services, this BAA shall govern.

(e) **Successors and Assigns.** This BAA will be binding upon and inure to the benefit of the successors and assigns of both the Fund and the Provider.

(f) **Counterparts.** This BAA may be executed in counterparts, with each counterpart constituting an original.

(g) **Entire Agreement.** This BAA supersedes any prior business associate agreement between the parties regarding compliance with the HIPAA Rules and represents the entire agreement.

Effective this _____ day of _____, 201__.

Name of Fund	**Horizon Actuarial Services, LLC**
_____	_____
Signature	Signature
_____	_____
Name	Name
_____	_____
Title	Title
_____	_____
Date	Date
_____	
Signature	
_____	
Name	
_____	
Title	
_____	
Date	

APPENDIX III:

Sample Data Request Letter

Horizon
Actuarial Services, LLC

Sample Client Health Fund Transition Data Request
May 3rd, 2013

Please provide the following information in an electronic format: (Excel and Word, as applicable)

VENDORS	**Received**
1. Vendor contact list	
2. Current vendor contracts	
3. Vendor renewals for past two years	
4. 2012/2013 Vendor reports including summary annual management reports	

COMMUNICATION	**Received**
5. Open Enrollment Materials	
6. Summary of Benefits and Coverage (SBC)	
7. Member health benefit communication materials sent within the last 12 months	
8. Schedule of benefits (active and retiree)	
9. Most recent plan document	
10. Plan amendments	
11. Copies of SPD's and Summaries of Material Modifications issued since the release of the SPD, if any	

BOARD OF TRUSTEES	**Received**
12. Contact List	
13. Board of Trustees Meeting Minutes for 2011, 2012 and 2013	
14. Most recent trust agreement and any amendments	
15. Copy of relevant pages from the prevalent collective bargaining agreement(s) pertaining to health and welfare benefits	
16. Schedule of upcoming Trustee meetings	

CENSUS AND ENROLLMENT	**Received**
17. Recent census with covered employees and retirees including the following information: • Unique identifier (or Social Security Number) • Gender • Date of Birth • Spousal Date of Birth • Date of Enrollment • Status (active, COBRA, retiree, self-pay) • Coverage tier (employee only, employee + 1, family) • Medical plan • Medicare code (member only, member and spouse, spouse only, etc.)	
18. Number of covered employees split by coverage tier (employee only, employee + 1, family, etc.) and plan tier by month broken out for actives, COBRAs, retirees, self-pay etc. for plan years, 2011, 2012 and 2013 to date	
19. Summary of hours worked by month, split for regular hours, reciprocal hours in, and reciprocal hours out.	

CLAIM AND PREMIUM INFORMATION: ***Please provide the following information for each of the plan years 2011, 2012 and 2013 (please specify the year-to-date period covered) separately, as available:*** ***In addition, where possible please separate claims for actives, COBRA participants, non-Medicare retirees, and Medicare retirees***	**Received**
20. Claims or premiums paid by month for each type of coverage (medical, prescription drug, dental, vision, etc.)	
21. Large claim report showing "large" medical and prescription drug claims including diagnosis. A "large" claim is a claim in excess of the lesser of $100,000 or half the stop loss threshold	
22. Lag report showing claims incurred and paid by month for medical and pharmacy (separate lag reports for actives and retirees)	
23. Summary of prescription drug rebates and subrogation recoveries received	
24. Premium and COBRA rates (please note whether or not rates include the 2% load) and self pay rates for plan years 2010, 2011, 2012 and 2013 for all fully insured and self funded products.	

25. Summary report showing a breakout of medical and mental health claims by inpatient, outpatient and professional categories	
26. PPO discount savings report, if available	

HISTORICAL CONTRIBUTION RATES ***Please provide the following information for each of the plan years 2010, 2011, 2012 and 2013 to date:***	**Received**
27. Summary of active earnings	
28. Summary of total employer contribution income	
29. Active contribution rates and summary of active employee contribution income	
30. Retiree contribution rates and summary of total retiree contribution income	
31. Employee Self-Pay contribution rates	

HISTORIC FINANCIAL REPORTS: ***Please provide the following information for each of the plan years 2011, 2012 and 2013 to date (or as otherwise noted):***	**Received**
32. Form 5500 and attachments (2012 only)	
33. Audited financial statements as of 2010, 2011 and 2012	
34. Operating statement financials by month	
35. Copy of ASC report (2011, 2012)	
36. Consultant's annual reports as well as periodic update reports	
37. Copy of the investment consultant's annual report for 2012 as well as the most recent report	
38. List of any plan design and vendor changes since January 1, 2011, including the effective dates and any analysis that accompanied these changes	
39. List of any health & welfare contribution changes since 2010, including the effective dates any analysis that accompanied these changes	

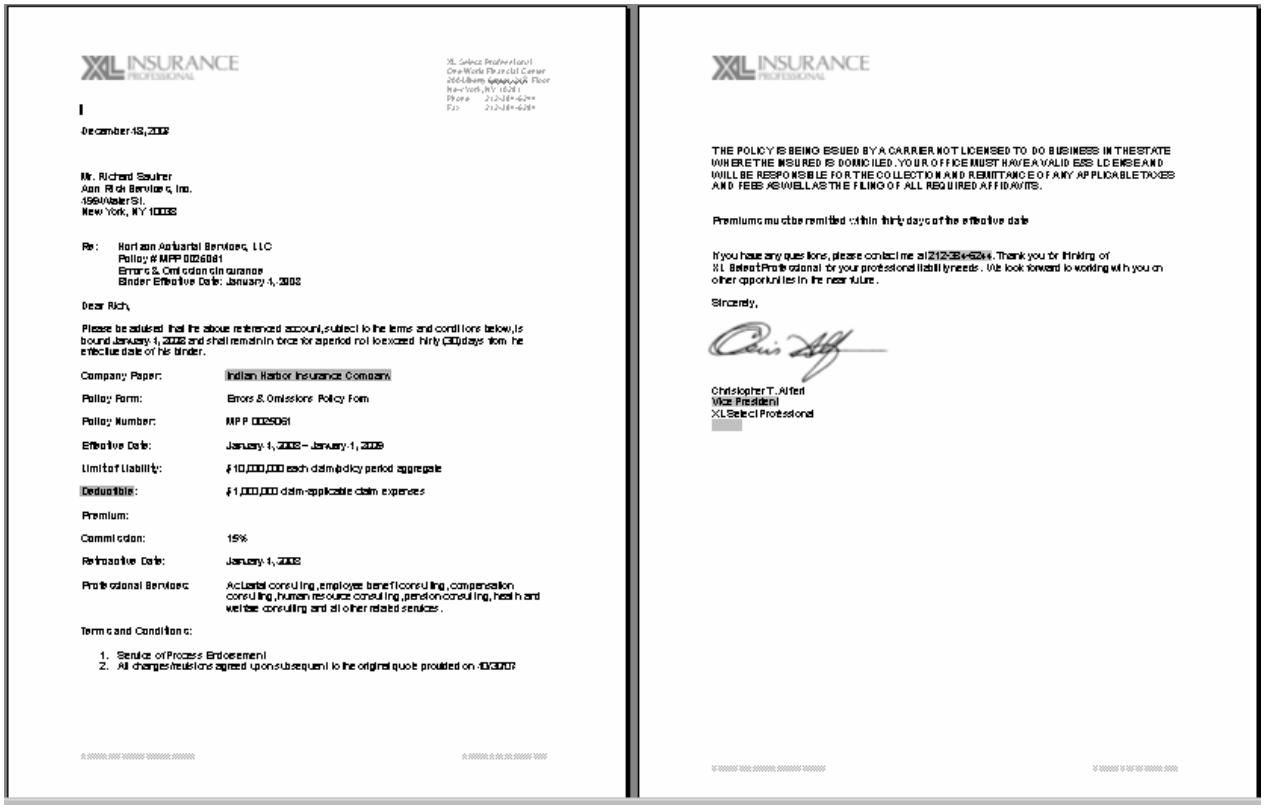
APPENDIX IV:

Professional Liability Insurance

Horizon
Actuarial Services, LLC

Professional Liability Insurance

Horizon Actuarial maintains professional liability (errors and omissions) insurance with limits of not less than $10,000,000. The coverage provider is XL Insurance, located at One World Financial Center, 200 Liberty Street, 21st Floor, New York, New York 10281. The insurance was bound on December 18, 2007, with a January 1, 2008 effective date. The binder letter is depicted below. No claim has ever been made against our errors and omissions insurance policy.



XL INSURANCE PROFESSIONAL

XL Select Professional
One World Financial Center
200 Liberty Street, 21st Floor
New York, NY 10281
Phone 212-384-6244
Fax 212-384-6284

December 18, 2007

Mr. Richard Sauter
Aon Risk Services, Inc.
199 Water St.
New York, NY 10038

Re: Horizon Actuarial Services, LLC
Policy # MPP 0026081
Errors & Omission Insurance
Binder Effective Date: January 1, 2008

Dear Rich,

Please be advised that the above referenced account, subject to the terms and conditions below, is bound January 1, 2008 and shall remain in force for a period not to exceed thirty (30) days from the effective date of this binder.

Company Paper:	Indian Harbor Insurance Company
Policy Form:	Errors & Omissions Policy Form
Policy Number:	MPP 0026081
Effective Date:	January 1, 2008 – January 1, 2009
Limit of Liability:	$10,000,000 each claim/policy period aggregate
Deductible:	$1,000,000 claim-applicable claim expenses
Premium:	
Commission:	15%
Retroactive Date:	January 1, 2008
Professional Services:	Actuarial consulting, employee benefit consulting, compensation consulting, human resource consulting, pension consulting, health and welfare consulting and all other related services.

Terms and Conditions:

1. Service of Process Endorsement
2. All changes/revisions agreed upon subsequent to the original quote provided on 12/3/2007

XL INSURANCE PROFESSIONAL

THE POLICY IS BEING ISSUED BY A CARRIER NOT LICENSED TO DO BUSINESS IN THE STATE WHERE THE INSURED IS DOMICILED. YOUR OFFICE MUST HAVE A VALID ESS LICENSE AND WILL BE RESPONSIBLE FOR THE COLLECTION AND REMITTANCE OF ANY APPLICABLE TAXES AND FEES AS WELL AS THE FILING OF ALL REQUIRED AFFIDAVITS.

Premiums must be remitted within thirty days of the effective date

If you have any questions, please contact me at 212-384-6244. Thank you for thinking of XL Select Professional for your professional liability needs. We look forward to working with you on other opportunities in the near future.

Sincerely,

Christopher T. Alfieri
Vice President
XL Select Professional

Horizon Actuarial Services, LLC