

ACTUARIAL SERVICES AGREEMENT

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KMS ACTUARIES, LLC

THIS ACTUARIAL SERVICES AGREEMENT (herein "Agreement"), is made and entered into this 19th day of July, 2024 ("Effective Date"), by and between KMS Actuaries, LLC ("KMS") and the Town of Andover, Massachusetts (the "Town"). The parties hereto agree as follows:

1. Services Provided by KMS. KMS agrees to perform the services specified below (hereinafter referred to as "Services") for the benefit of the Town.
 - a. Submit to the Town a comprehensive request for information ("Data Request").
 - b. Screen data submitted and verify the accuracy of the data.
 - c. Reconcile OPEB trust assets.
 - d. Select demographic and economic assumptions.
 - e. Develop per-capita claims cost.
 - f. Develop liabilities and calculations under the GASB standards.
 - g. Prepare and deliver an Actuarial Valuation Report containing the information required under the appropriate GASB standard, including breakout of results for the Town, Water and Sewer.

2. Delivery Timeframe. KMS agrees to provide each completed full valuation and roll-forward valuation report in the timeframe set forth below:
 - a. For each full valuation, within eight weeks from receipt of all complete census data and information requested in the Data Request.
 - b. For each roll forward valuation, within six weeks from receipt of all information requested in the Data Request.
 - c. KMS will notify the Town when all data and information has been received and provide the expected delivery date. KMS reserves the right to modify the expected delivery date if, in the course of providing Services, additional information is needed for completion of the report.

3. Town Responsibilities. The Town agrees:
 - a. To designate one liaison to compile and submit the information requested in the Data Request.
 - b. To provide, for each full valuation, medical, dental, life insurance and other benefit plan rates and census data that is complete and consistent with the data requirements as set forth in the Data Request provided by KMS.
 - c. To provide, for each roll forward valuation, employee and retiree counts and covered payroll as outlined in the Data Request provided by KMS.
 - d. To provide, for each valuation, OPEB trust information, investment policy statement, funding policy and any other information requested in the Data Request provided by KMS.
 - e. To respond, for each valuation, to requests regarding questionable data and/or missing information.

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4. Term and Termination. The term of this Agreement shall commence on the Effective Date and shall be continuous through June 30, 2026. Continuation and amendment of this Agreement shall occur by periodic acknowledgement of a revised Agreement. Each party may terminate this Agreement with ninety (90) days' prior written notice. In the event this Agreement is terminated by either party, KMS will work to ensure an orderly transition process; however, KMS' obligation and the obligation of its affiliates to provide the Services shall cease as of the effective date of such termination. The Town is responsible for payment for work performed through date of termination and for any additional expenses incurred in transition.
5. Payment for Services. The Town and KMS acknowledge and agree that as consideration for KMS' Services, the Town agrees to pay KMS the following Fees (hereinafter referred to as "Fees"):

| <u>Valuation Date</u> | <u>Disclosures</u> | <u>Valuation Type</u> | <u>Fee</u> |
|-----------------------|----------------------------|-----------------------|------------|
| July 1, 2023 | June 30, 2024 - GASB 74/75 | Full valuation | \$11,000 |
| July 1, 2023 | June 30, 2025 - GASB 74/75 | Roll-forward | \$5,000 |

- a. Fees include all clerical, printing, administrative and overhead costs required to perform the services.
- b. KMS will provide an electronic copy of the actuarial valuation reports. Any printed and copied reports will be provided at the Town's expense.
- c. KMS will submit invoices for services upon completion and delivery of the valuation report. The Town agrees to remit payment within thirty days of receipt of our invoice. A late charge of 1% per month will accrue on unpaid balances after 45 days.
- d. The fees above assume that the employee and retiree data is in usable form and will require little to no material adjustments. If the data files are resubmitted to KMS due to incomplete or unusable data, an additional fee will be assessed for each data file resubmitted for the time needed to reedit and make adjustments to the data.
- e. It may be necessary to adjust Fees if significant time and effort is required to collect usable employee and retiree data from the Town that is needed for the performance of Services or if revisions are needed to the completed actuarial valuation report as a result of inaccurate or incomplete data submitted by the Town.

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- f. Fees set forth above do not cover specialized consulting services outside the scope of Services. If such additional services are necessary, they will be billed on a fee-for-service basis at the following hourly rates, unless an alternate agreement is developed in advance:

| <u>Professional Staff</u> | <u>Hourly Rates</u> |
|------------------------------------|---------------------|
| Consulting Actuaries | \$375 TO \$450 |
| Associate Actuaries | \$275 TO \$375 |
| Actuarial Analysts | \$175 TO \$275 |
| Other Technical and Administrative | \$100 TO \$175 |

Examples of work that would be considered outside the scope of services outlined in this service agreement include additional disclosure calculations required due to changes in the benefit plan program, special consulting work related to any potential plan design changes or proposed changes in the funding policy, or preparation for and attendance at meetings with Boards or other interested parties.

6. Confidentiality. Each party hereto may disclose to the other party confidential information, whether written, oral or in any other form, including, but not limited to, certain programs, including without limitation, (i) KMS' processes, models, templates, techniques, innovations, forms and documents, and other trade secrets and proprietary information relating to KMS' Services; and (ii) the Town's covered employees, retirees and spouses under their current health insurance program, product(s), business and financial information and plans, budgets, sales and marketing plans and information, promotions, supplier lists, customer lists, findings and results from the performance of the Services by KMS (collectively, "Confidential Information"), as may be necessary to further the performance of this Agreement. Neither of the parties shall directly or indirectly disclose, allow access to, transmit or transfer any such information to a third party without obtaining the prior written consent of the other party. The receiving party is liable for any unauthorized use and disclosure of Confidential Information by its officers, employees and agents. The obligations of the parties hereunder shall not apply to information provided to the other party which at the time of disclosure is readily available to the public. The parties' obligations under this Section 6 shall survive termination of this Agreement.
7. Exclusion of Warranty. During the term of this Agreement, periodic reports will be submitted to the Town based upon conditions, practices and observations from information made available to KMS, with the full and timely cooperation of the Town. The observations and opinions in such reports will represent only the best judgment of KMS as to the condition reported. It is understood that the Town will be free to adopt or reject, in whole or in part, any information and/or recommendations given by KMS as the result of the Services performed pursuant to the Agreement.

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8. Disclaimer of Undertaking. KMS does not by virtue of the Services rendered to the Town, expressly or implied, undertake to perform or assume any duty owed by the Town to any of the Town's employees, visitors or any other persons in respect to the safe/healthful maintenance and/or the operation of the workplaces with respect to which the Services are performed. The Town will therefore hold KMS harmless from liability to any employee, visitor or other person claiming damages based upon alleged breach by KMS of a duty owed by the Town to such employee, visitor or other person. Neither party shall be liable to the other party or to any third party for any consequential damages arising out of or related to this Agreement, even if the party has been advised of the possibility of such damages.
9. Compliance with Laws. KMS and the Town agree to comply with all applicable federal and state laws and regulations concerning labor and labor relations and the terms and conditions thereof. Each party shall furnish to the other, upon written request, evidence of compliance with such provisions as may be applicable to each party's obligations under this Agreement. KMS has not undertaken any fiduciary liability under any of the Town's qualified or nonqualified plans.
10. Independent Contractor. The relationship between the Town and KMS is that of independent contracting entities. Neither the Town nor KMS is, nor shall be construed to be, the agent, representative, or employee of the other. KMS is free to contract for similar services with other parties while this Agreement is in force. The Town retains no control or direction over KMS with respect to the detail, manner or method of the performance of the Services by KMS. KMS does not by virtue of the Services rendered to the Town expressly or impliedly undertake to perform or assume any duty owed by the Town.
11. Assignment and Successors. Any assignment of this Agreement or of any rights hereunder shall be void and of no force or effect, unless agreed to by the parties in writing. This Agreement shall be binding upon the parties hereto, their heirs, successors, assigns and legal representatives, and references to KMS and the Town shall include their respective successors and permitted assigns.
12. Governing Law. Except to the extent preempted by any applicable federal law, this Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Massachusetts, without reference to laws governing conflicts of law.
13. Entire Agreement. This Agreement constitutes the entire and complete understanding between the parties and supersede all prior and contemporaneous verbal and written agreements, communications and representations relating to the subject matter hereof. Its terms can be modified only by an instrument in writing signed by both parties.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives.

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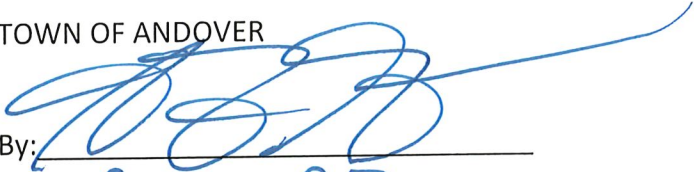
By: Linda Bournival

Name: Linda L. Bournival

Title: Manager

Date: July 19, 2024

TOWN OF ANDOVER

By: 

Name: Andrew P. Flanagan

Title: Town Manager

Date: 07/22/2024

