



July 15, 2008

Mr. Ted Cwiek
County of El Dorado
330 Fair Lane
Placerville, CA 95667

Re: Retiree Health Benefits Study

Dear Ted,

The County of El Dorado is requesting an actuarial report detailing the ongoing liability and annual cost (ARC) of its retiree health care program under the following scenarios:

- The program remains as is without changes
- The program is discontinued for all employees retiring after December 31, 2008

For each scenario, results will be shown with and without application of the 1.2% of pay cap on retiree medical expenditures.

The following outlines our anticipated process:

Project Process Steps

1. Initial planning meeting / conference call (*completed*)
2. The County provides requested data and information to Aon
3. Conference call to discuss valuation assumptions
4. Aon reviews data and provides questions (if any) to The County
5. The County clarifies/answers data questions
6. Results provided by Aon
7. Conference call to discuss results

The project fees and completion timeline depend on whether or not a full current data set is collected or if the data collected for active employees for the prior GASB 45 valuation as of June 30, 2006 is used. In any case, an updated data set containing The County's current retiree population will be provided by the County by July 18, 2008. The following chart outlines the fees and estimated completion timeline.

	Fees	Estimated Completion Date (Step 6)
Full Data Set	\$20,000 - \$30,000	8/8/2008 (2 weeks after receipt of clean data)
Partial Data Set	\$15,000 - \$17,000	7/25/2008

Aon Consulting agrees to preserve the confidentiality of any information we receive from you. In the same spirit, you agree to honor all Aon Consulting copyrights, patents and trademarks relating to the services or to any materials provided by Aon Consulting.

As noted above, our fees and estimated completion dates are contingent on receiving data in a timely manner, which is complete and accurate for the purposes of the work required, and in electronic format. Aon Consulting represents and warrants that its services hereunder shall be performed by competent personnel, shall be of professional and high quality, and shall comply in all respects with the requirements set forth herein. Additional work requested by you will be billed based on the hours worked. If the hours estimated to complete a specific request are significant, before commencing work we will provide you with a quote estimating the expected fee range for the requested additional work.

Please indicate whether a full or partial data set will be provided and sign below if The County of El Dorado approves these services and fees.

Full
(Full or Partial Data Set)

Accepted by:

[Signature]
(Signature)

7/22/08
(Date)

A.R. Director
(Title)

Sincerely,

[Signature] 7/15/2008
Brian J. Pieper, ASA, EA, MAAA
Assistant Vice President
Aon Consulting

Cc: Brad Au, Aon Consulting
Anil Kochhar, Aon Consulting