



RECORDKEEPING SERVICES AGREEMENT

This Recordkeeping Services Agreement (the "Agreement") between Digital Retirement Solutions, Inc. ("DRS") and City of Rapid City ("Employer") sets forth the terms and conditions under which DRS will provide services to the retirement plan known as City of Rapid City 457(b) Deferred Compensation Plan ("Plan"), which is sponsored by the Employer.

1. EFFECTIVE DATE

This Agreement will begin on March 1, 2008 ("Effective Date") and will continue in effect until terminated by either DRS or the Employer pursuant to Section 12 - Termination

2. SERVICES – GENERAL

DRS will provide services ("Services") to the Plan as listed on Schedule A of this Agreement. Any service or task not listed on Schedule A is the sole responsibility of the Employer. Any additional services, including but not limited to consulting and private letter ruling submissions, must be mutually agreed to in writing by both DRS and the Employer. DRS has the sole discretion to reasonably modify Schedule A from time-to-time upon providing the Employer with 90 days written notice of the modification. A general description of the Employer's responsibilities is set forth on Schedule B of this Agreement.

The Employer acknowledges that DRS cannot properly provide Services without the Employer correctly forwarding requested information to DRS, and the Employer further acknowledges and agrees to provide accurate, timely, and complete information and authorization in the manner and time frames prescribed by DRS. DRS will not be responsible for errors or added costs incurred due to inaccurate or untimely information provided by the Employer. Any reprocessing or correction of allocations, valuations, distributions, Participant statements, tests or other reports to correct such errors may be charged to the Employer. In the event that such failure results in the suspension or termination of recordkeeping services by DRS, the Employer agrees to hold DRS harmless.

3. SERVICES – PLAN DOCUMENT

DRS may provide Services to the Employer using a custom drawn document provided by Employer and agreed to by DRS. Employer acknowledges that DRS has not provided any advice regarding the document used by the Employer or any opinion regarding its compliance with any applicable laws.

4. SERVICES – ADDITIONAL RECONCILIATION

Employer acknowledges and agrees that DRS will provide services for plan assets invested solely in assets held and traded through a DRS approved custodian or participant loans within the Plan on or after the effective date.

Employer acknowledges and agrees that it is within DRS' sole discretion to provide recordkeeping services to the Employer for Plan assets not held and traded through a DRS approved custodian or participant loans on or after the Effective Date of this agreement. Employer further acknowledges and agrees to pay Additional Reconciliation Fees to DRS as set forth on Schedule C for any discretionary recordkeeping services provided to the Employer for Plan assets not held and traded through a DRS approved custodian or participant loans on or after the Effective Date of this agreement.

5. PROGRAM CONVERSION

Employer acknowledges and agrees that participation in DRS' PremiumSelect 457 program is dependent upon meeting the requirements outlined in Schedule D. If the Employer elects or is required to use Plan options, features, or investment options not available in the PremiumSelect 457 program, all recordkeeping services provided by DRS may immediately convert to another appropriate DRS recordkeeping program for the current Plan Year.

6. RESPONSIBILITIES

Employer acknowledges and agrees that DRS is not a "fiduciary" or "plan administrator" as those terms are defined in ERISA, and that nothing in this Agreement is intended to bestow upon DRS the status of fiduciary or plan administrator to the Plan. DRS will not be deemed to be providing legal, investment, or tax advice to the Employer pursuant to this Agreement. Employer agrees to obtain from third parties such legal, investment and tax advice as the Plan may require.

DRS will not be liable in any manner for any failure by the Employer to file accurate reports with the Department of Labor ("DOL") or the Internal Revenue Service ("IRS") in a timely manner or for the Employer's responsibility to distribute any other required materials or notices, including but not limited to, Summary Plan Descriptions, Summary Annual Reports, prospectuses, black-out notices and other investment information.

7. CONFIDENTIAL INFORMATION

DRS may disclose confidential information to regulatory examiners, and, as may be required by law or by order of a court of competent jurisdiction, to governmental agencies or persons, without the consent of the Employer, the Plan Administrator, any Participant, or any other person affiliated with the Plan.

8. WEBSITE

DRS will in no way be responsible for any damages resulting from improper, inadequate, or unauthorized use of the DRS website.

9. FEES AND EXPENSES

DRS will receive fees ("Fees") as set forth on Schedule C of this Agreement. DRS will either invoice the Employer or debit the ongoing fees from Plan assets, in accordance with the Employer's selection on their most recent DRS Service Options form. DRS reserves the right to modify the fees upon not less than 90 days written notice to Employer. Employer acknowledges and agrees that the fees are based upon Employer's compliance with all reasonable practices and procedures set forth by DRS, and that Employer may be responsible for payment of additional fees to DRS if Employer deviates from DRS' practices and procedures.

DRS reserves the right to discontinue providing any or all of the Services immediately in the event Employer fails to pay all fees when due.

10. ACCEPTANCE OF STATEMENTS, REPORTS AND OTHER DOCUMENTS

Any statement, report or other document issued by DRS pursuant to this Agreement shall be deemed correct unless DRS receives written notice from the Employer of any error, omission or inaccuracy within 30 days after such statement, report or other document is received by the Employer.

11. FORCE MAJEURE

If DRS is unable to perform the services described in this Agreement, and/or in the time frame specified in this Agreement, by reason of fire, earthquake, flood, tornado, storm, any act of God, any act of terrorism, power or utility failure, unusual trading activity or the suspension or disruption of trading on any exchange, riot insurrection, war or other national, state or municipal emergency, governmental preemption in connection with a national emergency, any rule, order or regulation of any governmental agency or other similar event that is normally considered to constitute a force majeure or that is beyond control, such services and time frames shall be appropriately adjusted to the extent that DRS can reasonably be expected to fulfill such functions. DRS shall maintain at an appropriate alternate location adequate back-up magnetic media files so as to allow full recovery to provide its services as described herein.

12. TERMINATION

This Agreement may be terminated with or without cause by either DRS or the Employer, provided that the terminating party gives the other party written notice of such termination at least thirty (30) calendar days in advance of the proposed termination date. Upon termination of this Agreement by the Employer, the Employer shall pay DRS any fees owed up to the date of termination and, in addition, the actual costs incurred by DRS in terminating its operations and/or in transferring documents and records to such other party designated by the Employer. DRS shall cooperate in good faith with the Employer or successor service provider to ensure an orderly transition of responsibility. DRS shall be entitled to withhold any unpaid fees, costs or taxes from any assets being transferred.

This Agreement may be terminated immediately by DRS upon providing the Employer with written notification if Employer is administering or operating the Plan in a manner which DRS reasonably believes to be inconsistent with plan documents, IRS and DOL regulations or if Employer engages in activities which DRS reasonably believes to be illegal.

13. AMENDMENT

Employer may not amend or modify this Agreement except in a writing signed by both parties. DRS may amend and modify this Agreement from time to time by providing written notice to the Employer; provided, however, that if Employer objects to any such amendment or modification, it may exercise its right to terminate this Agreement.

14. RETENTION OF PLAN RECORDS

Employer acknowledges and agrees that it is solely responsible for the retention of all Plan records including copies of IRS required reports.



15. NOTICES

Any notice required under this Agreement must be in writing and must be given by either certified mail, return receipt requested, or any overnight mail, and must be addressed to the parties as follows:

To DRS: Digital Retirement Solutions, Inc.
2420 Trade Centre Avenue
Longmont, CO 80503
Attention: Plan Support Services

To Employer: The current address for Employer as it is in DRS' records

16. ENTIRETY OF AGREEMENT

The terms and provisions contained in this Agreement constitute the entire agreement between the parties, shall supersede all previous communications, representations or agreements either verbal or written hereof, and shall inure to the benefit of and be binding upon the parties or their successors and assigns by merger, consolidation or other reorganization.

17. SEVERABILITY

Should any provisions of this Agreement be determined to be in conflict with the laws of any jurisdiction, including but not limited to Federal or state laws, such provision shall be severed from the Agreement as being invalid and, if such severance causes this Agreement to be inoperable, this entire Agreement shall terminate.

18. WAIVER OF BREACH

A waiver by the Employer or by DRS of any breach of any term, covenant or condition of this Agreement shall not be deemed a waiver of any subsequent breach of any other term, covenant or condition; and the failure of either party at any time to require performance by the other party of any provision hereof shall in no way affect the full right to require such performance at any time thereafter.

19. GOVERNING LAW

To the extent not governed by Federal law, this Agreement is to be governed by, and construed in accordance with the laws of the State of South Dakota.

20. SIGNATURES

Employer certifies it is legally authorized to enter into this Agreement on behalf of the Plan.

City of Rapid City
Name of Company (the "Employer")

Digital Retirement Solutions, Inc.

By _____

By _____

James F. Preston, Finance Officer
Name/Title

Andrea Childers
Name

Date

Director of Plan Establishment
Title

jim.preston@rcgov.org
E-Mail Address

Date

By _____

Alan Hanks, Mayor
Name/Title

Date

mayor@rcgov.org
E-Mail Address

Schedule A – Services

Start-Up Services

1. Custodial Account Establishment
2. Master Forms for Plan including Enrollment Forms

Recordkeeping Services

1. Daily Valuation of Plan Assets held and tradable through a DRS supported custodian
2. Quarterly or Annual Valuation Reports for Employer
3. Quarterly or Annual Account Statements for Participants
4. Account Statements for Participants via Email (Participant Elected Option)
5. 24/7 Internet Access for Plan Sponsor and Participants
6. 24/7 Voice Response Unit (VRU) Access for Participants
7. Contribution Processing
8. Automated Investment Exchanges
9. Automated Investment Election Changes (Optional)
10. Automated Loan Application (Optional)

Distribution Services

1. Supply Custodian with Information Required to Prepare IRS Forms 1099-R
2. Calculate Distribution Payments for
 - a. Severance from Employment with the Employer
 - b. Unforeseeable Emergency
 - c. Required Minimum Distributions
 - d. Death Benefits
 - e. Plan-Approved Domestic Relations Order (PADRO), if applicable

Loan Services

1. Process Loan Applications
2. Verify Amount Available for Loan
3. Request Funding for Approved Loans from Custodian
4. Prepare Loan Initiation Forms, including
 - a. Loan Disclosure
 - b. Loan Agreement, Note and Pledge
 - c. Spousal Consent to Loan
 - d. Amortization Schedule

Termination Services

1. Transmit plan records, including participant accounts values by source and fund, to the new service provider in DRS' standard file format.
2. Assist in the transfer Plan assets to one financial institution.

Schedule B – Employer Responsibilities

The Employer acknowledges it has many responsibilities in maintaining an eligible governmental 457(b) plan including, but not limited to:

1. Obtaining state legislative approval to establish and maintain an eligible governmental 457(b) plan.
2. Obtaining authorization to establish an eligible governmental 457(b) plan by the Employer's governing body.
3. Creating and maintaining a written plan document.
4. Establishing a trust and funding vehicles for the Plan.
5. Authorizing distributions from the Plan to participants or beneficiaries, approving benefit payments, plan-approved domestic relations orders, and communications to participants.
6. Communicating to participants deadlines and the proper form for providing investment/trade instructions to DRS.
7. Distributing participant statements, for those participants with incomplete or inaccurate mailing addresses, to each participant promptly upon receipt from DRS.
8. Notifying employees of the Plan's eligibility requirements, their right to participate in the Plan, and instructions for enrolling in the Plan.
9. Obtaining from third-parties such legal, investment, and tax advice as the Plan may require.
10. Providing complete, accurate and timely information in the manner and timeframes prescribed by DRS.
11. Providing DRS with enrollment elections in a timely manner (if applicable).
12. Retaining copies of all plan records, documents and reports.
13. Reviewing for accuracy and completeness all plan reports or confirmations promptly upon receipt from DRS.
14. Transferring plan contributions, including salary deferral contributions, to the trust promptly following the close of each payroll period.

Schedule C - PremiumSelect 457 Fees

Setup Fees

New Plan.....	\$500
Existing Plan.....	\$1,000

Annual Administration Fees

Base Fee! \$2,500*
 *If the Plan maintains a balance of \$5,000,000 or more on the last day of each quarter in PremiumSelect Funds the Base Fee will be waived for that quarter.

Eligible Employee Fee:

Up to 500.....	\$29 per eligible employee
501 to 1,000.....	\$26 per eligible employee
1,001 to 1,500.....	\$23 per eligible employee
1,501 to 2,000.....	\$20 per eligible employee
Next 2,001 +.....	\$17 per eligible employee

Discount on Eligible Employee Fee:

Proportional discount applied to per eligible employee fee based on the number of PremiumSelect funds to total fund ratio.

For example:

1 out of 10 Funds PremiumSelect.....	10% Discount (\$26.10 per eligible employee after discount)
5 out of 10 Funds PremiumSelect.....	50% Discount (\$14.50 per eligible employee after discount)
10 out of 10 Funds PremiumSelect.....	100% Discount (\$0.00 per eligible employee after discount)

Additional Fees

Distribution Fee.....	\$40/calculation
Loan Document Fee.....	\$100/set

Custodial Fees

Custodial.....	5 basis points
Wire Transfers.....	\$20 per occurrence
Distribution/Loan Request Checks (includes withholding & Form 1099-R).....	\$20 per occurrence
Overnight Delivery Service.....	\$25 per occurrence

Additional Recordkeeping Service Fees

Please contact DRS directly for a quote on services not mentioned above. Hourly rates are between \$50 and \$150 depending on the service requested.

"Extraordinary" reconciliation or "clean-up" of account(s) will be charged at an hourly rate between \$50 and \$150 depending on the service requested.

Signature

Date

The recordkeeping service fees listed above have been reduced or waived in this DRS product based upon recordkeeping subsidies paid by the mutual fund families to DRS on your plan's behalf. Please contact DRS for more detailed information on any of these cost saving arrangements.

Schedule D - PremiumSelect 457 Program Requirements

1. If the Employer elects or is required to use Plan options or features not available in the PremiumSelect 457 program, all services provided by DRS may, at DRS' discretion, immediately convert to another appropriate DRS recordkeeping program for the current Plan Year. Any Base Fee paid to DRS for the current Plan Year under the PremiumSelect 457 program will be applied to the full Base Fee due under the new program.
2. Plan assets can only be invested in assets held and traded through a DRS approved custodian or participant loans within the Plan on or after the effective date of the agreement.
3. Plan must submit payroll contribution information electronically to DRS (via email or diskette) in an acceptable format.
4. Plans must qualify for NAV purchases when using a fund with NAV requirements.