

CITY COUNCIL STAFF REPORT

Current Business Item No. 18

February 14, 2018

File No. 0600-10, A-3239

SUBJECT: Section 115 Irrevocable Pension Trust Agreement

DEPARTMENT: Finance Department

RECOMMENDATION:

It is requested that the City Council:

1. Adopt Resolution No. 2018-11, authorizing the establishment of a Section 115 Irrevocable Pension Trust with Public Agency Retirement Services (PARS), and approve an initial deposit of \$1,984,000 from the General Fund "PERS Rate Smoothing Reserve" into the PARS Public Agencies Post-Employment Benefits Trust for the purpose of pre-funding pension obligations.
2. Authorize the Deputy City Manager/Administrative Services or her designee as the City's Plan Administrator of the Trust Program.
3. Approve and authorize the Mayor and City Clerk to execute a Consulting Agreement between PARS and the City of Escondido to administer the Trust (Exhibit A).
4. Approve a budget adjustment to transfer General Fund proceeds to a Pension Trust Fund to establish the Section 115 Irrevocable Pension Trust.

FISCAL ANALYSIS:

Total combined administrative, trustee and investment management fees start at 0.60 percent of assets, but are tiered and will become lower as assets in the program increase. For example, when assets grow to \$5 million the annual fee will be 0.50 percent of assets and at \$10 million the annual fee will be 0.40 percent of assets. These fees will be paid from plan assets.

CORRELATION TO THE CITY COUNCIL ACTION PLAN:

This item relates to the Council Action Plan regarding Fiscal Management. The establishment of a Section 115 Irrevocable Pension Trust to assist in ensuring long-term sustainability of pension benefits.

PREVIOUS ACTION:

The City Council conducted a Pension Workshop on September 27, 2017. Policy direction was provided to establish a Section 115 Irrevocable Pension Trust, along with pension funding options and a policy on the use of one-time money. City staff has since requested proposals and three firms have responded.

BACKGROUND:

The Escondido City Council has established a financial policy to adopt a structurally balanced budget for the City each year. A budget is structurally balanced if it does not spend more on ongoing costs than it receives in ongoing revenues. This policy is a necessary component of good financial management and financial discipline and assures consistent delivery of services to Escondido residents. Maintaining a structurally balanced budget has become more challenging each year due to rising pension costs, which are increasing at a faster rate than growth in ongoing revenues.

The increased pension costs are largely the result of rising pension unfunded accrued liabilities (UAL). The UAL is the gap between pension assets and pension liabilities. One of the most critical assumptions in attaining full pension funding is the rate of return on investments. Prior to Fiscal Year 2016-17, CalPERS assumed an annual investment rate of return on pension assets of 7.5 percent. Unfortunately, CalPERS did not always achieve this rate of return and the outlook from the investment community and actuaries for a 7.5 percent annual rate of return was increasingly pessimistic. In fact, CalPERS investment returns in the last six fiscal years have been:

CalPERS History of Investment Returns	
Year	Investment Return
2012	0.1%
2013	13.2%
2014	18.4%
2015	2.4%
2016	0.6%
2017	11.2%

When lower investment earnings occur, future contributions must increase to make up the expected difference. As a consequence of this performance, a long, low-interest rate environment, and movement toward a more “risk averse” portfolio, the CalPERS Board approved a plan on December 21, 2016, to reduce the assumed rate of return from 7.5 percent to 7.0 percent with the impact being phased in over a three-year period. This phase in began in FY 2018-19 with required employer pension contributions being calculated using an assumed rate of return of 7.375 percent.

The CalPERS gradual decrease in the assumed rate of return of 50 basis points over the next 3 years will result in much higher employer pension contributions for the City as seen in the chart on the next page. This chart depicts by fiscal year, the City’s total projected CalPERS payments, including the portion that is categorized as the unfunded liability portion. In five years, the employer pension contributions are projected to increase by \$15.3 million or 68 percent.

CalPERS CONTRIBUTIONS (In Millions)		
Fiscal Year	Unfunded Liability Portion	Total PERS Projected Cost
2017-18	\$13.7	\$22.5
2018-19	\$16.2	\$25.6
2019-20	\$19.1	\$28.8
2020-21	\$21.4	\$32.1
2021-22	\$24.2	\$35.2
2022-23	\$26.7	\$37.8

The City Council discussed all of these issues at the September 2017 workshop. A primary policy direction emerging from the workshop was establishing a Section 115 Irrevocable Pension Trust. A Section 115 Irrevocable Pension Trust would provide the City with an alternative to sending funds to CalPERS and will provide greater local control over assets and portfolio management. Other benefits to establishing a separate retirement funding trust include:

- Pension volatility mitigation-contributions from the trust can be transferred to CalPERS at the City's discretion to offset fluctuations in the required annual contributions impacted by CalPERS investment returns.
- Trust assets can be accessed any time so long as they are used to fund the City's pension obligations and defray reasonable related expenses.
- There is greater investment flexibility with a Section 115 Trust compared to restrictions on general fund investments.
- There is greater investment security with a Section 115 Trust compared to CalPERS investment management, risk appetite, and portfolio allocation.
- There can be greater oversight and local control of fund management selection and monitoring of performance.

Proposals were received from three firms in California that offer Section 115 Trusts: Public Agency Retirement Services (PARS), Public Financial Management Group (PFM), and Keenan Financial Services.

The City Treasurer, Assistant Director of Finance and Benefits Manager examined the offerings of each proposal to determine which best provides for the needs of the City. After reviewing the proposals, it was determined both PARS and Keenan have similar returns and similar downside protection in the event of a stock market downturn. The fees for the two administrators do not vary significantly, yielding similar costs for services. However, PARS has the most widely adopted Section 115 Irrevocable Trust program to date. To date, 122 public agencies have adopted the Pension Stabilization Program (PRSP) through PARS including the City of La Mesa, City of Coronado, City of National City, and the City of Solana Beach.

The PARS PRSP is structured with some key characteristics:

- **Separate Accounts:** Separate accounts (or sub-trusts) are maintained for each employer and assets are segregated by individual agency. In addition, agencies can create separate sub-accounts by CalPERS plan (e.g., Miscellaneous and Safety) if required.
- **Separate Liabilities:** Employer contributions provide benefits only for employees of that employer. This means there is no cross-liability or joint liability among participating public agencies, and no sharing of investment earnings or losses.
- **Economies of Scale:** By using a multiple employer trust approach, the City benefits from the cost, legal, and administrative efficiencies associated with joining other public entities.
- **Local Control:** There is no central authority placing mandates on the trust that may not be in the best interests of the City.
- **Tailored Investments:** Assets can be pooled for investment purposes based on asset allocation risk models to fit with the City's actuarial and discount rate needs.

The Section 115 Irrevocable Pension Trust offered by PARS has five portfolios: Capital Appreciation, Balance, Moderate, Moderately Conservative, and Conservative. Each portfolio has different risk profiles with different amounts invested in equities and other instruments. Staff recommends selecting the "Moderately Conservative" portfolio which has 30 percent in equities as of November 30, 2017. The average return net of fees for the "Moderately Conservative" portfolio between the years 2009-2016 was 7.35 percent. The "Moderately Conservative" portfolio is the second most conservative portfolio among the five offered and is selected by the majority of public agencies participating in PARS Section 115 Irrevocable Trust.

To initially fund the Section 115 Irrevocable Pension Trust, City Staff is recommending an initial deposit of \$1,984,000. This initial deposit is coming from the "Reserve for PERS Rate Smoothing" funds previously set aside by the City Council.

Within the next several months, staff will return with a proposed amendment to the City's financial policy to permit the deposit of other monies into the Trust, as well as a strategic plan for funding the Trust on a more permanent basis and thus addressing the City's CalPERS unfunded liability.

APPROVED AND ACKNOWLEDGED ELECTRONICALLY BY:

Sheryl Bennett, Deputy City Manager/Administrative Services
2/8/2018 11:09 a.m.

ATTACHMENTS:

1. Attachment 1 - Budget Adjustment
2. Resolution No. 2018-11
3. Resolution No.2018-11 – Exhibit A -Consulting Agreement with Public Agency Retirement Services (PARS)



CITY OF ESCONDIDO
BUDGET ADJUSTMENT REQUEST

Date of Request: 02/07/2018
Department: Administrative Services
Division:
Project/Budget Manager: Joan Ryan 4338
Name Extension
Council Date (if applicable): February 14, 2018
(attach copy of staff report)

For Finance Use Only
Log #
Fiscal Year
Budget Balances
General Fund Accts
Revenue
Interfund Transfers
Fund Balance

Table with 4 columns: Project/Account Description, Account Number, Amount of Increase, Amount of Decrease. Rows include Reserve for PERS Rate Smoothing, Transfer Out, and Transfer In.

Explanation of Request:

Transfer funds held in the General Fund "PERS Rate Smoothing Reserve" to the Pension Trust Fund to establish a Section 115 Irrevocable Pension Trust.

APPROVALS

Department Head signature
Finance signature

2/7/18
Date
2/7/18
Date

City Manager
Date
City Clerk
Date

Distribution (after approval): Original: Finance

RESOLUTION NO. 2018-11

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AUTHORIZING THE MAYOR AND CITY
CLERK, TO EXECUTE, ON BEHALF OF THE
CITY, THE ADOPTION OF THE PUBLIC
AGENCIES POST-EMPLOYMENT BENEFITS
TRUST ADMINISTERED BY PUBLIC
AGENCY RETIREMENT SERVICES

WHEREAS, the Public Agency Retirement Services (“PARS”) has made available the PARS Public Agencies Post-Employment Benefits Trust (“Program”) for the purpose of pre-funding pension obligations; and

WHEREAS, it is determined to be in the best interest of the City of Escondido (“City”) to set aside funds for pre-funding its CalPERS pension obligation that will be held in a trust for the exclusive purpose of making future contributions of the City’s required pension contributions, and any employer contributions in excess of such required contributions, at the discretion of the City; and

WHEREAS, the City is eligible to participate in the Program, a tax-exempt trust performing an essential governmental function within the meaning of Section 115 of the Internal Revenue Code, as amended, and the Regulations issued there under, and is a tax-exempt trust under the relevant statutory provisions of the State of California; and

WHEREAS, the City’s adoption and operation of the Program has no effect on any current or former employee’s entitlement of post-employment benefits; and

WHEREAS, the terms and conditions of post-employment benefit entitlement, if any, are governed by contracts separate from and independent of the Program; and

WHEREAS, the City's funding of the Program does not, and is not intended to, create any new vested right to any benefit nor strengthen any existing vesting right; and

WHEREAS, the City reserves the right to make contributions, if any, to the Program.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the City Council hereby adopts the PARS Public Agencies Post-Employment Benefits Trust, effective February 14, 2018.
3. The City Council hereby appoints the Deputy City Manager, or his/her successor or his/her designee as the City's Plan Administrator for the Program.
4. That the Mayor and City Clerk, are authorized on behalf of the City, to execute the Consulting Agreement ("Agreement") between the City of Escondido and PARS, attached as Exhibit "A" and incorporated herein, in accordance with the Attachment "A" to the Agreement.
5. The City's Plan Administrator is hereby authorized to execute the PARS legal and administrative documents on behalf of the City and to take whatever additional actions are necessary to maintain the City's participation in the Program and to maintain compliance of any relevant regulation issued or as may be issued.



CITY OF ESCONDIDO
CONSULTING AGREEMENT

This Agreement is made this 14th day of February, 2018.

Between: CITY OF ESCONDIDO
a Municipal Corporation
201 N. Broadway
Escondido, California 92025
Attn: Patrice Russell
760-839-4865
("CITY")

And: Phase II Systems Inc.
DBA Public Agency Retirement Services (PARS)
4350 Von Karman Ave Ste. 100
Newport Beach, CA 92660
Attn: Jennifer Meza
800-540-6369 x 141
("CONSULTANT")

WITNESS THAT WHEREAS:

- A. It has been determined to be in the CITY's best interest to retain the professional services of a consultant to provide services pertaining to the establishment of a post-employment benefits trust for the purpose of pre-funding pension obligations; and
- B. The CONSULTANT is considered competent to perform the necessary professional services for CITY.

NOW, THEREFORE, it is mutually agreed by and between CITY and CONSULTANT as follows:

1. Services. The CONSULTANT will furnish all of the services as described in "Attachment A" which is attached and incorporated by this reference.
2. Compensation. The CITY will pay the CONSULTANT in accordance with the fee schedule specified in "Attachment A". Any breach of this Agreement will relieve CITY from the obligation to pay CONSULTANT, if CONSULTANT has not corrected the breach after CITY provides notice and a reasonable time to correct it.
3. Scope of Compensation. The CONSULTANT will be compensated for performance of tasks specified in "Attachment A" only. No compensation will be provided for any other tasks without specific prior written consent from the CITY.

4. Duties. CONSULTANT will be responsible for the professional quality, technical accuracy, timely completion, and coordination of all reports and other services furnished by the CONSULTANT under this Agreement, except that the CONSULTANT will not be responsible for the accuracy or late delivery of information supplied by the CITY as specified in the exhibit attached hereto as "Attachment A".
5. Personnel. The performance of services under this Agreement by certain professionals is significant to the CITY. CONSULTANT will assign the persons listed on "Attachment B" which is attached and incorporated by this reference, to perform the Services described in Paragraph 1, and will not add or remove persons from the list without the prior written consent of the CITY. If no designation is made, then CONSULTANT may not assign services without obtaining the advance written consent of the CITY. CONSULTANT will not subcontract any tasks under this Agreement without obtaining the advance written consent of the CITY.
6. Termination. Either CONSULTANT or the CITY may terminate this Agreement with thirty (30) days advance written notice.
7. City Property. All original documents, drawings, electronic media, and other material prepared by CONSULTANT under this Agreement immediately becomes the exclusive property of the CITY, and may not be used by CONSULTANT for any other purpose without prior written consent of the CITY.
8. Insurance.
 - a. The CONSULTANT shall secure and maintain at its own cost, for all operations, the following insurance coverage, unless reduced by the City Attorney:
 - (1) Commercial General liability insurance. Occurrence basis with minimum limits of \$1,000,000 each occurrence, \$2,000,000 General Aggregate, and \$1,000,000 Products/Completed Operations Aggregate; and
 - (2) Automobile liability insurance of \$1,000,000 combined single-limit per accident for bodily injury and property damage, unless waived as provided in 8(b) below; and
 - (3) Workers' compensation and employer's liability insurance as required by the California Labor Code, as amended, or certificate of sole proprietorship; and
 - (4) Errors and Omissions professional liability insurance with minimum coverage of \$1,000,000.
 - b. It is the parties' understanding that the use of a motor vehicle is not a primary subject of this Agreement. CONSULTANT acknowledges that operating a motor vehicle is outside the scope of this Agreement and occurs only at the convenience of the CONSULTANT. A waiver of automobile liability insurance is only effective if both sets of initials appear below, otherwise such insurance is required.

Acknowledged by CONSULTANT _____

Waiver appropriate by CITY _____

- c. Each insurance policy required above must be acceptable to the City Attorney.

- (1) Each policy must provide for written notice within no more than thirty (30) days if cancellation or termination of the policy occurs, except 10-days' notice for non-payment of premium. Insurance coverage must be provided by an A.M. Best's A- rated, class V carrier or better, admitted in California, or if non-admitted, a company that is not on the Department of Insurance list of unacceptable carriers.
 - (2) All non-admitted carriers will be required to provide a service of suit endorsement.
 - (3) Both the Commercial General Liability and the Automobile Liability policies must name the CITY specifically as an additional insured under the policy on a separate endorsement page. The CITY includes its officials, employees, and volunteers. The endorsement must be ISO Form CG 20 10 11 85 edition or its equivalent for Commercial General Liability endorsements and CA 20 01 for Automobile Liability endorsements.
 - (4) The Commercial General Liability policy must include coverage for bodily injury and property damage arising from CONSULTANT's work, including its on-going operations and products-completed operations hazard.
 - (5) The Commercial General Liability policy must be primary and noncontributory and any insurance maintained by CITY is excess.
- d. In executing this Agreement, CONSULTANT agrees to have completed insurance documents on file with the CITY within fourteen (14) days after the date of execution. Failure to comply with insurance requirements under this Agreement will be a material breach of this Agreement, resulting in immediate termination at CITY's option.

9. Indemnification. The City shall have no liability to CONSULTANT or any other person, and CONSULTANT shall indemnify, defend, and hold harmless the City from and against, any and all liabilities, claims, actions, causes of action, proceedings, suits, damages, judgments, liens, levies, costs and expenses of whatever nature, including reasonable attorneys' fees and disbursements (collectively "Claims"), for which the City may suffer or incur or to which the City may become subject to third parties as a result of or allegedly caused by CONSULTANT's activities or obligations associated with this Agreement. However, CONSULTANT shall not indemnify the City to the extent the Claims result from the City's gross negligence, wrongful or unlawful conduct or omission, including the disbursement or transfer of funds directed in writing by authorized City personnel. The City shall indemnify, defend, and hold harmless CONSULTANT from and against any and all Claims to the extent such Claims result from the City's gross negligence, wrongful or unlawful conduct or omission, including the disbursement or transfer of funds directed in writing by authorized City personnel.

If any action or proceeding is brought against the City or CONSULTANT by reason of any of the matters against which the other party has agreed to indemnify such party as provided above, the indemnifying party, upon notice from the indemnified party, shall defend the indemnified party at the indemnifying party's expense by counsel acceptable to the indemnified party, such acceptance not to be unreasonably withheld, conditioned or delayed. The indemnified party need not have first paid for any of the matters to which it is entitled to indemnification in order to be so indemnified. The provisions of this section shall survive the expiration or earlier termination of this Agreement.

10. Anti-Assignment Clause. The CONSULTANT may not assign, delegate or transfer any interest or duty under this Agreement without advance written approval of the CITY, and any attempt to do so will immediately render this entire Agreement null and void. Unless CONSULTANT assigns this entire Agreement, including all rights and duties herein, to a third party with the CITY'S written consent, CONSULTANT shall be the sole payee under this Agreement. Any and all payments made pursuant to the terms of this Agreement are otherwise not assignable.
11. Costs and Attorney's Fees. In the event that legal action is required to enforce the terms and conditions of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees and costs.
12. Independent Contractor. CONSULTANT is an independent contractor and no agency or employment relationship, either express or implied, is created by the execution of this Agreement.
13. Merger Clause. This Agreement and its Attachments, if any, are the entire understanding of the parties, and there are no other terms or conditions, written or oral, controlling this matter. In the event of any conflict between the provisions of this Agreement and any of its Attachments, the provisions of this Agreement must prevail.
14. Anti-Waiver Clause. None of the provisions in this Agreement will be waived by CITY because of previous failure to insist upon strict performance, nor will any provision be waived by CITY because any other provision has been waived, in whole or in part.
15. Severability. The invalidity in whole or in part of any provision of this Agreement will not void or affect the validity of any other provisions of this Agreement.
16. Choice of Law. This Agreement is governed by the laws of the State of California. Venue for all actions arising from this Agreement must be exclusively in the state or federal courts located in San Diego County, California.
17. Multiple Copies of Agreement/Counterparts. Multiple copies and/or counterparts of this Agreement may be executed, including duplication by photocopy or by computerized scanning device. Each duplicate will be deemed an original with the same effect as if all the signatures were on the same instrument. However, the parties agree that the Agreement on file in the office of the Escondido City Clerk is the copy of the Agreement that shall take precedence should any differences exist among copies or counterparts of the document.
18. Provisions Cumulative. The foregoing provisions are cumulative and in addition to and not in limitation of any other rights or remedies available to the CITY.
19. Notices to Parties. Any statements, communications or notices to be provided pursuant to this Agreement must be sent to the attention of the persons indicated below. Each party agrees to promptly send notice of any changes of this information to the other party, at the address first above written.
20. Business License. The CONSULTANT is required to obtain a City of Escondido Business License prior to execution of this Agreement.

21. Compliance with Applicable Laws, Permits and Licenses. CONSULTANT shall keep itself informed of and comply with all applicable federal, state, and local laws, statutes, codes, ordinances, regulations, and rules in effect during the term of this Agreement. CONSULTANT shall obtain any and all licenses, permits, and authorizations necessary to perform services set forth in this Agreement. Neither CITY, nor any elected nor appointed boards, officers, officials, employees, or agents of CITY shall be liable, at law or in equity, as a result of any failure of CONSULTANT to comply with this section.

22. Immigration Reform and Control Act of 1986. CONSULTANT shall keep itself informed of and comply with the Immigration Reform and Control Act of 1986. CONSULTANT affirms that as an employer in the State of California, all new employees must produce proof of eligibility to work in the United States within the first three days of employment and that only employees legally eligible to work in the United States will be employed on this public project. CONSULTANT agrees to comply with such provisions before commencing and continuously throughout the performance of this Agreement.

(Signatures on Following Page)

IN WITNESS WHEREOF, the parties below are authorized to act on behalf of their organizations, and have executed this Agreement as of the date set forth below.

CITY OF ESCONDIDO

Date: _____

Sam Abed
Mayor

Date: _____

Diane Halverson
City Clerk

PHASE II SYSTEMS INC.
DBA Public Agency Retirement Services (PARS)

Date: _____

(Consultant name)

(Consultant signature)

Title

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
MICHAEL R. MCGUINNESS, City Attorney

By: _____

THE CITY OF ESCONDIDO DOES NOT DISCRIMINATE AGAINST QUALIFIED PERSONS WITH DISABILITIES.

ATTACHMENT A

SERVICES

CONSULTANT will provide the following services for the City of Escondido Public Agencies Post-Employment Benefits Trust:

1. Plan Installation Services:
 - (A) Meeting with appropriate CITY personnel to discuss plan provisions, implementation timelines, actuarial valuation process, funding strategies, benefit communication strategies, data reporting, and submission requirements for contributions, reimbursements, distributions;
 - (B) Providing the necessary analysis and advisory services to finalize these elements of the Plan;
 - (C) Providing the documentation needed to establish the Plan to be reviewed and approved by CITY legal counsel. Resulting final Plan documentation must be approved by the CITY prior to the commencement of CONSULTANT Plan Administration Services outlined in Attachment A, paragraph 2 below.
2. Plan Administration Services:
 - (A) Monitoring the receipt of Plan contributions made by the CITY to the trustee of the PARS Public Agencies Post-Employment Benefits Trust ("Trustee"), based upon information received from the CITY and the Trustee;
 - (B) Performing periodic accounting of Plan assets, reimbursements/distributions, and investment activity, based upon information received from the CITY and/or Trustee;
 - (C) Coordinating the processing of distribution payments pursuant to authorized direction by the CITY, and the provisions of the Plan, and, to the extent possible, based upon CITY-provided Data;
 - (D) Coordinating actions with the Trustee as directed by the Plan Administrator within the scope this Agreement;
 - (E) Preparing and submitting a monthly report of Plan activity to the CITY, unless directed by the City otherwise;
 - (F) Preparing and submitting an annual report of Plan activity to the CITY;
 - (G) Facilitating actuarial valuation updates and funding modifications for compliance with GASB 45/75, if prefunding OPEB obligations;
 - (H) Coordinating periodic audits of the Trust;
 - (I) Monitoring Plan and Trust compliance with federal and state laws.
3. CONSULTANT is not licensed to provide and does not offer tax, accounting, legal, investment or actuarial advice.

FEES FOR SERVICES

CONSULTANT will be compensated for performance of services, as described in Attachment A based upon the following schedule:

An annual asset fee shall be paid from Plan assets based on the following schedule:

<u>For Plan Assets from:</u>	<u>Annual Rate</u>
\$ 0 to \$10,000,000	0.25%
\$10,000,001 to \$15,000,000	0.20%
\$15,000,001 to \$50,000,000	0.15%
\$15,000,001 and above	0.10%

Annual rates are prorated and paid monthly. The annual asset fee shall be calculated by the following formula [Annual rate divided by 12 (months of the year) multiplied by the Plan asset balance at the end of the month]. Trustee and Investment Management Fees are not included.

TRUSTEE & INVESTMENT MANAGEMENT FEES

Trustee and investment management fees are not included in the annual asset fees stated above. Trustee and investment management services are provided under a separate agreement with U.S. Bank, and trustee and investment management fees are paid to US Bank. These fees include investment policy development, asset allocation recommendations, asset management, and custodial services, and are based upon the following schedule:

<u>For Plan Assets from:</u>	<u>Annual Rate</u>
\$0 to \$5,000,000	0.35%
\$5,000,001 to \$10,000,000	0.25%
\$10,000,001 to \$15,000,000	0.20%
\$15,000,001 to \$50,000,000	0.15%
\$50,000,001 and above	0.10%

Annual rates are prorated and paid monthly. Annual trustee and investment management fees shall be calculated by the following formula [Annual Rate divided by 12 (months of the year) multiplied by the Plan asset balance at the end of the month].

Both the CONSULTANT'S annual asset fees and trustee and investment management fees shall be deducted from Plan assets.

DATA REQUIREMENTS

CONSULTANT will provide the services under this Agreement contingent upon receiving the following information:

1. Executed Legal Documents:
 - (A) Certified Resolution
 - (B) Adoption Agreement to the Public Agencies Post-Employment Benefits Trust
 - (C) Trustee Investment Forms
2. Contribution – completed Contribution Transmittal Form signed by the Plan Administrator (or authorized Designee) which contains the following information:
 - (A) Agency name
 - (B) Contribution amount
 - (C) Contribution date
 - (D) Contribution method (Check, ACH, Wire)

3. Distribution – completed Payment Reimbursement/Distribution Form signed by the Plan Administrator (or authorized Designee) which contains the following information:
 - (A) Agency name
 - (B) Payment reimbursement/distribution amount
 - (C) Applicable statement date
 - (D) Copy of applicable premium, claim, statement, warrant, and/or administrative expense evidencing payment
 - (E) Signed certification of reimbursement/distribution from the Plan Administrator (or authorized Designee)
4. Other information pertinent to the Services as reasonably requested by CONSULTANT and Actuarial Provider.

ATTACHMENT B
PERSONNEL

1. Jennifer Meza, Supervisor, Client Services (Project Manager)
2. Dennis Yu, Executive Vice President
3. Phillip Muschetto, Vice President, Plan Accounting
4. Faith Hermann, Manager, Plan Implementation
5. Nik Weigand, Client Services Coordinator