

**FUTURIS  
PUBLIC ENTITY INVESTMENT TRUST  
PROGRAM SERVICES AGREEMENT**

This Program Services Agreement (the “**Agreement**”) is entered into as of \_\_\_\_\_, 2008 between Keenan & Associates (“**Keenan**”), and Contra Costa Community College District (“**Employer**”), with reference to the following:

A. Keenan has created the Futuris Public Entity Investment Trust Program (the “**Program**”) to assist public entity employers with the establishment and maintenance of a trust for investment of funds to be used by public entity employers for the provision of retiree health and welfare benefits to participating employees and for other purposes determined appropriate by the Employer. The Program assists employers to:

- Establish a trust (the “**Trust**”) under the terms of a Trust Agreement (“**Trust Agreement**”) that complies with the requirements of Section 115 of the Internal Revenue Code (“**Code**”);
- Establish within the Trust a fund that is irrevocably designated for the payment of retiree health and welfare benefits to participating employees of the Employer, as required under Governmental Accounting Standards Board Statement Nos. 43 and 45 (“**GASB 43 and 45**”);
- Appoint a qualified trustee/custodian (“**Trustee**”) who will appoint a Registered Investment Advisor (“**Investment Advisor**”) for the Trust;
- Appoint a board of authority (“**Retirement Board of Authority**”) with authority to make decisions on behalf of the Employer with respect to the Program and the Trust;
- Monitor the operations of the Trust and coordinate communications between the Employer, the Employer’s outside accounting firm and the service providers to the Trust; and
- Determine the actions necessary to comply with the financial reporting requirements for retiree health benefits and other post-employment benefits (“**OPEB**”) obligations under GASB 43 and 45.

B. Employer is a state governmental public entity employer that has previously adopted one or more retiree health and welfare benefit plans, each a (“**Plan**”) for its participating employees (“**Employees**”).

C. Employer desires to participate in the Program in order to obtain the services of Keenan in connection with the formation of the Trust, and to obtain the services of a qualified third party Trustee to administer the Trust pursuant to a Trust Administrative Services Agreement (“**Trustee Agreement**”). Under the Trustee Agreement, the Trustee will be authorized to appoint a Registered Investment Advisor to manage the assets of the Trust. Keenan, the Trustee and the Registered Investment Advisor are sometimes collectively referred to herein as the “**Service Providers.**”

NOW, THEREFORE, the parties agree as follows:

1. Services Provided By Keenan. Employer hereby engages Keenan, and Keenan hereby accepts the engagement, to provide the following services to Employer with respect to the Program and the formation and operation of the Trust during the term of this Agreement:

a. Referral to Service Providers. The Futuris comprehensive program includes referrals to organizations handling:

- (1) actuarial services,
- (2) trustee, custodial and investment management services,
- (3) financial auditing,
- (4) bond underwriting, and
- (5) such additional services as Employer may request.

b. Facilitate Actuarial Study. Keenan will assist and coordinate with the Employer to enlist the services of an actuary (the “**Actuary**”), at the Employer’s expense, to conduct an actuarial study for determining the funding needs for OPEB obligations through a Trust. Keenan will provide the following services in connection with the actuarial study, and such other related services as Employer reasonably requests:

- (1) consult with Employer to develop the actuarial assumptions provided to the Actuary in order to meet GASB compliance criteria,
- (2) coordinate communications between the Actuary and the Employer for the completion of an actuarial evaluation for determining the OPEB obligations and provide the Actuary with information on OPEB obligations which is required for the Actuary to prepare an actuarial study with meets the requirements of GASB 43 and 45,
- (3) consult with the Employer to review the analysis of the initial GASB compliant actuarial study, and
- (4) consult with the Employer in an evaluation of Employer’s funding needs based on the actuarial study.

c. GASB Timeline. Keenan will work with the Employer to confirm the Employer’s effective date for implementation of GASB 43 and 45 based on 1998 and 1999 revenues, and will assist the Employer with creating a GASB compliance timeline.

d. Board Meetings. Keenan will participate in Employer Board Meetings to the extent requested by Employer in order to explain the requirements of GASB 43 and 45 and the operation of the Program.

e. Retirement Board of Authority Formation and Consulting. Keenan will assist the Employer to form the Employer's Retirement Board of Authority. Keenan will consult with the Retirement Board of Authority as to operational and coordinating issues that may arise between the Retirement Board of Authority, the Trustee and/or the Investment Advisor. Keenan will work with the Retirement Board of Authority to assist with ensuring that the Retirement Board of Authority meetings are conducted in compliance with the Brown Act.

f. Administrator to Retirement Board of Authority. Keenan will assist the Employer to form the Employer's Retirement Board of Authority and conduct the Retirement Board of Authority meetings, in a manner consistent with the Brown Act. These functions are to include:

- a. prepare Retirement Board of Authority meeting agendas and cover pages,
- b. take meeting minutes and provide to the Board upon completion,
- c. assist with communication to all Board Members as necessary and requested by the Board, and
- d. facilitate the action items resulting from the Retirement Board of Authority meetings.

g. Assistance with Creation of Trust. Keenan will work with the Trustee to coordinate preparation and execution of the Adoption Agreement, pursuant to which the Retirement Board of Authority will adopt the Trust Agreement, under which the Employer may designate funds to be irrevocably contributed for payment of Plan obligations and used by Employer for other expenses as the Employer deems appropriate. Keenan's services in connection with creation of the Trust will consist of the following:

- (1) communication with the Employer's governing body regarding the structure and operation of the Futuris Program,
- (2) communication with the Retirement Board of Authority regarding the creation of the Trust, and
- (3) assistance to the Employer with the preparation and submission to the Internal Revenue Service for a Private Letter Ruling for the Trust, at no additional expense to Employer.

h. Assistance with Revisions to Trust Agreement. To the best of Keenan's knowledge and belief, the Trust will be created in compliance with Section 115 of the Internal Revenue Code, as amended, and other applicable legal guidelines, including GASB 43 and 45 and such other embodying regulations thereunder, as well as applicable provisions of state law. In the event that revisions to the Trust Agreement are required in order to assure legal compliance with GASB 43 and 45 and applicable provisions of state law, and so that a Private Letter Ruling may be obtainable from the Internal Revenue Service, Keenan will, at no cost to the Employer, work with the Trustee to ensure such revisions are made. Keenan

will endeavor to keep Employer advised of revenue rulings, legislation, and other changes in law that it becomes aware of that may impact the Trust Agreement.

i. Funding Methods. Keenan will discuss with the Employer the methods by which the Trust could be funded.

j. Coordinate Meetings with Service Providers. Keenan will coordinate meetings between the Employer and the Trustee and Investment Advisor and facilitate any additional or ongoing meetings that may be required.

k. Education on GASB 43 and 45 Requirements. Keenan will conduct, in conjunction with the Employer, group education sessions as needed to inform all stakeholders of the GASB 43 and 45 liabilities.

l. Auditing Services. Keenan will assist and coordinate with the Employer to enlist the services of an auditor to conduct one audit of the Trust, at Keenan's expense. This auditor's report will be for the limited purposes of (1) assessing the performance of the Retirement Board of Authority and the service providers in the Program, to ensure that each party's duties have been performed in accordance with the written agreements governing the Program, and (2) advising the Retirement Board of Authority whether the Trust's financial statements have been prepared in accordance with Generally Accepted Accounting Principals (GAAP), as is prudent for such an organization.

m. Post-Adoption Assistance. After Employer's adoption of the Trust, Keenan will perform the following services on an ongoing basis.

1) Substantive Plan. Keenan will assist Employer to create a well-designed Substantive Plan. Keenan will submit to the Employer a draft of a Substantive Plan that meets the requirements for a "substantive plan" under the GASB guidelines and contains the protections necessary to mitigate the agency's and its designated officers' potential fiduciary liability for their investment of public funds. The major components of the Substantive Plan may include:

- (1) Written Plan Document
- (2) Specific Level of Benefits
- (3) Eligibility
- (4) Communications Between Employer and Plan Members
- (5) Historical Practice Patterns
- (6) Funding Plan and Reporting Standards
- (7) Amendments and Updates as Changes are Made

Keenan will thereafter assist Employer to review the Substantive Plan and to make such changes as are requested by Employer. At the request and at no additional cost of Employer, Keenan will assist Employer to submit its

Substantive Plan for a private letter ruling from the Internal Revenue Service. Keenan will be responsible for paying the user fee associated with such Private Letter Ruling request.

Keenan will consult with Employer and will work with the actuary in helping the Employer confirm that the discount rate is consistent with the investment return recommendations for funds held in the Trust.

n. Assistance with Preparation of Required Supplemental Information Schedules. Keenan will assist Employer with the preparation of any required supplemental information schedules necessary for Employer's financial statements to comply with GASB 43 and 45.

o. Preparation and Delivery of a Futuris Administrative Guide. Keenan will prepare and deliver to the Employer a guide-book to the administration of the Futuris Investment Fund Program that will be a practical guide to the operations, contacts, installation and administration procedures associated with the Program.

2. Other Services Provided by Trustee and Investment Adviser. Keenan will not provide trustee, custodial, investment management or securities broker services to Employer in connection with the creation, implementation or operation of the Trust. These services will be provided by the Trustee and Registered Investment Advisor under separate agreements between Employer and the Trustee.

3. Optional Keenan Consulting Services. Keenan offers a separate consulting agreement with services that could include, but are not limited to:

- (1) assistance in analyzing the Employer's retiree and active employees' health and welfare Plans,
- (2) assistance with the review of Employer's past policies and practices with respect to the funding and payment of retiree health and welfare benefits,
- (3) assistance in reviewing possible GASB liability modifications,
- (4) work with the Employer in analyzing additional methods by which OPEB liabilities can be reduced, and, in conjunction with any or all of the above,
- (5) assistance in determining final modified GASB liability for funding by the Employer.

4. Employer Responsibilities. Throughout the term of this Agreement, Employer or its duly appointed Retirement Board of Authority shall do the following:

a. Accurate Information. Provide accurate and timely information to the appropriate Service Providers concerning the Plan provisions, participating employees, costs, anticipated retirement dates of employees, and other relevant information necessary, in the requested format, for the Service Providers to provide services to Employer.

b. Authorized Board. Appoint the Retirement Board of Authority that is to be authorized to exercise authority on behalf of the Employer under the Program. The Retirement Board of Authority will have decision-making authorization in accordance with Government Code §§54950 et seq. (the “Brown Act”), with respect to the Trust on behalf of the Employer. The Retirement Board of Authority will in that capacity perform the following functions:

- (1) execute an Adoption Agreement (the “**Adoption Agreement**”) pursuant to which Employer will adopt the Trust,
- (2) appoint and direct the Trustee,
- (3) complete a risk tolerance questionnaire conducted by the Registered Investment Advisor, and
- (4) select a portfolio of investments option that meets its long-term objectives.

c. Execute Trust and Related Agreements. Approve, execute and retain in effect a Substantive Plan, Adoption Agreement, Trust and Investment Policy Statement, and such other agreements as may be required for the Trust to validly invest its assets, to meet the requirements of Section 115 of the Internal Revenue Code and any applicable California Code, and to comply with the requirements of GASB 43 and 45 with respect to those assets of the Trust that are designated for funding Plan obligations.

d. Health and Welfare Plan Decisions. Make discretionary decisions relating to each Plan including, but not limited to, determining eligibility status of employees and their dependents under each Plan, determining eligibility and amount of benefits payable to Employees under each Plan and interpreting Plan provisions.

e. Decisions Related to Trust. Make all decisions relating to the Trust, it being acknowledged by Employer that Keenan shall have no authority or obligation to make any decisions regarding the Trust, contributions to be made to the Trust, obligations owed by Employer under its Plans, investments to be made by the Trust, or any other matters related to the Trust, all of which decisions shall be made by Employer or its agents under separate agreements with those agents.

f. Contributions to Trust. All contributions or funding by Employer to comply with OPEB obligations and GASB 43 and 45 requirements shall be made pursuant to the Program into the Trust.

g. Payments to Participants. Direct the Trustee to make payments to, or on behalf of, participants and/or their dependents of amounts payable to them under the terms of each Plan.

h. Payments to Intermediaries. Direct the Trustee to make payments to intermediaries that provide coverage to participants of the Plan.

5. Compensation of Keenan. For the services provided by Keenan pursuant to this Agreement, Keenan shall receive the compensation described in Keenan’s Fee Schedule which is attached to this Agreement as Attachment A. Keenan’ fee schedule shall be subject to change from time to time with a 30-day written notice to Employer. If Employer objects to Keenan’s change to

the Fee Schedule in writing within 30 days, the prior Fee Schedule will remain in effect until such time as Keenan and Employer come to an agreement on a change to the Fee Schedule, or if no agreement can be reached, until the end of that term. Employer acknowledges and agrees and hereby instructs the Trustee to pay to Keenan out of assets held in the Trust the compensation that is due to Keenan under this Agreement. In the event the Trustee fails to or is unable to pay Keenan out of the Trust assets, Client shall promptly pay to Keenan the outstanding compensation that is due.

Employer acknowledges and agrees that Investment Advisor and the Trustee will each provide separate services on behalf of the Trust, and will each be compensated for and be responsible for their services in accordance with the terms of the written agreements of Employer and the Trustee. Employer further acknowledges that the Actuary will provide separate services to Employer and will be compensated for and be responsible for its services in accordance with the terms of the written agreement between Employer and the Actuary. Keenan shall only be responsible for providing to Client the specific services included in this Agreement and under no circumstances shall Keenan be responsible or liable for the services provided by the other Service Providers or the Actuary.

#### 6. Term and Termination.

a. The initial term of this Agreement shall begin on the date hereof and shall continue until the date that is thirty-six (36) months after the date of the initial funding of the Trust (“**Initial Term**”). This Agreement shall be extended automatically for additional one (1) year periods thereafter (“**Renewal Term**”) unless either party gives the other a 90-day written notice, before the end of the current term, of its intent to terminate this Agreement, or unless this Agreement is terminated as otherwise provided in this Agreement. This Agreement may also be terminated (i) upon a breach by one party of a material term or covenant in this Agreement, if the non-breaching party provides written notice of any such breach to the breaching party and its election to terminate this Agreement, and such breach is not cured within 15 days (or such longer reasonable period, not to exceed 60 days, as may be required to effect a cure) after the date of such written notice of breach and termination, (ii) at the election of Keenan, if the Employer does not fund the Trust within twelve (12) months of the date hereof or otherwise fails to make agreed upon contributions to the Trust, (iii) by the Employer, on thirty (30) days written notice, if both of the following conditions occur: (1) a universal healthcare system goes into effect in the State of California or the United States which expressly eliminates the Employer’s obligations to pay any party for its contractual OPEB commitments, and (2) the Employer obtains a current actuarial valuation of the Trust confirming that there is no remaining OPEB liability. The waiver by a party of the other party’s breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by such party, nor does such party waive its rights to seek future remedy for a previous breach.

b. Notwithstanding the provisions of Section 6(a), either party may terminate this Agreement on the occurrence of the following events, provided that the terminating party gives the other party ninety (90) days advance written notice for such termination:

- . The termination of the Futuris Trust Administrative Services Agreement; or
- i. The receipt of the District of a ruling from the IRS that the Plan and/or the Trust do not meet the requirements of Internal Revenue Code Section 115 and/or that, as such, the earnings of the trust are not exempt from tax, and such adverse ruling is not reversed before the ninety (90) day notice period has elapsed.

7. Representations. Keenan and Employer make the following representations and warranties:

a. Keenan Representations. Keenan represents and warrants that it has full right, authority, power and capacity to enter into, execute and deliver this Agreement and each agreement, document and instrument to be executed and delivered by Keenan pursuant to this Agreement and to carry out the transactions contemplated hereby and thereby. This Agreement and each agreement, document and instrument executed and delivered by Keenan pursuant to this Agreement constitutes a valid and binding obligation of Keenan, enforceable in accordance with their respective terms. The execution and delivery by Keenan of this Agreement and the performance of the transactions contemplated hereby have been duly and validly authorized by all necessary action under its organizational documents and under any agreement applicable to Keenan and do not require any notice to, consent from, or filing with, any third party.

b. Employer Representations. Employer represents and warrants that it has full right, authority, power and capacity to enter into, execute and deliver this Agreement and each agreement, document and instrument to be executed and delivered by Employer pursuant to the Program and to carry out the transactions contemplated hereby and thereby. This Agreement and each agreement, document and instrument executed and delivered by Employer pursuant to the Program constitutes a valid and binding obligation of Employer, enforceable in accordance with their respective terms. The execution and delivery by Employer of this Agreement and the performance of the transactions contemplated hereby have been duly and validly authorized by all necessary action under its organizational documents and under any agreement applicable to Employer and do not require any notice to, consent from, or filing with, any third party.

8. Indemnification.

a. If either party breaches this Agreement, then the breaching party shall defend, indemnify and hold harmless the non-breaching party, its officers, agents and employees against all claims, demands, actions, liabilities or costs (including, without limitation, reasonable attorneys' fees and expenses) arising from such breach.

b. Each party shall fully indemnify, defend and hold harmless the other party and their respective agents, representatives and employees from all claims, demands, causes of action and liabilities of every kind and nature whatsoever arising out of or in connection with the indemnifying party's negligence or willful misconduct with respect to their obligations or services to be provided under this Agreement. This section shall extend to claims occurring after this Agreement is terminated as well as while it is in force.

9. Relationship with Other Service Providers.

Employer acknowledges that Keenan has devoted substantial time and effort to the development of the Program, and that Keenan has entered into arrangements with other Service Providers in order to provide an integrated service platform to Employer with service levels and features based upon Keenan's understanding of the needs of public entity employers. Employer therefore agrees that Employer will not, for a period of one year following the expiration of the term of this Agreement or the termination of this Agreement (unless such termination occurs as a result of Keenan's breach of this Agreement), retain the services of a Service Provider (then providing services to Employer pursuant to the Program) in connection with the Trust or the contribution and/or investment of funds designated for payment of Employer obligations under its Plans.

10. General Provisions.

a. Privacy of Employer Information. Keenan acknowledges that in the course of carrying out its duties under this Agreement, it may receive confidential information relating to Employer. Keenan agrees that neither it nor its agents will use such information beyond the purpose for which it was provided or disclose such confidential information to other parties, other than the other Service Providers, as required for Keenan and the other Service Providers to fulfill their respective responsibilities as stated in this Agreement, the Trust, and the agreements between Employer and the Trustee, except to the extent required by the Internal Revenue Service, by law, or with the consent of the Employer. Additionally, Keenan, its agents or affiliates agree to take appropriate steps to secure such confidential information from misuse or unauthorized disclosure. The obligations of this Section shall survive termination of this Agreement. Keenan further agrees that such confidential information will remain the property of Employer and Keenan will return the confidential information and all copies thereof (other than confidential copies that Keenan may be required to retain to demonstrate its performance under this Agreement) to the Employer upon request or termination of this Agreement.

b. Consent to Provide Keenan Access to Information. Employer hereby agrees that, for the purpose of allowing Keenan to perform its services under this Agreement, the Employer agrees to release to Keenan all information necessary for the actuarial study and Keenan shall have access to and receive copies of all reports, correspondence and communications sent or furnished by Trustee, Investment Advisor to or from the Employer in connection with the Program. Specifically, Keenan shall have access to Trust information on the website maintained by Trustee for the Trust. In addition, Employer agrees to provide Keenan with the most current actuarial study on file as defined by GASB 43 and 45.

c. Proprietary and Confidential Information. Employer acknowledges that it may receive certain information with respect to the business practices and records of Keenan which may be confidential in nature ("**Information**"). Employer agrees that such Information is proprietary and confidential and shall not be disclosed or used for any purpose other than as necessary in connection with this Agreement, unless such disclosure is required pursuant to an order of a court of competent jurisdiction, by law, or Keenan agrees in writing to such disclosure. The confidentiality and non-disclosure obligations of this Section shall survive termination of this Agreement. Employer further agrees that Information will remain the property of Keenan and to

return the Information and all copies thereof to Keenan upon request or upon termination of this Agreement.

d. Insurance. Keenan shall procure and maintain to the extent available on reasonable terms the following minimum insurance coverages during the Term and shall provide certificates of insurance to Employer upon Employer's request:

Workers' Compensation. Workers' Compensation Insurance in conformance with the laws of the State of California and applicable federal laws.

Bodily Injury, Death and Property Damage Liability Insurance. General Liability Insurance (including motor vehicle operation) with a One Million Dollars (\$1,000,000) limit of liability for each occurrence and a Two Million Dollars (\$2,000,000) aggregate limit of liability.

Professional Liability Insurance. Professional Liability Insurance with a One Million Dollars (\$1,000,000) limit of liability for each occurrence and a Two Million Dollars (\$2,000,000) aggregate limit of liability.

Fidelity Insurance. Fidelity Insurance with a One Million Dollars (\$1,000,000) limit of liability for each occurrence and a Two Million Dollars (\$2,000,000) aggregate limit of liability.

e. Invalidity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any of the other provisions of this Agreement, all of which shall remain in full force and effect.

f. Complete Agreement; Amendments. This Agreement contains the entire understanding between the parties related to the subject matter covered by this Agreement and supersedes all prior and collateral statements, proposals, presentations, communications, reports, agreements or understandings, if any, related to such matters. No modification or amendment to any provision hereof shall be binding unless in writing and signed by authorized representatives from both parties.

g. Waivers. No failure or delay in exercising any right, power or privilege under this Agreement shall be construed as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege under this Agreement.

h. Third-Party Beneficiaries. Notwithstanding any provision herein to the contrary, this Agreement is not intended and shall not be construed as creating or conferring any rights or remedies on any third parties that are not parties to this Agreement. Enforcement of any remedy for breach of this Agreement may only be pursued by the parties to this Agreement.

i. Notices. Any written notices required by the terms of this Agreement shall be sent by certified mail (or other form of guaranteed delivery) to the address of the Party given below:

Employer: the address set forth on the signature page

Keenan: Keenan & Associates  
Attn: General Counsel  
2355 Crenshaw Blvd.  
Suite 200  
Torrance, CA 90501-3325

j. Force Majeure. Neither party shall be held responsible for the delay or failure to perform services or obligations under this Agreement when such delay or failure is due to fire, flood, epidemic, strikes, acts of God or any public enemy, unusually severe weather, failure or malfunction of any electronic, electric or mechanical equipment, legislative or regulatory acts of any public authority, delays or defaults caused by any public carriers, or other circumstances which cannot reasonably be forecast or provided against.

k. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

l. Assignment; Successors. This Agreement may not be assigned by either party without the prior written consent of the other party. The terms and conditions of this Agreement apply to the parties, their heirs, executors, administrators, successors, and permitted assigns.

m. Dispute Resolution. Any and all disputes that may arise out of or relate to this Agreement, other agreements or any other relationship involving Employer and Keenan (whether occurring prior to, as part of, or after the signing of this Agreement), shall first be resolved by good faith negotiations between the parties with the assistance of non-binding mediation. In the event either party determines that they are not able to resolve the dispute through negotiation and mediation, then the dispute shall be submitted to, and resolved by, final and binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon an award of the arbitrators may be entered and enforced in any court having jurisdiction. Negotiation, mediation and arbitration shall be the exclusive means of dispute resolution as between Employer and Keenan and their respective agents, employees, officers and members. Arbitration shall be before a single arbitrator in the County of Los Angeles, California. The Arbitrator shall apply California substantive law. Any party may bring an action in any court of competent jurisdiction, if necessary: (i) to compel arbitration under this arbitration provision, or (ii) to obtain preliminary or other equitable relief in support of claims to be prosecuted in arbitration, or (iii) to enter a judgment of any award rendered pursuant to such arbitration. The parties acknowledge that a breach of the provisions of this Agreement could result in irreparable harm to the other party, and therefore agree that the non-breaching party shall be entitled to seek specific performance or other equitable relief in any court of competent jurisdiction.

n. Scope of Services Rendered; Other Plans. The parties specifically agree and recognize that Keenan is a service provider to Employer and is not providing tax, accounting or legal advice to Employer. The parties understand that Employer is responsible, together with its legal counsel, for the continued qualification of the Trust in accordance with Section 115 of the Code and for operation of the Trust as required by provisions of the State Government Code and all other applicable law. Keenan shall have no responsibility whatsoever with regard to any other

qualified or non-qualified employee benefit plans maintained by Employer other than as provided in this Agreement or as in any other written agreement entered into between Keenan and the Employer. Keenan shall further have no responsibility or liability for any services provided by the Actuary, Trustee, Registered Investment Advisor or any other service provider to the Trust or Employer in connection with the Program, and shall be responsible solely for the services described herein which Keenan has agreed to provide to Employer.

o. Legal Fees. In the event of any dispute relating to this Agreement, the prevailing party shall be entitled to recover attorneys' fees and costs, including but not limited to, those incurred in resolving the dispute.

p. Construction. Any rule of construction that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement, or any amendments or exhibits hereto.

q. Interest on Overdue Payments. All payments and invoices are due and payable upon presentation by Keenan. In the event Employer fails to pay any invoice within thirty days of presentation, Keenan shall be entitled to receive interest on such outstanding invoice from the date of presentation at the rate of (a) 1-1/2 percent per month or (b) the maximum interest rate permitted by applicable law, whichever is lower.

r. Counterparts and Facsimile Signatures. This Agreement may be executed in counterparts and by facsimile signatures, which will be effective as if original signatures. IN WITNESS WHEREOF, the parties have signed this Agreement as of the date first written above. Each person signing this Agreement on behalf of a party represents and warrants that he or she has the necessary authority to bind such party.

CONTRA COSTA  
COMMUNITY COLLEGE DISTRICT

KEENAN & ASSOCIATES

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Address for Notice:

(Updated as of 080604)

# **Attachment A**

## **Futuris Keenan Financial Services (KFS) Fee Schedule Contra Costa Community College District<sup>12</sup>**

|  |  |
|--|--|
| <b>Annual Fee</b>                            |  |
| <b>\$1,200</b>                               |  |
| <b>Annual Asset Based Fees<sup>34</sup></b>  |  |
| <b>Assets in Benefit Fund</b>                | <b>Keenan Compensation (BPS)<sup>5</sup></b> |
| <b>First \$0 to \$100 million</b>            | <b>12.2</b>                                  |
| <b>Additional funds beyond \$100 million</b> | <b>8</b>                                     |

<sup>1</sup> Annual fees and annual asset based fees to be paid monthly from assets.

<sup>2</sup> The fees detailed on this page cover all Futuris services provided by Keenan Financial Services.

<sup>3</sup> Annual asset based fees are in addition to mutual fund expense ratios.

<sup>4</sup> No other fees, including 12(b)(1) and Sub-TA fees, are applied to plans assets.

<sup>5</sup> BPS is defined as Basis Points with 1 BPS equal to 0.01%.

Keenan & Associates – License #0451271

Futuris Program Services Agreement

Confidential For Client Use Only

## FUTURIS TRUST ADMINISTRATIVE SERVICES AGREEMENT

This Trust Administrative Services Agreement (“**Agreement**”), dated this \_\_\_\_\_ day of \_\_\_\_\_, 2008, is between **Benefit Trust Company (“BTC”)** and **Contra Costa Community College District (“Employer”)** with reference to the following:

**A. General Purposes.** The Employer has duly adopted resolutions authorizing the formation of a Retirement Board of Authority (the “**Retirement Board of Authority**”) with responsibility for the execution of an adoption agreement (hereinafter the “**Adoption Agreement**”, attached as “Exhibit A”), to establish and maintain a trust, as formally described and entitled on the Adoption Agreement to adopt the Futuris Public Entity Investment Trust (hereinafter the “**Trust**”), attached as “Exhibit B”, to be used by governmental and public entity employers for the funding and payment of their obligations under employee benefit plans (the “**Plan**”) that provide retiree health and other post-employment benefits (referred to as “**OPEB Liabilities**”) to eligible employees and their dependents, and for other purposes determined to be appropriate by the Employers. The Retirement Board of Authority is also authorized to appoint BTC, as trustee, and for adequate consideration, BTC otherwise agrees to perform services specified herein.

**B. Services Provided By BTC.** Upon the signing of this Agreement, BTC will have been deemed to have executed the Trust as attached hereto and during the term of this Agreement, BTC further agrees to serve as a discretionary trustee, with fiduciary oversight and authority over the operations and management of the Trust as specified therein and related to the following:

1. **Compliance.** BTC shall administer the Trust document, and any applicable documents and amendments, and contributions received from the Employer in Trust in a manner intended to comply with the requirements of Section 115 of the Internal Revenue Code (the “**Code**”), as amended, and other applicable legal guidelines, including Governmental Accounting Standards Board Statement Nos. 43 and 45 and such other embodying regulations thereunder, as well as applicable provisions of state law that govern the investment of excess funds for approved governmental purposes.
2. **Maintenance of Separate Accounts.** BTC shall establish within the Trust a fund, or funds as applicable: One separate fund, or funds, as applicable (the “**Trust Fund**”), shall hold funds irrevocably designated for the payment of retiree health and welfare benefits or other similar OPEB Liabilities, including applicable fees and expenses, as reported and impacted by applicable legal requirements, including Governmental Accounting Standards Board Statement Nos. 43 and 45. The disbursement of any monies from the Trust Fund or Funds (as defined in the Trust Agreement and referred to collectively herein as “**Accounts**”) shall only be made by BTC as provided for and in accordance with the terms of the Trust.
3. **Custodian.** BTC shall serve as the custodian, or shall have the authority to delegate the responsibility for same to a sub-custodian, as applicable, of all assets

of the Trusts, to which it shall retain responsibility for the titling and ownership (including registration of assets in nominee name, if required under applicable law) of all contributions, earnings or other assets held in the Trust. In such capacity, BTC shall receive contributions from the Employer and shall further agree to allocate all contributions to one or more Accounts as designated by the Employer, including allocation into one or more Trust Fund Accounts within three (3) business day following the later of the date such contributions were received or the date on which the BTC is notified where such funds are to be allocated. In such capacity, BTC shall hold all Trust funds in the designated Accounts and allocate any income earned thereon in the manner set forth by the terms of the Trust. If the Trustee or any sub-custodian receives any contributions or other amounts from the Employer after any applicable trading deadline or receives such contributions without any further designation of the amount or Accounts to which such amounts should be allocated, or the allocation instructions are incorrect, the Trustee shall deposit all such amounts received to the Trust Fund in a default investment vehicle established by the Trust, until the Employer's investment direction can be properly completed. If, after a period of thirty (30) days the Trustee is unable to obtain revised instructions from the Employer, the Trustee shall return all such previously-deposited amounts to the Employer, including allocated earnings therein.

4. **Investment Management and Monitoring.** BTC shall have oversight and authority to:
  - a) Appoint and monitor an investment manager (the "Investment Manager"), who shall be selected by BTC to have discretionary authority and responsibility to manage the Accounts, and shall have full investment authority and discretion, on behalf of the Accounts, to purchase, sell and trade in securities of all types, including cash and cash equivalents, in such amounts, at such prices, and in such manner as it may deem advisable, subject to applicable laws, including applicable provisions of any governing state laws or regulations, as well as this Agreement, the established Investment Policy Statement approved by the Retirement Board of Authority, and such other guidelines, policies and restrictions applicable to each Fund Account;
  - b) Assist in the preparation and establishment of a written Trust Investment Policy Statement for Retirement Board of Authority approval;
  - c) Maintain authority and access, as well as the ability to delegate the authority of same, to all Accounts and applicable transaction information to monitor the operations of the Trust and investment of the Accounts in accordance with Investment Policy Statement requirements;
  - d) After consultation with the Retirement Board of Authority, BTC shall terminate and replace the Investment Manager under circumstances and procedures outlined in the Trust and separate investment management agreement between BTC and the Investment Manager.

5. **Accounting and Reporting Transactions.** BTC shall maintain accurate records of all financial transactions in accordance with the written terms and conditions of the Trust. Unless circumstances dictate otherwise for which the Retirement Board of Authority would be duly notified, account statements will be mailed or delivered to Retirement Board of Authority no more than twenty (20) business days after the valuation period ends.
6. **Customer Service.** BTC shall provide customer service support that shall include:
  - a) **Internet Access to Accounts.** BTC shall provide the Retirement Board of Authority with secure, online, 24-hour a day, Internet access to Trust account financial information that shall include daily access to all assets held in each Fund Account, contributions received, current asset valuation information and other transactions and expenditures allocated to each fund
  - b) **Telephone Response Team.** BTC shall be available between the hours of 8 a.m. and 5 p.m. (C.S.T.), Monday through Friday, and shall further provide and maintain adequate staff, to receive telephone inquiries and respond to questions from the Retirement Board of Authority or any authorized representative of the Employer. BTC representatives will either make every reasonable effort to respond to any questions or inquiries or shall redirect such questions or inquiries to the appropriate party for further response.
  - c) **Meetings and Teleconferences.** BTC shall make itself available, on an as needed and commercially reasonable basis, to meet with or participate in applicable teleconference communication with the Employer, Retirement Board of Authority, or other appropriate representatives for informational meetings or other necessary business requirements. Any face-to-face meetings that are deemed necessary between the parties shall be arranged for a mutually agreeable time.
7. **BTC Duty of Care.** In exercising its discretionary duties and responsibilities as Trustee as otherwise set forth herein, BTC shall act in accordance with the Uniform Trust Code, as amended, including the obligation to administer the Trust as a prudent person would, by considering the purposes, terms, distribution requirements, and other circumstances of the Trust, and through exercising reasonable care, skill and caution dictated under the then-existing circumstances.

**C. Additional Services.** In addition to the services otherwise provided as referenced above, BTC shall perform other services as agreed to in advance and in writing between the parties (with such services and applicable fees being determined separately as delineated on the Fee Schedule and any Addendum attached hereto as “Exhibit C”), which may include:

- 1) Administration and processing of benefit claims from the Plan Administrator, as it relates to Trust Fund assets;

- 2) Preparation of Employer-requested reports, other than those generally provided pursuant to this Agreement;
- 3) Specialized customer service, other than the services to be provided pursuant to this Agreement;
- 4) Maintenance of other specialized Employer records beyond those specified within this Agreement; and
- 5) Such other services agreed to between the parties.

**D. Responsibilities of the Retirement Board of Authority.** During the term of this Agreement, the District and/or the Retirement Board of Authority as applicable based on binding resolution or other similar authority as communicated to the Trustee by the applicable party, will be responsible for the following Trust administration activities:

1. Execute and adopt the terms of the Trust, through signing of the Adoption Agreement, as well as adopt the Investment Policy Statement, a sample of which is attached as “Exhibit D”, and provide copies of such documents to BTC and Investment Manager.
2. Facilitate any efforts and processes necessary to ensure the Plan Administrator executes applicable written agreements providing any required consent to compliance with the terms of the Trust or any other corresponding documentation.
3. The District shall determine the amount of any annual contributions and the Retirement Board of Authority shall deliver said contributions along with allocation instructions to BTC in a timely manner in accordance with Trust provisions and applicable state or federal regulations.
4. Hold periodic meetings of the Retirement Board of Authority, for the purpose of reviewing investment performance and compliance with Investment Policy Statement guidelines, as well as engage in annual review and analysis of any applicable modifications to the Investment Policy Statement through meetings and discussions with the Investment Manager and Trustee, as applicable.
5. Provide on a timely basis any necessary Plan participant information to BTC to include personal identification information (including social security numbers), in formats specified by the BTC, as well as all other information as required for BTC or any delegated Investment Manager to perform services under this Agreement.
6. Provide names of individuals authorized to act on behalf of the Trust in writing, including all applicable Plan Administrators and their Authorized Representatives, as well as notify BTC and the Investment Manager in writing of any changes as soon as a successor is designated.
7. BTC and any delegated Investment Manager shall be entitled to rely upon the accuracy and completeness of all information furnished to them by the Retirement

Board of Authority or by any person designated to act on behalf of the Retirement Board of Authority.

Should BTC or any delegated Investment Manager commence work at the direction of Retirement Board of Authority prior to receipt of the signed Adoption Agreement, the Retirement Board of Authority shall accept and ratify all actions taken by BTC or the Investment Manager to the extent such actions are consistent with the direction of the Retirement Board of Authority or the District, as applicable. Any errors or noncompliance that arises therefrom shall be corrected as otherwise set forth in this Agreement.

**E. Fees for Trust Administration Services.** Retirement Board of Authority will pay BTC (including applicable fees to be paid to Investment Manager by BTC) the fees and other allowable expenses set forth in the Administrative Fee Schedule Addendum attached to this Agreement as “Exhibit C”. Subject to the mutual agreement between the parties, BTC and the Investment Manager retain the right to change fees for service from time to time upon 30 days written notice to Retirement Board of Authority. In the event the Retirement Board of Authority rejects a fee change by sending written notice to the Trustee prior to the date such fee change is to become effective, the current fee schedule shall remain in effect through the end of the current contract term.

**F. Responsibility for Errors: Indemnification**

1. Retirement Board of Authority will promptly notify BTC of any errors or omissions in information supplied by Employer, its agent or other representatives. In such event, BTC’s sole obligation, to the exclusion of any other obligation or remedy for damage or loss, including special or consequential damages, shall be to use its reasonable efforts to correct any resulting errors in any information, records or in any reports it has prepared for Retirement Board of Authority (including filing amended returns, if required), or any other errors that have been identified by the Employer or its representatives.
2. BTC and its officers, directors, employees and other representatives (collectively referred to as a “BTC Indemnified Person”) shall be fully protected and indemnified, defended and held harmless by Employer, in relying upon information, direction or instructions received from an Authorized Representative as provided in the Trust, which instructions or directions BTC reasonably believes to be authentic and issued by an Authorized Representative. Should it become necessary to perform some act hereunder and there is neither direction in the Trust nor information or instructions from the Retirement Board of Authority, the Employer on file with BTC relating thereto, and if no such information or instructions can be obtained after reasonable inquiry, BTC shall have full power and authority to act in BTC's discretion, consistent with the purposes of the Trust and its role as trustee. This indemnification will protect a BTC Indemnified Person from all losses, claims, damages, liabilities and expenses incurred (including reasonable attorneys fees and applicable court expenditures resulting from BTC’s actions as described in this Section F(2)), with such costs being paid

by the Employer. In so acting or in following any instructions from an Authorized Representative, BTC or any other BTC Indemnified Person shall not be liable except to the extent that the actions of BTC or any BTC Indemnified Person constitute fraud, bad faith, willful misconduct or gross negligence.

3. BTC, as the case may be, will indemnify defend and hold harmless the Employer, the Retirement Board of Authority and their officers, directors, employees and other representatives (anyone of which is hereafter referred to as an “Employer Indemnified Party”) to the full extent lawful to protect an Employer Indemnified Party from all losses, claims, damages, liabilities and expenses incurred by an Employer Indemnified Party (including reasonable fees and disbursements of counsel including applicable court expenditures) which are the result of either BTC’s fraud, bad faith, willful misconduct or gross negligence.
4. BTC will correct at its own expense any errors in the records and reports prepared and attributable to their errors, but BTC shall not otherwise be responsible for special or consequential damages, nor shall it correct any such errors for which the Retirement Board of Authority has knowledge but fails to properly and timely notify BTC in compliance with applicable law.
5. In accordance with applicable legal requirements, Retirement Board of Authority will promptly notify Investment Manager after the settlement date of any errors made or allegedly made in any requested trade of which Retirement Board of Authority has knowledge. The trade will be assumed to have been effected in accordance with the original request if notification is not given within required timeframes. If a loss occurs as a result of a trade for which the Retirement Board of Authority has knowledge but fails to properly and timely notify the Investment Manager of the error, Retirement Board of Authority will indemnify Investment Manager with respect to any loss resulting from such trade.
6. Neither BTC nor Investment Manager will be liable for any loss to the Retirement Board of Authority, any Plan Administrator or its Plan participants for failure or refusal of any transfer agent or investment sponsor to act upon investment instructions, or for any loss incurred due to the inaccuracy, incompleteness, or lack of timeliness of information received from the transfer agent or investment sponsor, unless such losses are caused by the instructions provided by BTC or Investment Manager as applicable.

**G. Term**

1. (a) This Agreement shall become effective on the date stated above, and may not be terminated for a period of thirty-six (36) months following the date the Trust is initially funded unless there has been: (i) a failure to fund the Trust within twelve (12) months of the date stated above or otherwise make an agreed upon contribution and the Trustee elects to terminate the Trust, (ii) a breach of this Agreement or a failure of either

party to comply with applicable laws or regulations, and such breach or failure is not cured within a period of fifteen (15) days, (or such longer reasonable period, not to exceed sixty (60) days as may be required to effect a cure) after the date of such written notice of breach and election to terminate, or (iii) by the Employer, on thirty (30) days written notice, if both of the following conditions occur: (1) a universal healthcare system goes into effect in the State of California or the United States which expressly eliminates the Employer's obligations to pay any party for its contractual OPEB commitments, and (2) the Employer obtains a current actuarial valuation of the Trust confirming that there is no remaining OPEB liability.

(b) Notwithstanding the provisions of Section G-1(a) above, either party may terminate this Agreement on the occurrence of the following events, provided that the terminating party gives the other party ninety (90) days advance written notice for such termination:

- i. The termination of the Keenan Program Services Agreement; or
  - ii. The receipt by the District of a ruling from the IRS that the Plan and/or the Trust do not meet the requirements of the Internal Revenue Code Section 115 and/or that, as such, the earnings of the trust are not exempt from tax, and such adverse ruling is not reversed before the ninety (90) day notice period has elapsed.
2. At the end of the Agreement's initial term, the Agreement shall automatically renew for successive twelve (12) month periods unless either BTC or the Retirement Board of Authority provide the other party with at least ninety (90) calendar days' prior written notice of intent to terminate on the scheduled expiration date. The parties agree that the longer period of notice required to be provided by the terminating party is reasonable and necessary in order for the Retirement Board of Authority to transition services to a new trustee. No additional fees shall be charged by BTC with respect to the termination of its services except as provided in this Agreement. However, the non-payment of a bill does not constitute notice of termination and all fees for services performed through the date a written notice is received are due and payable to BTC. The obligation of Retirement Board of Authority to pay fees and disbursements for services performed through the date of termination and the rights and obligations of the parties under all sections will survive such termination.
3. Upon the termination of this Agreement and payment of any outstanding fees and after establishment of any necessary reserve requirements as otherwise set forth in the Trust, BTC will relinquish its trustee and custodial relationship as provided for in the Trust, as well as provide Retirement Board of Authority with copies of trust accounting records, if so requested in writing by Retirement Board of

Authority, at any time within seven (7) years of the date of termination of this Agreement. Forms, procedures, software, worksheets, checklists and other processes developed by BTC to perform the services required under this Agreement are the property of BTC and are not considered the records of the Retirement Board of Authority. A fee will be charged based on time and cost to perform any work necessary for the new trustee to take over the work performed at the request of the Retirement Board of Authority, such fee to be mutually agreed upon by the parties in advance of such work being performed.

4. The above notwithstanding, if the termination of this Agreement is the result of a dispute over fees paid, or to be paid, to the Trustee as set forth under this Agreement, in addition to the duties and responsibilities for trustee and custodial transfer as set forth above, BTC shall provide copies of all reports, records or account statements otherwise to the Retirement Board of Authority, as requested, as well as shall retain a copy of such records, reports and other information pending the resolution of any ongoing dispute regarding the fees paid, or to be paid hereunder.

## **H. Maintenance and Confidentiality of Records**

1. **Books, Records and Employer Information.** BTC agrees to the following with respect to all Trust information, books and records and information provided by the Retirement Board of Authority to BTC:
  - a) Retention and Security of Documents and Employer Data. BTC shall maintain copies of all executed Trust related documents, including the Adoption Agreement, written directions of the Employer or Retirement Board of Authority with respect to Accounts, Plan Administrator designations authorized signatory information, and the Employer's approved Investment Policy Statement, as well as shall use commercially accepted standards in retaining, backing up, storing and recovery of any and all Employer data and other electronic documentation in a secure environment.
  - b) Safekeeping of Books and Records. BTC agrees to maintain facilities and procedures for the safekeeping of all documents, records, books, files and other materials relative to the Trust and transactions facilitated on behalf of the Employers that participate in the Trust (collectively, the "**Books and Records**"). BTC agrees to maintain such Books and Records for the duration of this Agreement and not to destroy such Books and Records without Employer's prior written consent. Employer and any applicable regulatory body shall have reasonable access during normal business hours to such Books and Records. BTC shall provide all necessary assistance in conjunction with any inspection or audit by any applicable regulatory body for no additional fees, but the reasonable out of pocket expenses incurred in connection with such inspection or audit shall be

payable at the expense of the Trust at the time such expenses are incurred in accordance with the terms of this Agreement and the Trust thereunder.

- c) Confidentiality of Employer Data. All data and information submitted by Employer to BTC in connection with this Agreement or the Trust (“**Employer Data**”) is and shall remain the exclusive proprietary information and property of the Employer and shall be considered confidential information. Employer Data shall not be (1) used by BTC other than pursuant to this Agreement or the Trust, (2) disclosed, sold, assigned, leased or otherwise provided to third parties by BTC except in connection with the provision of services to an Employer pursuant to this Agreement, unless Employer or the Retirement Board of Authority specifically authorize the release or disclosure of such information; or (3) commercially exploited by or on behalf of BTC, its employees or agents. BTC shall take such steps as shall under the circumstances be reasonable, prudent and appropriate to protect and keep confidential the Employer Data and shall inform its employees of the confidential nature of the Employer Data. BTC agrees to cause each person or entity directly or indirectly controlled by BTC and the officers, employees and agents of BTC and each such controlled person or entity to comply with the confidentiality provisions of this Agreement.

2. **Required Disclosure.** In the event that BTC becomes legally compelled to disclose any Employer Data, BTC will provide Employer with prompt written notice thereof in order for Employer to seek a protective order or other restriction on disclosure. If BTC is required to disclose information after Employer has sought such protective order or other restriction on disclosure, BTC will furnish only that portion of the Employer Data that it is legally compelled to disclose and no other. BTC agrees to regard and preserve as confidential all records and other information relative to the Trust and will not, without written authority from Retirement Board of Authority, disclose to others during the term of this Agreement or thereafter any such records or other information except as required by applicable law. However, should a court of law, governmental agency, participant/employee whether current or former (or attorney there of) request information that is otherwise legally available, BTC shall be held harmless for inadvertently and without malice disclosing such information requested. Likewise, BTC shall not be responsible for and equally held harmless for any other disclosure for which it is legally compelled to provide based on the action or inaction of the Employer, the Retirement Board of Authority or any of its representatives.
3. **Records Inspection.** BTC agrees, during the term of this Agreement, all records maintained for the Trust shall be open to inspection and audit by Retirement Board of Authority at reasonable times, and that such records shall be preserved and retained for the greater of three years after the related filing date or such other period as may be required by applicable governing regulations as in effect from

time to time. On a periodic basis, or if otherwise required in accordance with any legal requirement, BTC, shall engage an independent certified public accountant whose identity and fees are approved by the Retirement Board of Authority with such approval to not be unreasonably withheld, to audit records and information related to the Trust, with the reasonable cost of such audit to be paid for by the Trust. A copy of the report of such audit shall be furnished to the Employer, the Retirement Board of Authority and to any other parties authorized to receive such information.

## **I. Other Provisions**

1. **Entire Agreement, Amendment.** This Agreement, as well as the attached Exhibits, including the Adoption Agreement, Trust, Administrative Fee Schedule and any Addendum, as well as other applicable schedules and exhibits, if any, constitute the entire agreement between the parties with respect to the administration of the Trust and supercedes all prior and contemporaneous agreements, representations and understandings of the parties. This Agreement may be amended and any provision hereof waived, but only in writing signed by the party against whom such amendment or waiver is sought to be enforced. The waiver by either party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other subsequent breach. To the extent there is any conflict between the terms of this Agreement and the terms and conditions of the Trust, the Trust shall control any dispute arising therefrom.
2. **Responsibilities of Parties.** In carrying out their responsibilities under this Agreement, BTC and Retirement Board of Authority shall at all times be subject to the following requirements:
  - a) BTC and Retirement Board of Authority shall act in accordance with applicable laws and shall also act in compliance with the documents and instruments governing the Trust, insofar as such documents and instruments are consistent with the provisions of applicable state law and any regulations promulgated thereunder. The Retirement Board of Authority further agrees that it shall ensure it has all necessary authorities to contribute any applicable funds to the Trust and shall have all necessary authorizations to act on behalf of the Employer or the Plans to the extent necessary and in compliance with Section 7.5 of the Trust.
  - b) To the extent applicable as it relates to Trust Fund, BTC, the Investment Manager, as delegated, and Retirement Board of Authority shall act solely in the interest of the participants and their beneficiaries and for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Trust.

- c) To the extent of all Trust assets held within the Accounts, BTC, the Investment Manager, as delegated, and Retirement Board of Authority shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, but shall also strictly adhere to other applicable state law requirements related to the investment of excess fund assets.
  - d) Retirement Board of Authority shall have the responsibility for selecting the investment asset allocation mixes to include in the Trust, after receiving assistance from BTC and/or Investment Manager accordingly. The Retirement Board of Authority further acknowledges that past performance is no guarantee of future performance of any investments.
- 3. Force Majeure.** No party to this Agreement will be deemed to be in default for any performance, or delay, or failure to perform under this Agreement resulting, directly or indirectly, from: (a) any governmental action or inaction, labor disputes, mechanical or electrical breakdown, any failure of communication lines, telephone or other interconnect problems or unauthorized access, provided such failure (i) is not the fault of such party; or (ii) could not be reasonably controlled by such party; or (b) any natural disaster; or (c) other events beyond the reasonable control of the parties; provided, further, that such events shall not be excused to the extent they can be obviated by the implementation of BTC's Business Recovery Plan.
- 4. Dispute Resolution.** This Agreement contains a pre-dispute arbitration clause. By signing an arbitration agreement the parties agree as follows:
- a) All parties to this Agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
  - b) Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
  - c) The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
  - d) The arbitrators do not have to explain the reason(s) for their award.
  - e) The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
  - f) The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
  - g) The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this Agreement.

No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class action who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Agreement except to the extent stated herein.

With respect to controversies or disputes which may arise between you and us (including our affiliates, as well as the Investment Manager, as a third party beneficiary of this Agreement, having the right to enforce any of the parties' obligations herein) under this Agreement concerning matters involving alleged violations of the Advisers Act or applicable state investment advisory laws, it is understood that the Securities and Exchange Commission and various state securities regulatory agencies believe that an agreement to submit disputes to arbitration does not constitute a waiver of any rights provided under the Investment Advisers Act or applicable state investment advisory laws, including the right to choose a forum, whether by arbitration or adjudication, in which to seek the resolution of disputes.

**Arbitration Provision:**

Notwithstanding the preceding paragraph, you agree that any and all disputes that may arise between you and us (including our affiliates, as well as the Investment Manager, as a third-party beneficiary of this Agreement with rights to enforce any of the parties' obligations herein) concerning any transaction or the construction, performance or breach of this Agreement or any other agreement between us, whether entered into prior to, on, or subsequent to the date of this Agreement, shall first be addressed by good faith negotiations between you and us. In the event either party determines that they are not able to resolve the dispute through negotiation, then the dispute shall be determined by arbitration conducted before, and only before, an arbitration panel set up by the American Arbitration Association ("AAA") in accordance with their arbitration procedures. The parties shall attempt to agree upon one arbitrator to hear the matter. If the parties are unable to so agree, each party shall appoint one arbitrator and the two arbitrators so appointed shall in turn choose a third arbitrator. If the arbitrators chosen by the parties cannot agree on the choice of a third arbitrator within a period of 30 days after their nomination, then the third arbitrator shall be appointed by the President of the AAA. Either you or we may initiate arbitration by filing a written claim with the AAA. Any arbitration under this Agreement shall be conducted pursuant to the Federal Arbitration Act and the Laws of the State of California.

- 5. Notice.** Any notice under this Agreement shall be given in writing by certified mail, return receipt requested, to the address listed below.

**6. Commencement Date.** This Trust Administrative Services Agreement shall commence as of the date first written above.

**Employer:** Contra Costa Community College District  
**Address of Notice:** 500 Court Street  
Martinez, CA 94553

**By:** \_\_\_\_\_

**By:** \_\_\_\_\_

**By:** \_\_\_\_\_

**By:** \_\_\_\_\_

**BTC:** Benefit Trust Company.  
**Address of Notice:** 5901 College Boulevard, Suite 100  
Overland Park, KS 66211

**By:** \_\_\_\_\_  
Scott W. Rankin, Senior Vice President

**Exhibit A**

**FUTURIS  
PUBLIC ENTITY INVESTMENT TRUST  
ADOPTION AGREEMENT**

**Contra Costa Community College District** (“Employer”), through its authorized Retirement Board of Authority hereby elects to adopt the terms of the Futuris Public Entity Investment Trust, which shall be formally known as the Contra Costa Community College District Futuris Public Entity Investment Trust (hereinafter referred to as the “Trust”), attached hereto and incorporated by reference, as of \_\_\_\_\_, 2008 (the “Effective Date”). The fiscal year of the Trust shall be the 12-month period beginning July 1 and ending June 30.

Unless provided otherwise in writing by the Employer in any Board Resolution or other similar written designation, the Retirement Board of Authority agrees and shall be considered as “Authorized Representatives” to act on behalf of the Employer in compliance with Section 7.5 of the Trust.

The Retirement Board of Authority further agrees to establish its applicable Investment Policy Statement, a sample of which has been provided, which shall be adhered to and administered by the Trustee in accordance with the terms of the Trust. Related to the Investment Policy Statement, the Trustee shall have the authority to cause any or all of the assets of the Trust to be commingled, if the investment and the issuance of such investment thereof would be exempt under the provisions of Sections 2(a)(36), 3(b)(1) or 3(c)(11) of the Investment Company Act of 1940 or Section 3(a)(2) of the Securities Act of 1933, with the assets of trusts created by others, causing such money to be invested as part of a common and/or collective trust fund.

IN WITNESS WHEREOF, the Retirement Board of Authority, on behalf of the Employer, each person signing this agreement represents and warrants that he or she had the authority to bind such parties and hereby adopts the Trust on the \_\_\_\_\_ day of \_\_\_\_\_, 2008.

**RETIREMENT BOARD OF AUTHORITY**

**By:** \_\_\_\_\_

**By:** \_\_\_\_\_

**By:** \_\_\_\_\_

**By:** \_\_\_\_\_

## Exhibit B

### FUTURIS PUBLIC ENTITY INVESTMENT TRUST TRUST AGREEMENT

THIS AGREEMENT, also referred to as the “**Futuris Public Entity Investment Trust**” (hereinafter the “**Trust**” or “**Agreement**”) is made and hereby executed by and between the organization specified on the Adoption Agreement attached hereto, a governmental or public entity employer (hereinafter “**Employer**”), and **Benefit Trust Company**, a Kansas Corporation as trustee and asset custodian (“**Trustee**”). This Agreement shall be effective as of the Effective Date set forth below.

WHEREAS, Employer desires to establish a trust to be used for the purposes of: (i) investment and disbursement of funds irrevocably designated by Employer for the payment of its obligations to eligible employees (and former employees) of Employer and their eligible dependents and beneficiaries for life, sick, hospitalization, major medical, accident, disability, dental and other similar benefits (sometimes referred to as “other post-employment benefits,” or “**OPEB**”), in compliance with Governmental Accounting Statement Nos. 43 and 45; and (ii) investment and disbursement of excess funds held by Employer for future use in connection with any lawful purpose of Employer, as further described herein; and

WHEREAS, Employer is a public entity, and hereby wishes to establish this Trust as an integral part of Employer’s governmental purposes, pursuant to a trust arrangement that is tax exempt under applicable guidance and procedures under Section 115 of the Code;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained herein, Employer and the Trustee agree as follows:

#### ARTICLE I DEFINITIONS

**1.1 Adoption Agreement.** “Adoption Agreement” shall mean the Adoption Agreement entered into by the Retirement Board of Authority, who has been authorized by the Employer to adopt this Trust for the purposes specified herein.

**1.2 Trust Fund.** “Trust Fund” shall mean the trust assets that are irrevocably designated by Employer for the purpose of funding designated OPEB obligations, and any applicable fees and expenses of Employer under one or more Plans adopted by Employer.

**1.3 Retirement Board of Authority.** “Retirement Board of Authority” shall mean the Retirement Board of Authority created by resolution of the governing body of Employer, consisting of one or more voting members appointed by Employer and serving at the will of Employer, having the power and authority to make all decisions required to be made for the Trust on behalf of Employer, as described in this Trust, except for any decisions of the Employer

as required under this Agreement. The members of the Retirement Board of Authority may be appointed, terminated and replaced by Employer using such procedures as Employer shall specify by resolution of its governing body, with the initial Retirement Board of Authority being designated by the Employer through board resolution or other similar means.

**1.4 Code.** “Code” shall mean the Internal Revenue Code of 1986, as amended.

**1.5 Effective Date.** “Effective Date” shall mean the Effective Date specified in the Adoption Agreement executed by Employer.

**1.6 Investment Manager.** “Investment Manager” shall mean the independent registered investment adviser appointed by the Trustee pursuant to the authority provided to the Trustee in Section 5.1 of this Agreement.

**1.7 Investment Policy Statement.** “Investment Policy Statement” shall mean the investment guidelines for the Trust Fund, as approved by the Retirement Board of Authority, and as such Investment Policy Statement may be amended from time to time. The Investment Policy Statement shall establish the investment guidelines and authority related to the investment of Trust assets by the Investment Manager, subject to the terms of the Trust.

**1.8 Participant.** “Participant” shall mean any employee or former employee of Employer, or any dependent or beneficiary of such an employee or former employee, who is or shall be entitled to OPEB liabilities thereunder.

**1.9 Plan.** “Plan” or “Plans” shall mean each plan adopted by Employer that includes or provides for the payment of OPEB liabilities to Participants in accordance with the terms of the Plan. Each Plan shall be limited to providing life, sick, hospitalization, major medical, accident, disability, dental and/or other similar benefits to Participants.

**1.10 Plan Administrator.** “Plan Administrator” shall be the person or entity designated to administer each Plan that pays benefits funded by contributions made to the Trust Fund, as set forth in each such Plan. The Plan Administrator shall have the sole authority to provide directions for withdrawal or other disbursement of funds held in the Trust Fund.

**1.11 Trust.** “Trust” shall mean the trust established by this Agreement.

**1.12 Trustee.** “Trustee” shall mean the person or entity appointed and acting as Trustee of the Trust in accordance with the terms of this Agreement. The initial Trustee of the Trust is Benefit Trust Company.

## ARTICLE II

### PURPOSE AND ESTABLISHMENT OF TRUST

**2.1 Establishment of Trust.** Employer hereby deposits with Trustee, in Trust, a sum of money or other similar consideration, which shall become the principal of the Trust, to be held, administered and disposed of by the Trustee as provided in this Trust Agreement. The principal of the Trust and any earnings thereon shall be held separate and apart from other funds of Employer and shall be used exclusively for the uses and purposes herein set forth.

**2.2 Purposes of the Trust.** The Trust shall be for the purpose of receiving, holding, investing, reinvesting and disbursing, for the benefit of the Participants in connection with assets held in the Trust Fund, the monies or property contributed to or otherwise received by the Trustee, in accordance with the provisions of this Agreement. The Trust shall consist of all reserves or monies comprising assets that may include any insurance policy assigned by Employer to the Trust, as well as any and all contributions further described under Article III below, and all cash, securities, property, and assets of whatever kind and nature, owned, held or otherwise acquired by the Trustee pursuant to the Trust, and all earnings thereon. To the extent of any assets held within the Trust Fund, no part of the principal or income of the Trust held within the Trust Fund shall be paid, or revert, to Employer, or be used in any manner other than for the exclusive benefit of the Participants in connection with the payment of OPEB obligations, including applicable fees and expenses, of Employer under the terms of the Plan, as determined by the Plan Administrator or unless provided for under Article X below. Accordingly, the Trust holds only bare legal title to the Trust Fund, and neither the Trust nor Employer own or hold any equitable interest in the Trust Fund.

### **ARTICLE III CONTRIBUTIONS**

**3.1 Contributions.** Employer may from time to time make contributions to the Trust, in such amounts as Employer shall determine are appropriate. Employer shall designate in writing to the Trustee at the time of each contribution the amounts to be deposited into the Trust Fund, and the Trustee shall ensure that each contribution is deposited into the fund designated by Employer. To the extent that any Plan permits contributions to be made by Participants to fund OPEB obligations, including the cost of applicable fees and expenses, of Employer, all such contributions shall be designated solely for the Trust Fund, and such contributions, along with all earnings on such Participant contributions shall be reflected as Participant contributions in all books and records maintained by the Trustee. All contributions shall be made in cash or in the form of such other property as the Trustee may from time to time deem acceptable and which shall have been delivered to the Trustee. The contributions so received, together with the income therefrom and any other increment thereon shall be held, invested, reinvested and administered by the Trustee pursuant to the terms of this Agreement. The Trustee shall not be responsible for or have any obligation related to, the timing or collection of any contribution, the allocation of any contributed amount in the case of multiple Trust Funds, or any applicable earnings of the Trust Fund, or the calculation or payment of any benefits under any Plan. For any contributions received after any trading deadline, or if the Employer fails to provide proper instructions for the allocation of any amounts to be contributed in the case of multiple Trust Funds, or such instructions are incomplete or incorrect in a manner that prevents the contributed amounts from being invested in the desired manner, the Trustee, or its designated sub-custodian, if applicable, shall deposit such amounts in the Trust Fund, to be held in a Short-Term Investment Fund (the "Default Fund"), or such other similar account comprised of cash, bank notes, corporate notes, government bills and other various short-term debt instruments that are deemed appropriate by the Trustee and/or the Investment Manager until such time as the Employer's directions can be properly completed. If, after a period of thirty (30) days the Trustee is unable to obtain revised instructions from the Employer, the Trustee shall return all such previously-deposited amounts to the Employer, including allocated earnings therein.

**3.2 Compliance with Laws.** The Trust is established and maintained solely by Employer as an integral part of its governmental purposes. The Trust is therefore intended to satisfy all requirements of the United States Department of Treasury pursuant to Section 115 of the Code. All contributions made to the Trust and the earnings thereon shall be retained in the Trust until the same shall have been fully paid out in accordance with the terms of this Agreement. Under no circumstances shall any amounts held in the Trust Fund be used for any purpose other than the payment of OPEB obligations of Employer pursuant to the terms of such Plans designated by Employer.

## **ARTICLE IV WITHDRAWALS**

**4.1 Withdrawals from Trust Fund.** The Plan Administrator, or its Authorized Representative, as further described in Section 7.5 hereof, of each Plan designated by Employer for funding through the Trust Fund is the sole party authorized to withdraw or otherwise direct the Trustee to make disbursement of amounts from the Trust Fund and such amounts shall not be withdrawn except for the purpose of paying OPEB-related liabilities for eligible Plan participants, contributions made by error or mistake in accordance with Article X below, or because the applicable OPEB liability has been fully funded or resolved; any excess Trust Fund assets that remain shall be returned to the underlying Plan(s) as directed by the Plan Administrator. Under no circumstances shall any Trust Fund amount be paid to or in any way revert to the Employer directly unless the amounts contributed to the Trust Fund by the Employer were made by mistake. To the extent that there are separate accounts maintained for each Plan within the Trust Fund, each Plan Administrator is authorized only to withdraw amounts designated within the Trust Fund for funding of the Plan administered by that Plan Administrator. The Plan Administrator shall, from time to time and subject to the liquidity requirements and restrictions set forth within the Investment Policy Statement, direct the Trustee to make payments out of the Trust Fund to the persons or entities to whom such payments are authorized to be made in accordance with the terms of the Plan, in such amounts and for such purposes as are authorized under the terms of the Plan. The Trustee shall not be responsible for determining whether withdrawals made by the authorized Plan Administrator are authorized under the Plan, and shall be entitled to rely upon the determination of the authorized Plan Administrator that such withdrawals are in compliance with the terms of the Plan.

## **ARTICLE V INVESTMENT OF TRUST FUNDS**

**5.1 Separate Investment Funds.** The Trust shall consist of a separate and distinct investment fund program to be known as the Trust Fund. The Trust Fund shall be held, managed, administered, valued, invested, reinvested, distributed, accounted for and otherwise dealt with, in accordance with the provisions in this Agreement. References to the Trust assets shall generally be deemed to refer to the Trust Fund.

- (a) The assets belonging to the Trust Fund shall be charged with the liabilities in respect of the Trust and all expenses, costs, charges and reserves to the Trust. Any general liabilities, expenses, costs, charges or reserves of the Trust shall be allocated and charged by the Trustee to the Trust Fund. Each allocation of liabilities, expenses, costs, charges and reserves by the Trustee shall be conclusive and binding for all purposes.
- (b) Employer may establish a separate Trust Fund for the obligations of Employer under each Plan, or may provide a single Trust Fund for all obligations of Employer under all Plans adopted by Employer. Employer may, by written direction from time to time to the Trustee, add additional separate Trust Funds or combine two or more separate Trust Funds, provided that the Plan Administrator for each Plan funded by the Trust Fund(s) shall provide its written consent to any such direction provided by Employer, with applicable liabilities, expenses, costs, charges or other reserves being allocated in the manner set forth in subsection (a) above.
- (c) A Default Fund shall be established within the Trust Fund under conditions set forth under Article III above and based on investment guidelines established within the Investment Policy Statement.

**5.2 Appointment of Investment Manager.** The Trustee shall, in the exercise of its discretion over the investment of Trust funds, appoint a primary Investment Manager, who shall have the authority to invest, reinvest, sell and hold, through a qualified custodian as required by applicable law, all assets of the Trust Fund in accordance with the guidelines established herein. Specifically, the Investment Manager shall be responsible for assisting the Trustee in developing the Investment Policy Statement for review and approval by the Retirement Board of Authority, selecting the investments and/or portfolio managers to be used to implement the investment strategies authorized by the Investment Policy Statement, as well as assisting the Retirement Board of Authority in selecting asset allocation models for the Trust Fund and reporting on the performance of investments held in the Trust. The duties of the Investment Manager shall be further specified in a written agreement to be entered into between the Trustee and the Investment Manager.

**5.3 Review and Approval of Investment Policy Statement.** The Trustee shall assist in developing an Investment Policy Statement for Employer that is consistent with applicable law, which is primarily to safeguard the principal of the funds held in the Trust, then secondarily to meet the Trust's liquidity needs and thirdly, to achieve a return on the funds held in the Trust. The Investment Policy Statement shall be reviewed and approved by the Retirement Board of Authority prior to investment of any contributions received from Employer to fund the Trust, other than temporary investments in short-term obligations of the United States government. The Investment Policy Statement shall remain in effect until amended or superseded in writing by the Retirement Board of Authority. The Investment Policy Statement shall provide for the investment of assets of the Trust Fund in a manner appropriate to satisfy the expected OPEB liabilities and liquidity requirements of each Plan funded by the Trust Fund and in compliance with the investment requirements of applicable law.

**5.4 Monitoring of Investment Manager.** The Trustee, or its designated agents or other representatives, shall be responsible for monitoring the performance of the Investment Manager to assure that investment decisions are made by the Investment Manager, and that the services provided by the Investment Manager, are in compliance with the terms of the Investment Policy Statement, the investment advisory agreement between the Trustee and the Investment Manager and applicable law. The Trustee shall further be responsible for reviewing the overall performance of the Investment Manager relative to performance goals and objectives specified in the Investment Policy Statement. The Trustee shall promptly notify Employer of any actions taken by the Investment Manager that the Trustee determines to be inconsistent with the Investment Policy Statement, the investment advisory agreement between the Investment Manager and the Trustee, or applicable law, and shall take such actions as are commercially reasonable to correct or recover from such actions as are prudent on behalf of the Trust.

**5.5 Termination and Replacement of Investment Manager.** In the event that the Trustee determines that the Investment Manager is not performing its duties in accordance with the Investment Policy Statement, the investment advisory agreement with the Trustee or applicable law, or that the Investment Manager is not satisfactorily meeting its performance goals and objectives, the Trustee shall have full discretion to terminate and replace the Investment Manager. Throughout any corresponding transition period prior to or commensurate with the selection and delegation of investment management responsibilities to a successor Investment Manager, the Trustee shall ensure that the assets of the Trust continue to be invested in the manner the Trustee deems prudent and most appropriate under the circumstances then-prevailing, as long as in compliance with the general terms and conditions of the Investment Policy Statement and applicable law.

**5.6 General Fiduciary Duties of Trustee.** In the performance of its investment related functions under this Agreement, the Trustee acknowledges that, to the extent of its role and responsibilities set forth herein, it is a fiduciary to the Trust and to Employer. The Trustee agrees that it shall act in accordance with the Uniform Trust Code, as amended, and shall act with the care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Trust and Employer, to the extent known by the Trustee, that a prudent person acting in a like capacity and familiarity with those matters would administer the Trust and use and exercise reasonable care, skill and caution, in the administration of the Trust and performance of investment related functions with respect to funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Trust and Employer. The Retirement Board of Authority shall be entitled to rely upon the actions and decisions of the in the performance of its duties under this Agreement. Subject to the foregoing duty of the Trustee, the Trustee shall not be liable for any investment losses suffered by the Trust.

## **ARTICLE VI GENERAL POWERS OF TRUSTEE**

In addition to the specific powers and duties of the Trustee set forth in Articles III, IV and V, the Trustee shall have the following powers:

- (a) to hold assets on behalf of the Trust in the name of Trustee for the benefit of the Trust;

- (b) to direct the Investment Manager or any delegated custodian, as applicable, to sell assets of the Trust to the extent necessary to allow an authorized Plan Administrator to make a withdrawal from the Trust Fund;
- (c) to arbitrate, defend, enforce, release or settle any claim of or against the Trust;
- (d) to the extent that the duty to vote proxies for securities held by the Trust is not delegated to the Investment Manager, to vote, in person or by proxy, upon all securities held by the Trust;
- (e) to the extent advised by the Investment Manager consistent with the Investment Policy Statement, to exercise, buy or sell subscription and conversion rights and participate on behalf of securities held by the Trust in reorganizations, recapitalizations, consolidations, mergers, exchanges, foreclosures, liquidations and creditors' and bondholders' agreements;
- (f) to do all such acts, take all such proceedings, and exercise all such rights and privileges, although not specifically mentioned herein, as the Trustee may deem necessary to administer the Trust, provided that such actions or proceedings are not inconsistent with the terms of this Trust;
- (g) to employ and pay from the assets of the Trust reasonable compensation to agents, investment counsel and attorneys, accountants, or other similar parties, including any person, partnership, corporation or other entity with which the Trustee may be associated, for purposes that the Trustee determines to be necessary for the administration of the Trust, as well as any other parties the Employer or Retirement Board of Authority has engaged to provide related services pursuant to a written agreement;
- (h) to withdraw from the Trust compensation and expenses payable to the Trustee in such amounts as are agreed to between Employer and the Trustee under any written administrative service agreement or other similar arrangement; and
- (i) to execute and deliver all documents and instruments necessary for the administration of the Trust on behalf of the Trust.
- (j) the Trustee may cause any or all of the assets of the Trust to be commingled, to the extent such investment and the issuance thereof would be exempt under the provisions of Sections 2(a)(36), 3(b)(1) or 3(c)(11) of the Investment Company Act of 1940 or Section 3(a)(2) of the Securities Act of 1933, with the assets of trusts created by others, causing such money to be invested as part of a common and/or collective trust fund.

## **ARTICLE VII**

## GENERAL DUTIES OF TRUSTEE

In addition to the specific powers and duties of the Trustee set forth in Articles III, IV, V and VI, the Trustee shall have the following duties:

**7.1 General.** The Trustee shall, in the performance of all of its duties on behalf of the Trust, act solely in the manner directed herein and discharge its duties hereunder with the care, skill, prudence and diligence under the circumstances that a prudent man acting in a like capacity and familiar with such matters would use in such circumstances.

**7.2 Records.** The Trustee shall keep accurate and detailed accounts and records of all investments, receipts, disbursements, and other transactions, including all separate accounts and assets contained within the Trust Fund accounts. For purposes of accounting and administration, the records of the Trust shall be maintained on a cash basis method. The Employer and/or the Retirement Board of Authority shall have the right to review and inspect all such accounts and other records relating thereto at all reasonable times, as well as to request an audit of all Trust fund activities.

**7.3 Trustee Reports.** The Trustee shall furnish to the Retirement Board of Authority quarterly reports, as well as an annual statement of account, to be delivered within thirty (30) days after the end of each quarter and within sixty (60) days after the end of each calendar year, setting forth all contributions made to the Trust, including an account of the specific Fund to which such contributions were made, all withdrawals from each Fund and all transfers from the Trust Fund. For these purposes, unless otherwise stated on the Employer's Adoption Agreement, the Employer's fiscal year shall be considered as the 12-month period beginning every July 1 to June 30 of the following year.

**7.4 Audits.** Trustee shall assist Employer with the engagement of an independent certified public accountant to audit the Trust under such time frames and parameters specified by the Employer, with the cost of such audit to be paid for by the Trust or by Employer as determined by the Employer. A copy of the report of such audit shall be furnished to Employer, Trustee and such other persons as Employer or Employer's Authorized Representative shall designate.

**7.5 Authorized Representatives.** Employer and the Plan Administrator shall inform the Trustee immediately in writing of the appointment of any Authorized Representative to whom Employer or the Plan Administrator has given authorization to direct the Trustee with respect to the Trust, or any other change in circumstances that could affect the Trustee's administration or management of the Trust. Generally, the Plan Administrator shall authorize two or more authorized signatories who may request withdrawals on behalf of the Plan Administrator and Employer shall authorize two or more authorized signatories who may request withdrawals on behalf of Employer. Subject to any requirement of proof required by the Trustee in verifying the identity of any Authorized Representatives, the Trustee may rely on such designations and follow any instructions of such Authorized Representatives, whether verbal, by facsimile or in writing as though they were Employer's, or the Plan Administrator's instructions, as applicable, and the Trustee's business record entry of any directions by any of them shall be conclusive proof of the giving of such directions. Unless the Employer or Plan Administrator specifically directs otherwise, in the absence of any formal notification of any other individuals who shall be

authorized to act on behalf of the Employer or Plan Administrator, the Trustee may accept direction from any duly appointed member of the Retirement Board of Authority. Any transactions initiated by the Trustee before receiving actual notice of any change with respect to (a) such Authorized Representative(s) or their authority, or (b) the termination of the Trust, shall be valid and binding on Employer, the Plan Administrator, or their successors and assigns, and the Trust.

**7.6 Fiduciary Bonds.** Trustee shall provide to Employer evidence of a bond, surety or security, as maintained by the Trustee, for any employee of the Trustee who works with or on behalf of Trustee in carrying out its duties and responsibilities related to the Trust.

**7.7 Compliance with Laws.** The Trustee shall administer the Trust and all assets invested hereunder at all times in conformity with all applicable provisions of state and federal law, including specific application of the California Government Code.

## **ARTICLE VIII**

### **LIABILITIES AND IMMUNITIES**

**8.1 Immunity of Employer, Trustee or Other Fiduciaries.** Except as otherwise provided by controlling law, neither the establishment of the Trust created hereunder nor any modification hereof nor the creation of any fund or account or the payment of any benefits shall be construed as giving to any employee of Employer or any beneficiary hereunder any legal or equitable right against Employer, any officer, director, employee or agent of Employer, or against the Trustee or any fiduciary, except as provided in this Agreement.

**8.2 Indemnification of Trustee.** The Trustee shall be fully protected and indemnified by Employer and the Plan Administrator, in reliance upon information, direction or instructions received from an authorized party as provided in this Trust, which instructions or directions the Trustee reasonably believes to be authentic and issued by an authorized party. Should it become necessary to perform some act hereunder and there is neither direction in this Trust Agreement nor information nor instructions from Employer or Plan Administrator on file with the Trustee relating thereto, and if no such information or instructions can be obtained after reasonable inquiry, the Trustee shall have full power and authority to act in the Trustee' discretion, consistent with the purposes of this Trust. In so acting or in following any instructions from an authorized party, the Trustee shall not be liable except to the extent that the actions of the Trustee constitute fraud, bad faith, willful misconduct or gross negligence.

## **ARTICLE IX**

### **RESIGNATION, REMOVAL AND SUCCESSION OF TRUSTEE**

The Retirement Board of Authority may remove the Trustee, and the Trustee may resign as Trustee of the Trust, with proper notice and under time frames and criteria established through a separate administrative service agreement, or other similar agreement, between the Retirement Board of Authority and the Trustee, or absent the signing of such an agreement, at any time in the Retirement Board of Authority's discretion with or without cause, upon sixty (60) days' prior

written notice to the other party. Upon the resignation or removal of the Trustee, the Retirement Board of Authority shall appoint a successor Trustee who shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon acceptance of such appointment by the successor Trustee, the Trustee shall assign, transfer, and pay over to such successor Trustee the funds and properties then constituting the assets of the Trust. No successor Trustee shall be subject to any liability or responsibility with respect to any act or omission of any prior Trustee.

## **ARTICLE X CORRECTION OF ERRORS**

**10.1 Mistake.** Any mistake in any payment or in any direction, certificate, notice or other document furnished or issued by Employer or by the Trustee in connection herewith may be corrected when the mistake becomes known, and Employer may direct any adjustment or action that it deems practicable under the circumstances to remedy the mistake. The above notwithstanding, the Trustee must be properly notified of any mistakes or other correction requests within prescribed periods and time limitations as prescribed under applicable law.

**10.2 Refund of Contribution Made to the Trust Fund.** No contribution made to the Trust Fund may be refunded to Employer unless a contribution was made:

- (a) Because of a mistake of fact; or
- (b) Conditioned upon a continued favorable Internal Revenue Service ruling and such favorable ruling is revoked or not obtained.

Any refund or other return of contributions under subsection 10.2(a) must be made within one (1) year from the date the contribution was made and, any refund or return of contributions under subsections 10.2(b) must be made within one (1) year from the date of disallowance of tax qualification.

## **ARTICLE XI AMENDMENT AND TERMINATION**

**11.1 Trust Amendments.** This Agreement may be amended at any time, in whole or in part, by the Employer, or other designated agent(s) as set forth by the Employer in writing. No such amendment shall have the effect of diverting any portion of the Trust Fund for purposes other than the funding of OPEB liabilities for which the amounts held in the Trust Fund has been irrevocably designated for the exclusive benefit of the Participants. Furthermore, no amendment shall be made or approved by the Employer that adds to or increases the Trustee's duties or responsibilities without its prior written approval or consent.

**11.2 Termination of Trust.** This Agreement may be terminated at any time by the Employer, or other designated agent(s) as set forth by the Employer in writing, and subject to applicable termination provisions of the administrative service agreement with the Trustee or as otherwise required under applicable law. Upon such termination, the assets of the Trust Fund shall continue to be held in the Trust until the authorized Plan Administrator directs the Trustee to pay such

amounts in accordance with Section 4.1 of the Trust, less any applicable reserving requirements as specified below. In making such payments, the Trustee may reserve from the assets in the Trust such amount as it shall reasonably deem necessary to provide for any sums chargeable against the Trust for which the Trustee may be liable, or for payment of expenses in connection with the settlement of its accounts and the termination of this Agreement as may be mutually agreed in writing by the parties.

## **ARTICLE XII**

### **MISCELLANEOUS**

**12.1 Protection Against Creditors.** No amounts held in the Trust Fund shall be subject in any way to alienation, sale, transfer, assignment, pledge, attachment, garnishment, execution or encumbrance of any kind on account of creditors of Employer, and any attempt to accomplish the same shall be void. All assets held in the Trust Fund are held in trust irrevocably for the sole benefit of the eligible beneficiaries of each Plan funded by the Trust Fund, and neither this Trust nor Employer has any equitable or reversionary interest in the Trust Fund or the assets held in the Trust Fund. Employer is not a beneficiary of the Trust nor the Trust Fund. None of the benefits, payments, proceeds or claims of any eligible beneficiary of a Plan shall be subject to any creditors and, in particular, the same shall not be subject to attachment or garnishment or other legal process by any creditor, nor shall any such beneficiary have the right to alienate, anticipate, commute, pledge, encumber or assign any of the benefits or payments or proceeds which such beneficiary may expect to receive, contingently or otherwise, under this Trust or as otherwise required under applicable law.

**12.2 Employment Not Affected.** The terms of employment of any employee of Employer shall not be affected in any way by the Trust nor shall this Trust be construed in any way so as to guarantee or extend the employment of any employee of Employer.

**12.3 Construction of Trust.** This Trust shall be construed and enforced according to the laws of the state of California, including applicable provisions of the California Government Code, and in accordance with applicable provisions of the Code. To the extent the terms of the Trust are in conflict with the provisions of any other agreement between the parties, the terms of the Trust shall control.

**12.4 Internal Revenue Service Determination.** The Trustee may submit this Agreement to the Internal Revenue Service for a determination of its status as a tax exempt trust under Section 115 of the Code.

**12.5 Severable Provisions.** If any provision of this Trust shall be held illegal or invalid for any reason, such determination shall not affect the remaining provisions of the Trust.

**12.6 Headings.** The headings of this Trust are for convenience only and are not substantive terms of the Trust.

**12.7 Singular and Plural.** Whenever the singular of any term is used in this Agreement, it shall refer to the plural of such as appropriate under the circumstances.

**12.8 Notices.** Notices to any party under this Agreement shall be provided to such persons and at such addresses as are specified in the Administrative Services Agreement between Employer and the Trustee.

**12.9 Arbitration of Disputes.** This Agreement contains a pre-dispute arbitration clause and the parties agree as follows:

- a) All parties to this Agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
- b) Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
- c) The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- d) The arbitrators do not have to explain the reason(s) for their award.
- e) The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
- f) The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- g) The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this Agreement.

No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class action who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Agreement except to the extent stated herein.

With respect to controversies or disputes which may arise between each party (including any affiliates, as well as the Investment Manager, as a third party beneficiary of this Agreement, having the right to enforce any of the parties' obligations herein) under this Agreement concerning matters involving alleged violations of the Advisers Act or applicable state investment advisory laws, it is understood that the Securities and Exchange Commission and various state securities regulatory agencies believe that an agreement to submit disputes to arbitration does not constitute a waiver of any rights provided under the Investment Advisers Act or applicable state investment advisory laws, including the right to choose a forum, whether by arbitration or adjudication, in which to seek the resolution of disputes.

**Arbitration Provision:**

Notwithstanding the preceding paragraph, all parties agree that any and all disputes that may arise between each party (including any affiliates, as well as the Investment Manager, as a third-party beneficiary of this Agreement with rights to enforce any of the parties' obligations herein)

concerning any transaction or the construction, performance or breach of this Agreement or any other agreement between the parties, whether entered into prior to, on, or subsequent to the date of this Agreement, shall first be addressed by good faith negotiations between each party. In the event either party determines that they are not able to resolve the dispute through negotiation, then the dispute shall be determined by arbitration conducted before, and only before, an arbitration panel set up by the American Arbitration Association (“AAA”) in accordance with their arbitration procedures. The parties shall attempt to agree upon one arbitrator to hear the matter. If the parties are unable to so agree, each party shall appoint one arbitrator and the two arbitrators so appointed shall in turn choose a third arbitrator. If the arbitrators chosen by the parties cannot agree on the choice of a third arbitrator within a period of 30 days after their nomination, then the third arbitrator shall be appointed by the President of the AAA. Either party may initiate arbitration by filing a written claim with the AAA. Any arbitration under this Agreement shall be conducted pursuant to the Federal Arbitration Act and the Laws of the State of California.

**12.10 Binding Effect of Adoption Agreement.** This Agreement shall be binding upon Trustee, Employer and the Plan Administrator, as applicable, upon execution and delivery by the Retirement Board of Authority to Trustee of a duly signed Adoption Agreement, together with copies of authorizing resolutions of Employer and its governing authority thereof.

## Exhibit C

### **Fee Schedule and Service Addendum**

Trustee, Custodial and Communication Services – Benefit Trust Company shall be compensated for assumption of fiduciary responsibility, custodial services and for performing communication and other non-investment related services as specified in the Service Agreement, as follows:

|                            |  |
|----------------------------|--|
| Base Annual Fee            | \$750  |
| Asset Based Trustee Fee    | 0.10% (10 basis points) per annum on the value of the assets held in trust. Asset based fees will be assessed monthly. At the discretion of the Retirement Board of Authority, fees will be billed or collected from the trust.    |
| Investment Management Fee: | 0.125% (12.5 basis points) per annum on the value of the assets held in trust. Asset based fees will be assessed monthly. At the discretion of the Retirement Board of Authority, fees will be billed or collected from the trust. |

## Exhibit D

### **SAMPLE INVESTMENT POLICY STATEMENT**

#### **Contra Costa Community College District**

The purpose of this Investment Policy Statement is to establish a comprehensive strategy for the acceptance and accumulation of invested assets under the **Futuris Public Entity Investment Trust** (the "**Trust**"), which has been adopted for use by **Contra Costa Community College District** (the "**Employer**") for, among other things, to assist the Employer in meeting applicable funding requirements for the payment of future retiree health and welfare obligations and other post-employment benefit obligations (generally referred to as "**OPEB Liability**"), but may also be used to fund other purposes related to excess funds of the Employer as allowable under applicable law.

This Investment Policy Statement shall be consistent with the governing law, including the Internal Revenue Code of 1986 as amended from time to time (the "**Code**"), applicable provisions of Governmental Accounting Standards Board Statement Nos. 43 and 45, California laws, including applicable provisions of the California Government Code.

#### **TRUST FUNDING STATEMENT**

The purpose of the Trust is to provide a uniform method of investing contributions and earnings of all contributed amounts between funds deposited within the Trust Fund, as such term is defined within the Trust. The Trust shall be funded primarily by irrevocable contributions made by the Employer, but may also include other contributions made by any Participant as determined necessary and appropriate under applicable circumstances and in compliance with underlying legal requirements. These contributions shall be remitted to the Trust on a discretionary basis, as determined by and through the direction of the Employer, or such delegated Trust.

#### **RETIREMENT BOARD OF AUTHORITY**

The Retirement Board of Authority (the "**BOA**") is directly responsible for the implementation and oversight of this Investment Policy Statement. This responsibility includes the selection and ongoing evaluation of investments and/or investment managers in accordance with applicable laws and regulations. However, these investment responsibilities may be delegated to an authorized third-party trustee. In this case, the BOA has appointed Benefit Trust Company ("**BTC**") as Discretionary Trustee and Trust Fund custodian, who may further designate and delegate any corresponding Investment Manager responsibilities as set forth below. On behalf of the Trust, and as approved by the BOA, BTC shall administer the assets of the Trust in such a manner that the investments are:

- Prudent; in consideration of the stated purpose of the Trust, any underlying Plan and in accordance with Article 16, Section 17 of the California Constitution creating a

Retirement System, and California Government Code Sections 53620 through 53622, as applicable;

- Diversified; among a broad range of investment alternatives;
- Permitted; in accordance with the terms of the Trust, any applicable Plan document and in accordance with California Government Code Sections 53620 through 53622 and other applicable requirements;
- Selected; for the exclusive benefit of the Plan participants as it relates to the funding of retiree health and welfare benefits, or as otherwise deemed appropriate for the purposes set forth by the Trust.

The above notwithstanding, the BOA retains the responsibility to oversee the management of the Trust, including BTC's, or any successor trustee's, requirement that investments and assets held within the Trust continually adhere to the requirements of California Government Code.

### **INVESTMENT OBJECTIVES**

The Trust authorizes the use of a broad range of investment choices that have distinctly different risk and return characteristics. In general, assets held in the Trust Fund will be for the primary purpose of meeting present and future OPEB Liability obligations and may be invested in accordance with California Government Code Sections 53600 through 53622 that subject to applicable legal requirements may provide greater latitude to increase purchasing power and capital growth potential if deemed prudent to do so.

Though investment responsibilities are delegated to the Trustee, the BOA determines the target return that is applicable for this Trust as it relates to those assets held in the Trust Fund. Attachment A of this Investment Policy details the target return selected by the BOA. The target return may be modified from time to time by amending the Appendix. Related to the investments and the holding of investments themselves, the Trustee may cause any or all of the assets of the Trust to be commingled, to the extent such investment and the issuance thereof would be exempt under the provisions of Sections 2(a)(36), 3(b)(1) or 3(c)(11) of the Investment Company Act of 1940 or Section 3(a)(2) of the Securities Act of 1933, with the assets of trusts created by others, causing such money to be invested as part of a common and/or collective trust fund.

### **PERIODIC ANALYSIS AND EVALUATION**

The BOA and/or its designees shall periodically meet with the Trustee to review investment performance reports that analyze the performance of the managers selected in each market sector that take into consideration:

- adherence to applicable legal constraints on investment prudence;
- consistency and adherence to stated investment management style and discipline;
- risk adjusted performance relative to managers with similar style;

- long-term investment performance relative to appropriate benchmarks; and
- changes in investment personnel managing the portfolio

**ETHICS AND CONFLICT OF INTEREST**

Officers, employees, and agents involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Officers, employees, and agents involved in the investment process shall abide by the California Government Code Section 1090 et seq. and the California Political Reform Act (California Government Code Section 81000 et seq.)

**AMENDMENT**

The BOA shall have the right to amend this Policy, in whole or in part, at any time and from time to time.

**ADOPTION**

The BOA hereby adopts the provisions of this Investment Policy Statement as of this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

**By:** \_\_\_\_\_  
(name, title)

**By:** \_\_\_\_\_  
(name, title)

**By:** \_\_\_\_\_  
(name, title)

**By:** \_\_\_\_\_  
(name, title)

**By:** \_\_\_\_\_  
(name, title)

## **APPENDIX A: Target Return**

Subject to the ability of the Retirement Board of Authority and Trustee to deviate from these guidelines as set forth under the heading "Investment Objectives" in the Statement, the Board of Authority has determined after due consideration to the time horizon of the trust, trust liquidity needs, and the District's risk tolerance and capacity for risk, that the Trust Fund shall be invested with the objective of achieving a target net return of \_\_\_\_% in order to meet the Plan's actuarial assumption (as determined by Retirement Board of Authority's Actuarial Consultant), as well as an additional \_\_\_\_% to cover the costs of trust administration, GASB 43 and GASB 45 compliance.

In accordance with Article 16 Section 17 of the California Constitution creating a retirement system and California Government Code sections 53620 through 53622, the Retirement Board of Authority has the authority to invest or reinvest funds intended for the payment of employee retiree health benefits under a prudent investor standard and shall diversify investments so as to minimize the risk of loss and to maximize the rate of return. The Trustee shall establish investment portfolios on a discretionary basis to meet the diverse needs of the Trust and its applicable purposes. Applicable provisions and requirements of, in particular, the California Government Code (specifically provisions under Sections 53216.1, 53216.5 and 53216.6, as applicable) shall be examined before selecting the investment portfolios to achieve the targets stated above.

The Trustee shall manage the Trust investments on a discretionary basis such that the total allocation among various investment styles, capitalizations, fund managers and securities is established and re-balanced from time-to-time so as to meet the Trust's overall target return objectives with the least amount of risk. The Trust assets shall not be invested in any proprietary investment vehicles of the Trustee or any of its affiliates or advisors.

### **Equity Investments**

The purpose of the aggregate equity allocation within the Trust is to provide a total return consisting primarily of appreciation, with dividend income a secondary consideration. In order to maximize return opportunity while minimizing risk, the Trustee shall, in its discretion, allocate the Trust's equity allocation among a diverse group of equity fund managers, taking into consideration such factors as investment style (value, growth, international, etc.) as well as the capitalization (large, mid, small, etc.) of the investment.

Permitted equity investments shall include:

- Publicly traded common stocks listed on a major United States stock exchange, including stocks traded through the NASDAQ Stock Market;
- American Depository Receipts ("ADRs");
- SEC-registered open-end mutual funds and Bank, Insurance Company or Trust Company commingled funds which invest primarily in stocks and other instruments which are allowable securities under these policies and objectives;

- Closed-end SEC-registered mutual funds which invest primarily in stocks and other instruments which are allowable securities under these policies and objectives; and
- Exchange Traded Funds (“ETFs”) which invest primarily in stocks and other instruments which are allowable securities under these policies and objectives.

In managing the equity portfolio, the Trustee shall not do any of the following:

- buy equity securities on margin;
- short-sell equity securities;
- buy or sell futures contracts in any form, except that the Trustee is authorized to buy or sell such contracts specifically for purposes of, and only for purposes of, a hedge against portfolio loss;
- buy or sell put or call options on stocks, indexes or futures contracts;
- buy or sell foreign securities not registered through an SEC filing or not denominated in U.S. dollars; or
- buy or sell any securities which are not publicly traded.

In addition, not more than 5% of the Trust assets shall be invested in any single equity security nor shall the Trust assets be invested in any mutual fund that holds more than 5% of its portfolio in any single issue or issuer. The foregoing limitation is not intended to apply to the percentage of Trust assets invested in a single diversified mutual fund.

Both an investment fund manager’s performance and the performance of individual securities, if purchased, will be compared to the following benchmarks based upon the particular investment style and capitalization range:

|                                    |                     |
|------------------------------------|---------------------|
| Large Capitalization Core:         | S&P 500             |
| Large Capitalization Value:        | Russell 1000 Value  |
| Large Capitalization Growth:       | Russell 1000 Growth |
| Mid Capitalization Value/Growth:   | Russell Midcap      |
| Small Capitalization Growth/Value: | Russell 2000        |
| International:                     | MSCI EAFE           |

The Trustee shall pay particular attention to rolling 1, 3 and 5 year time frames as well as shorter periods should the situation warrant. In addition, the Trustee shall measure and compare the exposure to risk of the Trust’s equity portfolio with benchmarks appropriate for the investment style and capitalization range of each such investment.

### **Fixed Income Investments**

The purpose of the aggregate fixed income allocation within the Trust is to provide a total return consisting of income and appreciation, while preserving capital by investing in a diversified portfolio of high quality fixed income securities. The investment objective of the fixed income portfolio is to achieve a total return commensurate with the overall bond market as measured by the Lehman 1-5 year bond index, with attention given to rolling 1, 3 and 5 year time frames as

well as shorter periods should the situation warrant. In addition, the Trustee shall measure and compare the exposure to risk of the Trust's fixed income portfolio with benchmarks appropriate for the investment style and capitalization range of each such investment.

Permitted securities shall include:

- Obligations of the U.S. Government and its agencies;
- Bonds issued by U.S. Corporations or U.S. subsidiaries of foreign companies that are incorporated within the U.S. and carry a minimum BBB rating;
- Certificates of Deposit issued by banks or savings and loans of sound financial condition under FDIC management, with never more than \$100,000 (including interest) in any single institution;
- Money market funds and money market instruments of an investment grade commonly held in money market funds such as repurchase agreements, banker's acceptances, commercial paper, etc.
- SEC-registered open-end mutual funds and Bank, Insurance Company and Trust Company commingled funds which invest primarily in bonds and other instruments which are allowable securities under these policies and objectives;
- Closed-end SEC registered mutual funds which invest primarily in bonds and other instruments which are allowable securities under these policies and objectives;
- Exchange Traded Funds ("ETFs") which invest primarily in bonds and other instruments which are allowable securities under these policies and objectives;
- "Yankee Bonds", i.e. foreign government bonds or corporate bonds of foreign companies, issued in U.S. dollar denominations, and offered through registration and filing with the SEC and carry a minimum BBB rating;
- Securities backed by pools of consumer or corporate receivables other than mortgages ("Asset-backed Securities"), provided that these securities have been registered with the SEC for public offering and that they meet the requirements of these policies and objectives and carry a minimum BBB rating; and
- U.S. Agency mortgage-backed pass-through securities.

In managing the fixed income portion of the Trust assets, the Trustee shall not do any of the following:

- buy fixed income securities on margin;
- short-sell fixed income securities;
- buy or sell futures contracts in any form, except that the Trustee is authorized to buy or sell such contracts specifically for purposes of, and only for purposes of, a hedge

- against portfolio loss;
- buy or sell put or call options on bonds, indexes or futures contracts;
- buy or sell foreign securities not registered through an SEC filing or not denominated in U.S. dollars; or
- buy or sell any securities which are not publicly traded except U.S. Government or agency-backed mortgages.

In addition, not more than 5% of the Trust assets shall be invested in any single debt security nor shall the Trust assets be invested in any mutual fund that holds more than 5% of its portfolio in any single issue or issuer. The foregoing limitation is not intended to apply to the percentage of Trust assets invested in a single diversified mutual fund, nor does the limitation apply to obligations of the U.S. Government and its agencies, U.S. agency mortgage-backed pass-through securities or to a mutual fund that invests in such obligations or securities.

### **Use of Mutual Funds**

The Retirement Board of Authority envisions that the Trustee will invest predominantly in open and closed-end mutual funds. The Board recognizes that the limitations and restrictions set forth in this Statement cannot be imposed on the managers of such mutual funds and that mutual funds held by the Trust may be managed outside of the requirements of this Statement. Nonetheless, the Trustee shall seek to identify mutual funds that comply as closely as possible to these guidelines and shall diligently monitor for prompt removal and replacement of those that do not.

### **Performance Review**

In the execution of its fiduciary responsibilities, the Trustee shall review, on a regular basis, the performance of the various investments and fund managers employed by the Trust to determine if assets are being properly managed according to the stated objectives and policies set forth in the Trust Agreement and in this Statement. The Trustee shall view performance and investment risk on the basis of a full 3 to 5-year market cycle, though the stated objectives and policies of the Trustee may result in the prompt sale of a security or dismissal of a fund manager based upon shorter term results. In addition, any deviation or change in the structure, management or investment style of any fund manager employed shall precipitate a review by the Trustee to determine whether or not that manager should be retained.

### **Change of Target Return**

The Retirement Board of Authority may, from time to time, discuss with Trustee the need to change target investment returns for the trust as conditions or characteristics of the Trust, or applicable Fund requirements change. In the event a change is made, a new Appendix A will be adopted by the Retirement Board of Authority to reflect the change.