

**ADOPTION AGREEMENT
FOR THE
POST-EMPLOYMENT BENEFITS TRUST**



PFM ASSET MANAGEMENT LLC,
Trust Administrator



WELLS FARGO BANK, N.A.
Trustee

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INTRODUCTION

By executing this Adoption Agreement, the Employer named in Article 1 of this Adoption Agreement hereby adopts and agrees to be bound by the terms of the Post-Employment Benefits Trust Agreement (the "Trust Agreement"), a copy of which is attached as Exhibit A. To the extent there is a conflict between this Adoption Agreement and the Trust Agreement, the Trust Agreement will control. Unless otherwise specified below, initially capitalized terms used in this Adoption Agreement are defined in the Trust Agreement.

ARTICLE 1

EMPLOYER INFORMATION

1.1 Employer's Name, Address, and Telephone Number

(a) Name: City of Milpitas _____

(b) Address: _____

(c) Telephone: _____

1.2 Employer's Taxpayer Identification Number: _____

ARTICLE 2

PLAN INFORMATION

2.1 Plan Name

Pension Plan: ("Plan") _____

("Plan")

2.2 Employer-designated: Plan Administrator's Name, Title, Address, and Telephone Number:

(a) Name: _____

(b) Title: _____

(c) Address: _____

(d) Telephone: _____

ARTICLE 3

TRUST ADMINISTRATIVE SERVICES

As a condition of the Employer's participation in the Trust, the Employer and the Trust Administrator have executed the Trust Administrative Services Agreement attached as Exhibit B.



ARTICLE 4

INVESTMENTS

The Employer hereby directs the Trust Administrator to direct the Trustee to invest the assets in the Employer's Account in accordance with the investment strategy mutually agreed to by the Employer and the Trust Administrator as set forth in the Investment Policy Statement attached as Exhibit C.

ARTICLE 5

TRUST FEES AND EXPENSES

5.1 Method of Payment. Unless the Employer otherwise elects below, the Trust Administration Fees (as defined in Section 9.2 of the Trust Agreement), Trustee Fees (as defined in Section 9.3 of the Trust Agreement), and any other reasonable fees and expenses of administering the Employer's Account will be paid from the Employer's Account. In lieu of payments from its Account, the Employer hereby elects to pay the following amounts:

- Trust Administration Fees
- Trustee Fees
- All expenses of the Employer's Account other than fees
- Other (please insert description):

Please refer to Section 4 of the Trust Administrative Services Agreement for further information about payment of fees and expenses.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES

- 6.1 The Employer hereby represents and warrants that each of the following statements is true and correct to the best of its knowledge:
- (a) The Employer is a state, a political subdivision of a state or another public agency whose income is excludable from gross income under section 115 of the Internal Revenue Code that is established and maintained under the laws of the State of California.
 - (b) The Employer has established and maintains a Plan the exclusive purpose of which is to provide retirement benefits to its former employees.
 - (c) The exclusive purpose of the Employer's participation in the Trust is to fund the Pension Obligation under the Employer's Plan.



- (d) The Employer's participation in the Trust is for the purpose of funding the Pension Obligation under the Employer's Plan is authorized under the laws of the State of California.
- (e) The Employer's Plan does not permit participants to direct or otherwise exercise in any manner, whether direct or indirect, control over the investment of their accounts or benefits accrued under the Plan.
- (f) The Employer has received copies, and has read and understands the terms, of the Trust Agreement.

ARTICLE 7

STANDARD OF CARE AND INDEMNIFICATION

- 7.1 Standard of Care. The Trustee and the Trust Administrator must discharge their duties with respect to the investment and management of Trust assets in accordance with the standard of care set forth in Section 11.2 of the Trust Agreement.
- 7.2 Employer Indemnification of Trustee. The Employer, from its own funds and not from any assets of the Trust, agrees to indemnify the Trustee and each of its affiliates against, and will hold them harmless from, any and all loss, claims, liability, and expense, including cost of defense and reasonable attorneys' fees, imposed upon or incurred at any time by any of them by reason of or in connection with the performance of the Trustee's services under this Agreement, except to the extent such damages resulted from the Trustee's or affiliate's performance (or non-performance) of its duties under the Trust Agreement in a manner that constitutes negligent or intentional misconduct or negligent or intentional breach of the standard of care articulated in Section 11.2 of the Trust Agreement.
- 7.3 Employer Indemnification of Trust Administrator. Employer, from its own funds and not from any assets of the Trust, agrees to indemnify the Trust Administrator and each of its affiliates against, and will hold them harmless from, any and all damages imposed upon or incurred by any of them by reason of, or in connection with its services under the Trust Agreement or the Trust Administrative Services Agreement, except to the extent that such damages resulted from the Trust Administrator's or affiliate's performance (or non-performance) of its duties under the Trust Agreement or the Trust Administrative Services Agreement in a manner that constitutes negligent or intentional misconduct or negligent or intentional breach of the standard of care articulated in Section 11.2 of the Trust Agreement.

ARTICLE 8

AMENDMENT

The Employer understands and agrees that the Trust Agreement may be amended from time to time by the Trustee and the Trust Administrator with the approval of two-thirds of the Employers then participating in the Trust.

ARTICLE 9

NO GUARANTEE OF INVESTMENT RESULTS

The Employer understands and acknowledges that investments in the Trust involve risk and that there is no guarantee of investment performance or other performance of the Trust, including but not limited to custodians, depositories, or counterparties to investment strategies of the Trust.



ADOPTION OF TRUST AGREEMENT

By executing this Adoption Agreement, the Employer hereby adopts and agrees to be bound by the terms of the Trust Agreement and hereby approves, ratifies and confirms the appointment of Wells Fargo Bank, N.A. as the Trustee and PFM Asset Management LLC as the Trust Administrator as of the effective date of this Adoption Agreement. This Adoption Agreement and the Trust Agreement are effective on the ____ day of _____, 20 .

EMPLOYER

By: _____

Its: _____

Date: _____

ACCEPTED:

**TRUST ADMINISTRATOR
PFM ASSET MANAGEMENT LLC**

By: _____

Its: _____

Date: _____

**TRUSTEE
WELLS FARGO BANK, N.A.**

By: _____

Its: _____

Date: _____



EXHIBIT A

FEEES

Trust Administration Fees		
Assets Under Management		Annual Fee
Up to	\$ 25,000,000	0.30%
Next	\$ 75,000,000	0.15%
Next	\$ 150,000,000	0.10%
Next	\$ 250,000,000	0.05%
thereafter		0.02%

Minimum annual account fee is \$25,000

Trustee/Custody Fees		
Trustee/Custody Per Annum Fees	Unit Price	
Domestic Administration Total Portfolio Assets	Base Fee	Per Additional Account
\$0 - \$20 million	\$5,000	\$500
\$20 million - \$100 million	\$8,000	\$500
Over \$100 million	Individually priced on a deal-by-deal basis	
Benefit Payments		
Web-Based Online Reporting & Administration – RPP	Included	
Periodic ACH without Advice	\$1.50	
Periodic Check/ACH with Advice	\$2.00	
Lump Sum Payments	\$20.00	
Form 1099 Reports	\$0.00	
Stop Payments	\$0.00	

	Out-of-Pocket Annual Fee Cap*
Year 1	\$80,000
Year 2	\$90,000

**Fee cap on the combined investment advisory, administration, and trustee fees for the first two years of engagement.*





EXHIBIT B

TRUST ADMINISTRATIVE SERVICES AGREEMENT



EXHIBIT C
INVESTMENT POLICY STATEMENT

[See City's Investment Policy Statement as amended from time to time on file with the Finance Department]

