



TRUST ADMINISTRATIVE SERVICES AGREEMENT

This agreement ("Agreement") is made this ___ day of _____, 20__, by and between _____ (the "Employer" or "Plan Administrator") and PFM ASSET MANAGEMENT LLC, a Delaware limited liability company (the "Trust Administrator").

WHEREAS, the Employer has adopted one or more plans or policies ("Plans") the exclusive purpose of each is to provide other post-employment health and welfare benefits (other than pensions) ("OPEB") or retirement benefits; and

WHEREAS, the Trust Administrator, Wells Fargo Bank, N.A. (the "Trustee"), and various public agencies have entered into an agreement (the "Trust Agreement") establishing the Post-Employment Benefits Trust (the "Trust"); and

WHEREAS, the Employer has adopted the Trust by executing the adoption agreement to which this Agreement is attached (the "Adoption Agreement") in order to fund the OPEB and retirement benefits payable under the Plans; and

WHEREAS, the Employer wishes to retain the services of the Trust Administrator to administer the Employer's account under the Trust ("Account").

NOW THEREFORE, the Employer and the Trust Administrator hereby agree as follows:

Capitalized words not defined this document are defined in the Trust Agreement.

1. Trust Administrator Services

The Trust Administrator will provide the following services for the Employer's Account:

1.1 Administrative Services

- A. Instruct the Trustee to make disbursements from the Employer's Account at the direction of the Plan Administrator for the payment of OPEB or retirement benefits under the Employer's Plans funded by the Account;
- B. Coordinate the annual audit of the Trust, the results of which will be provided to the Employer; and
- C. Coordinate such other actions with the Trustee as directed by the Plan Administrator that are within the scope of the Trust Administrator's duties under the Trust Agreement.

1.2 Investment Management Services

- A. Determine the asset allocation of investments in the Employer's Account ("Investment Strategy") based on information provided by the Employer or the Plan Administrator, including the anticipated amounts of cash required by the Plans for distributions and other expenses, and the appropriate risk tolerance for the Plans based on the Plans' asset-liability characteristics and the Employer's resources;
- B. Prepare a recommended policy statement of the Account's Investment Strategy acceptable to the Employer to the extent necessary to accomplish the Account's Investment Strategy ("Investment Policy Statement");
- C. Execute the Account's Investment Strategy by instructing the Trustee to buy and sell shares of investments permitted under the Trust in accordance with the Investment Policy Statement;
- D. In consultation with the Employer, reassess and alter the Investment Strategy and Investment Policy Statement at least annually to the extent necessary to "rebalance" the Account investments;
- E. Perform reviews at least annually of the performance of the investments held in the Account, add or reduce allocations to each investment or add or delete investments in its judgment (to the extent permitted under the Investment Policy Statement and the Trust), and promptly advise the Employer of any additions or deletions of Account investments; and
- F. Provide the Employer after the end of each calendar quarter with an analysis of the performance of the investments of the Account and a statement of the changes in the investments made during such calendar quarter.

2. Compensation

- 2.1 Fees.** For all services provided by the Trust Administrator under this Agreement and the Trustee under the Trust Agreement, the following fees will apply:

See attached Exhibit 1.

- 2.2 Fees for Additional Services.** If and to the extent that the Employer requests the Trust Administrator to render services other than those described under this Agreement, such additional services will be compensated separately on terms to be agreed upon between the Trust Administrator and the Employer.



2.3 Pooled Investments. Assets invested by the Trust Administrator under the terms of this Agreement may from time to time be invested in individual securities, or in a proprietary money market mutual fund or local government investment pool (either, a “Pool”). Each Pool is a commingled fund managed by the Trust Administrator. Average daily net assets subject to the fees described in this section shall not take into account any funds invested in the Pool. Expenses of the Pool, including compensation for the Trust Administrator and the Pool custodian, are described in the relevant prospectus or information statement and are paid from the Pool.

3. Expenses

3.1 Furnishing of Administrative Services, Office Space, Equipment and Personnel. The Trust Administrator will furnish at its own expense all necessary administrative services, office space, equipment, clerical personnel, telephone and other communication facilities, investment advisory facilities, and executive and supervisory personnel required to perform the services under this Agreement, inclusive of reasonable costs required to attend meetings with the Employer.

3.2 Expenses of Employer’s Account. Except as otherwise provided in this Agreement, Employer agrees to pay all expenses under the Trust incurred by (or allocable to) the Employer’s Account including, without limitation, taxes, expenses (including front- or back-end charges) of an investment fund, fees and expenses of the Account’s independent auditors and legal counsel, insurance premiums, expenses of the Trustee, the keeping of books and accounts, and the allocable costs of the annual Trust audit described in Section 5.3 of the Trust Agreement. The Trust Administrator will calculate expenses allocable to the Account on a pro-rata basis, or in any other reasonable and equitable manner determined by the Trust Administrator.

4. Payment Terms. At the end of each calendar month, the Trust Administrator will prepare and submit to the Employer for approval a monthly invoice for fees and expenses under this Agreement as described in Sections 2.1 and 3.2. The invoice will include a statement of the basis upon which the fees and expenses were calculated. Except to the extent that the Employer has elected in the Adoption Agreement to pay such invoices, the Employer authorizes the Trust Administrator to charge such invoices to the Employer’s Account and authorizes and instructs the Trustee to disburse funds from the Account for the payment of the fees and expenses. If the Employer has elected in the Adoption Agreement to pay such invoices, but does not fully pay any invoice within 15 calendar days after the invoice’s postmark, then the Employer hereby authorizes the Trust Administrator to charge the unpaid amount to the Account and instructs the Trustee to disburse such amount from the Account for the payment of the fees and expenses. If sufficient funds are not available or cannot for any reason otherwise be disbursed from the Account, the Trust Administrator will notify the Employer, and the Employer will pay the unpaid amount to the Trust Administrator from other sources within 10 calendar days after receiving the notice.

5. Registered Advisor; Duty of Care. The Trust Administrator hereby represents it is a registered investment advisor under the Investment Advisers Act of 1940. The Trust Administrator will immediately notify the Employer if at any time during the term of this



Agreement it is not so registered or if its registration is suspended. The Trust Administrator agrees to perform its duties and responsibilities under this Agreement with reasonable care. Notwithstanding the foregoing, the Trust Administrator has no responsibility or liability for determining whether or to what extent the Trust or Trustee is eligible to receive funds from the Employer under applicable law; and it is the Employer's sole responsibility to make such determination upon the establishment of its account under the Trust and at all subsequent times. The federal securities laws impose liabilities under certain circumstances on persons who act in good faith. Nothing herein in any way constitutes a waiver or limitation of any rights which the Employer or the Trust may have under any federal securities laws. The Employer hereby authorizes the Trust Administrator to sign an Internal Revenue Service Form W-9 on behalf of the Employer and to deliver such form to broker-dealers or others from time to time as required in connection with securities transactions pursuant to this Agreement.

6. **Trust Administrator's Other Clients.** The Employer understands that the Trust Administrator performs investment advisory services for various other clients which may include investment companies, commingled trust funds and/or individual portfolios. The Employer agrees that the Trust Administrator, in the exercise of its professional judgment, may give advice or take action with respect to any of its other clients which may differ from advice given or the timing or nature of action taken with respect to the Account. The Trust Administrator has no obligation to purchase, sell or exchange any security for the Employer solely by reason of the fact that the Trust Administrator, its principals, affiliates, or employees may purchase, sell or exchange such security for the account of any other client or for itself or its own accounts.
7. **Term of Agreement.** This Agreement will remain in effect until terminated by either party at any time by giving 90 days' written notice to the other party of its intent to terminate.
8. **Force Majeure.** The Trust Administrator has no liability for any losses arising out of the delays in performing or inability to perform the services which it renders under this Agreement which result from events beyond its control, including interruption of the business activities of the Trust Administrator or other financial institutions due to acts of God, acts of governmental authority, acts of war, terrorism, civil insurrection, riots, labor difficulties, or any action or inaction of any carrier or utility, or mechanical or other malfunction.
9. **Disciplinary Actions.** The Trust Administrator will promptly notify the Employer if the Trust Administrator is found to have violated any state or federal securities law or regulation in any final and unappealable judgment in any criminal action or civil suit in any state or federal court or in any disciplinary proceeding before the Securities and Exchange Commission or any other regulatory agency or department of the United States, any registered securities exchange, the Financial Industry Regulatory Authority, or any regulatory authority of any State based upon the performance of services as an investment advisor.
10. **Confidentiality.** The Trust Administrator will not disclose any information relating to the Plans or the Account except to authorized officers of the Employer, the Plan Administrator the Trustee and third parties retained by the Trust Administrator to perform specific services within this Agreement without the Employer's consent, unless such disclosure is required by law or by regulatory or judicial process. The Employer will not



disclose any information relating the Trust to individuals other than authorized officers of the Employer and the Plan Administrator, or their respective designees, without the Trust Administrator's consent.

11. **Independent Contractor.** The Trust Administrator, its employees, officers and representatives, will not be deemed to be employees, agents (except as to the purchase or sale of securities described in Section 1), partners, servants, and/or joint ventures of the Employer or the Account by virtue of this Agreement or any actions or services rendered under this Agreement.
12. **Records.** The Trust Administrator will maintain appropriate records of all its activities hereunder. The Trust Administrator will use its best efforts to provide the Employer with a statement within 60 days following the end of each calendar quarter showing deposits, withdrawals, purchases and sales (or maturities) of investments, earnings received during the quarter, and the value of assets held on the last business day of the calendar quarter, all as provided for in the Trust Agreement, based on the information requested from and furnished to it by the Trustee.
13. **Ownership of Reports and Documents.** The Trust Administrator acknowledges that the originals of all correspondence, documents, reports and records produced in the course of providing the services pursuant to this Agreement are the property of the Employer. In the event this Agreement is terminated, the Trust Administrator agrees to provide such originals to the Employer. The Trust Administrator will not furnish copies of any such correspondence, documents reports and records to any party other than the Employer or the Plan Administrator, or their respective designees, or third parties retained by the Trust Administrator to perform services under this Agreement without the Employer's consent.
14. **Trust Administrator's Brochure and Brochure Supplement.** The Trust Administrator warrants that it has delivered to the Employer prior to the execution of this Agreement, the Trust Administrator's current Securities and Exchange Commission Form ADV, Part 2A (brochure) and Part 2B (brochure supplement). The Employer acknowledges receipt of such brochure and brochure supplement prior to the execution of this Agreement.
15. **Amendment.** This Agreement shall not be changed, modified, terminated or discharged in whole or in part, except by an instrument in writing signed by both parties hereto, or their respective successors or assigns.
16. **Successors and Assigns.** The provisions of this Agreement are binding on the Trust Administrator and its respective successors and assigns, provided, however, that the rights and obligations of the Trust Administrator may not be assigned without the Employer's consent.
17. **Designees.** In accordance with Section 1.8 of the Trust Agreement, the Employer will certify to the Trust Administrator in writing the persons or entity with the plenary authority pursuant to applicable state law over the investment and management of the Employer's Plans or its designee ("Plan Administrator"). The Plan Administrator has the authority to act on behalf of, and to exercise any of the rights of, the Employer under this Agreement. In accordance with Section 6.1(l) of the Trust Agreement, the Trust Administrator may designate and engage the services of such agents, representatives, advisors, counsel, accountants and other third parties, including affiliates of the Trust Administrator, and



delegate its authority to perform specified services under this Agreement to such third parties. Any such designee shall have the authority to perform the services delegated to it by the Trust Administrator. Any officer of the Trust Administrator has the authority to exercise any of the rights of the Trust Administrator under this Agreement.

18. **Notice.** Written notices required under this Agreement will be sent by regular mail, certified mail, overnight delivery or courier, and will be deemed given when received at the parties' respective addresses shown below. Either party must notify the other party in writing of a change in address.

Employer's Address:

City of Milpitas
Attn: City Manager
455 E Calaveras Blvd
Milpitas CA 95035

Trust Administrator's Address:

PFM Asset Management LLC
44 Montgomery Street, 3rd Floor
San Francisco, CA 94104
Attn: Ellen Clark

With a Copy to:

PFM Asset Management LLC
1735 Market Street, 42nd Floor
Philadelphia, PA 19103
Attn: Controller

19. **Applicable Law.** This Agreement will be construed, enforced and administered according to the laws of the **State of California**, without regard to its conflicts of law principles. In the event that either party institutes legal proceedings against the other, venue will lie in any court of competent jurisdiction in the **State of California**.
20. **Entire Agreement.** This Agreement, including exhibits and any other documents referenced herein, constitutes the entire agreement of the parties with respect to the subject matter of this Agreement, and supersedes all prior negotiations, agreements, and understandings, whether written or oral, with respect thereto.
21. **Severability.** If any provision of this Agreement is held by any court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of the Agreement will continue in full force and effect.
22. **Counterparts.** This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed will be deemed to be a complete original and all of which together will constitute one and the same Agreement.



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their authorized officers on the date set forth in the first paragraph of this Agreement.

**TRUST ADMINISTRATOR
PFM ASSET MANAGEMENT LLC**

By: _____

Its: _____

**AGENCY
CITY OF MILPITAS**

By: _____

Its: _____



EXHIBIT 1
FEES

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.*

