

CITY OF STOCKTON
STANDARD AGREEMENT

Agreement Number:

1. This Agreement is entered into between the City of Stockton ("City") and PFM Asset Management LLC ("Contractor") to provide Section 115 Pension Trust Services as set forth in Exhibit A to this Agreement.

2. The term of this Agreement is as follows, unless amended as described in Exhibit A and Exhibit C section 8:

Commences on: June 1, 2023

Terminates on: May 31, 2028

3. The maximum not to exceed amount to be paid to Contractor for the term of this Agreement, including if authorized, reimbursement of expenses, is: \$

4. The complete Agreement consists of all the following Agreement documents which by reference are incorporated and made a part of this Agreement. The parties agree to comply with the terms and conditions of this Agreement.

- (a) Exhibit A – Statement of Work
- (b) Exhibit B – Insurance
- (c) Exhibit C – General Terms & Conditions
- (d) Exhibit D – Professional Services Special Terms & Conditions
- (e) Exhibit E – Compensation Schedule
- (f) Exhibit F – Timeline
- (g) Exhibit G - Trust Adoption Agreement
- (h) Exhibit H – Account Acceptance Agreement

IN WITNESS WHEREOF, the authorized parties have executed this Agreement.

CONTRACTOR

PFM Asset Management LLC

Contractor's Name (if other than an individual, state whether a corporation, partnership, etc.):

Monique D. Spyke

5/3/23

Authorized Signature

Date

Monique Spyke, Managing Director

Printed Name and Title of Person Signing

1 California Street, 10th Floor, San Francisco, CA 94111

Address

CITY OF STOCKTON

Harry Black, City Manager

Date

ATTEST:

Eliza R. Garza CMC, City Clerk

APPROVED AS TO FORM:

Lori M. Asuncion, City Attorney

BY:

EXHIBIT A
STATEMENT OF WORK

1. Project Objectives

- 1.1 The consultant will provide administration for the City's Section 115 irrevocable trust relating to the City's pension obligations as required to be reported under Governmental Accounting Standards Board Statement and manage the current trust portfolio with the investment objectives that best align with the City's long-term pension liabilities

2. Project Scope

- 2.1 Below the scope of services are outlined.

- A. Take over the administration of City's Section 115 trust with a goal of assisting the client to meet a quick transition timeline from the incumbent, if needed.
- B. Offer an IRS-approved irrevocable funding vehicle to provide for the investment of the City's assets.
- C. Provide a program designed to provide trust administration, trustee and investment management services.
- D. Work directly with City staff to prepare asset allocation guidelines for the trust based upon the City's investment objectives and risk tolerance parameters.
- E. Provide assistance to the City in the effort to effectively manage & position its investment strategies in the time of market volatility.
- F. Provide education and presentations regarding the pension trust program to City staff and City Council, as requested.
- G. Provide quarterly and annual comparative performance analyses and evaluation reports of the investments of the trust.
- H. Coordinate all contributions into the trust and process requests for distributions.

3. Major Deliverables

- 3.1 Transition administration and management of assets from the incumbent to an IRS-approved irrevocable Section 115 Trust.
- 3.2 Provide quarterly and annual comparative analyses and evaluation reports.
- 3.3 Review asset allocation guidelines and investment policy objectives as needed, at least every two to three years.
- 3.4 Deliver education and other presentations to City staff and City Council, as needed.

4. Notices

Pursuant to Exhibit C – General Terms and Conditions, Paragraph 15 – Notices, the mailing address for all required notices is as follows:

Contractor: PFM Asset Management LLC_	City: City of Stockton
213 Market Street	Attn: City Manager
Harrisburg, PA 17101	425 N. El Dorado Street
Attn: Chief Administrative Officer	Stockton, CA 95202

5. Key Personnel

Monique Spyke 415.393.7259 spykem@pfmam.com	Matt Smith, CFA 415.393.7259 smithma@pfmam.com
Ellen Clark 415.393.7225 clarke@pfmam.com	Teshome Gebremedhin 215.557.1223 gebremedhint@pfmam.com

6. Option to Renew.

The term of the Agreement may be extended up to one (1) year by a written amendment executed by both parties. However, the total term of the Agreement including the extended term shall not exceed six (6) years.

EXHIBIT B**Insurance Requirements**

(Section 115 Pension prefunding Trust Administration Services)

Consultant shall maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$2,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.

2. **Automobile Liability:** Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if Consultant has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.

3. **Workers' Compensation** insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.

(Not required if consultant provides written verification it has no employees)

4. **Professional Liability/Errors and Omissions** Insurance appropriate to the Consultant's profession, with limit no less than **\$2,000,000** per occurrence or claim, **\$2,000,000** aggregate.

5. **Crime/Fidelity Bond** - Insurance no less than **\$1,000,000** per occurrence, covering all officers and employees, for loss of proceeds caused by dishonesty.

If the Consultant maintains broader coverage and/or higher limits than the minimums shown above, the City of Stockton requires and shall be entitled to the broader coverage and/or the higher limits maintained by the contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City of Stockton.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

The City of Stockton, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 if a later edition is used). Additional insured Name of Organization shall read "City of Stockton, its officers, officials, employees, and volunteers." Policy shall cover City of Stockton, its officers, officials, employees, and volunteers for all locations work is done under this contract.

Primary Coverage

For any claims related to this contract, the **Contractor's General Liability and Automobile Liability insurance coverage shall be primary and non-contributory** and at least as broad as ISO CG 20 01 04 13 as respects the City of Stockton, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City of Stockton, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it. This requirement shall also apply to any Excess or Umbrella liability policies. The City of Stockton does not accept endorsements limiting the Contractor's insurance coverage to the sole negligence of the Named Insured.

Umbrella or Excess Policy

The Contractor may use Umbrella or Excess Policies to provide the liability limits as required in this agreement. This form of insurance will be acceptable provided that all of the Primary and Umbrella or Excess Policies shall provide all of the insurance coverages herein required, including, but not limited to, primary and non-contributory, additional insured, Self-Insured Retentions (SIRs), indemnity, and defense requirements. The Umbrella or Excess policies shall be provided on a true "following form" or broader coverage basis, with coverage at least as broad as provided on the underlying Commercial General Liability insurance. No insurance policies maintained by the Additional Insureds, whether primary or excess, and which also apply to a loss covered hereunder, shall be called upon to contribute to a loss until the Contractor's primary and excess liability policies are exhausted.

Notice of Cancellation

The General Liability, Automobile Liability and Workers Compensation Insurance policies required above shall state coverage shall not be canceled, except with notice to the City of Stockton. The Contractor shall provide notice of cancellation of the Professional Liability insurance policy, or alternatively, upon request the City of Stockton, shall affirm no less frequently than quarterly that such insurance policy remains in full force and effect.

Waiver of Subrogation

In regard to the required General Liability, Automobile Liability, Professional Liability (if and only in the event that such a waiver is available on commercially reasonable terms) and Workers Compensation insurance, Contractor hereby grants to City of Stockton a waiver of any right to subrogation which any insurer of said Contractor may acquire against the City of Stockton by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City of Stockton has received a waiver of subrogation endorsement from the insurer.

Self-Insured Retentions

Contractor agrees that it shall annually provide to Risk Management copies of its audited financial statements, provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within any self-insured retention.

Acceptability of Insurers

Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best's rating of no less than A-VII, unless otherwise acceptable to the City of Stockton.

Claims Made Policies (for professional liability)

If any of the required policies provide claims-made coverage:

1. The Retroactive Date upon request may be disclosed and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided **for at least five (5) years after completion of the contract of work; or**

If coverage is canceled or non-renewed, and not replaced **with another claims-made policy form with a Retroactive Date prior to** the contract effective date, the Contractor must purchase "extended reporting" coverage for a minimum of **five (5)** years after completion of work.

Verification of Coverage

Contractor shall furnish the City of Stockton with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the City of Stockton before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. Contractor agrees to provide the City of Stockton information reasonably requested regarding the required insurance policies and endorsements. Contractor shall, prior to the commencement of work under this Agreement, provide the City of Stockton with a copy of its certificates of insurance and endorsement page(s) for each of the required policies.

Subcontractors

Contractor shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that City of Stockton is an additional insured on insurance required from subcontractors.

Duration of Coverage

CGL & Excess liability policies for any construction related work, including, but not limited to, maintenance, service, or repair work, shall continue coverage for a minimum of 5 years for Completed Operations liability coverage. Such Insurance must be maintained and evidence of insurance must be provided **for at least five (5) years after completion of the contract of work.**

Special Risks or Circumstances

City of Stockton reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Certificate Holder Address

The address for mailing certificates, endorsements and notices shall be: City of Stockton
Its Officers, Officials, Employees, and Volunteers
400 E Main Street, 3rd Floor – HR
Stockton, CA 95202

EXHIBIT C

GENERAL TERMS AND CONDITIONS

1. **Goods, Equipment and Services.** Subject to the terms and conditions set forth in this Agreement, Contractor shall provide to City the services described in Exhibit A of the Agreement. Contractor shall provide said services at the time, place and in the manner specified in Exhibit A of the Agreement.
2. **City Assistance, Facilities, Equipment and Clerical Support.** Except as set forth in Exhibit A, Contractor shall, at its sole cost and expense, furnish and maintain all facilities and equipment that may be required for furnishing services pursuant to this Agreement. If applicable, City shall furnish to Contractor only the facilities and equipment listed in Exhibit A to the Agreement.
3. **Compensation.** City shall pay Contractor for services rendered pursuant to this Agreement as described more particularly in Exhibit A and Exhibit E to the Agreement.
 - 3.1 Invoices submitted by Contractor to City must contain a brief description of work performed, time spent and City reference number. Within thirty (30) days of receipt of Contractor's invoice, City will review invoice, and if acceptable make payment on approved invoice.
 - 3.2 Upon completion of work and acceptance by City, Contractor shall have sixty (60) days in which to submit final invoicing for payment. An extension may be granted by City upon receiving a written request thirty (30) days in advance of said time limitation. The City shall have no obligation or liability to pay any invoice for work performed which the Contractor fails or neglects to submit within sixty (60) days, or any extension thereof granted by the City, after the work is accepted by the City.
4. **Sufficiency of Contractor's Work.** All Contractor services, work, and deliverables shall be performed in a good and workmanlike manner with due diligence in accordance with the degree of skill normally exercised by similar contractors supplying services and work of a similar nature, and in conformance with applicable laws, codes and professional standards. Contractor's work shall be adequate and sufficient to meet the purposes of this Agreement.
5. **Ownership of Work.** All reports, work product, all other documents completed or partially completed by Contractor or its approved subcontractors, in performance of this Agreement, and if applicable, drawings, designs, and plan review comments shall become the property of the City. Any and all copyrightable subject matter in all materials is hereby assigned to the City and the Contractor and its approved subcontractors agree

to execute any additional documents that may be necessary to evidence such assignment. All materials shall be delivered to the City upon completion or termination of the work under this Agreement. If any materials are lost, damaged or destroyed before final delivery to the City, the Contractor shall replace them at its own expense. Contractor may retain copies of all materials as needed to comply with certain legal and regulatory requirements, and in connection with routine electronic archiving. Contractor and its approved subcontractors shall keep materials confidential. Materials shall not be used for purposes other than performance of services under this Agreement and shall not be disclosed to anyone not connected with these services, (unless Contractor is required to do so by law or regulatory or judicial process) unless the City provides prior written consent.

6. **Timeliness.** Time is of the essence in this Agreement. Further, Contractor acknowledges that the failure of Contractor to comply with the time limits described in Exhibit A and Exhibit F may result in economic or other losses to the City.

7. **Changes.** Both parties to this Agreement understand that it may become desirable or necessary during the term of this Agreement for City to modify the scope of services provided for under this Agreement. Any material extension or change in the scope of work shall be discussed with City and the change and cost shall be memorialized in a written amendment to the original contract prior to the performance of the additional work. Until the amendment is so executed, City will not be responsible to pay any charges Contractor may incur in performing such additional services, and Contractor shall not be required to perform any such additional services.

8. **Amendment.** No variation of the terms of this Agreement shall be valid unless an amendment is made in writing and signed by both parties.

9. **Contractor's Status.**

9.1 In performing the obligations set forth in this Agreement, Contractor shall have the status of an independent contractor and Contractor shall not be considered to be an employee of the City for any purpose. All persons working for or under the direction of Contractor are its agents and employees and are not agents or employees of City (except when Contractor conducts a trade of portfolio securities on behalf of City). Contractor by virtue of this Agreement, has no authority to bind or incur any obligation on behalf of City (except when Contractor conducts a trade of portfolio securities on behalf of City). Except as expressly provided in Exhibit A, Contractor has no authority or responsibility to exercise any rights or power vested in the City. No agent, officer or employee of the City is to be considered an employee of the Contractor. It is understood by both Contractor and City that this Agreement shall not be construed or considered under any circumstances to create an employer-employee relationship or a joint venture.

9.2 Contractor shall determine the method, details and means of performing the work and services to be provided by Contractor under this Agreement. Contractor shall be responsible to City only for the requirements and results specified in this Agreement

and, except as expressly provided in this Agreement, shall not be subjected to City's control with respect to the physical action or activities of Contractor in fulfillment of this Agreement. Contractor has control over the manner and means of performing the services under this Agreement. If necessary, Contractor has the responsibility for employing other persons or firms to assist Contractor in fulfilling the terms and obligations under this Agreement.

9.3 If in the performance of this Agreement any third persons are employed by Contractor, such persons shall be entirely and exclusively under the direction, supervision and control of Contractor. All terms of employment including hours, wages, working conditions, discipline, hiring and discharging or any other term of employment or requirements of law shall be determined by the Contractor.

9.4 It is further understood and agreed that Contractor must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of Contractor's assigned personnel under the terms and conditions of this Agreement.

10. Subcontractor.

10.1 Subcontractors shall not be recognized as having any direct or contractual relationship with City. Contractor shall be responsible for the work of subcontractors, which shall be subject to the provisions of this Agreement. Subcontractors will be provided with a copy of the Agreement and be bound by its terms. Contractor is responsible to City for the acts and omissions of its subcontractors and persons directly or indirectly employed by them.

10.2 If in the performance of this Agreement any third persons are employed by Contractor, such persons shall be entirely and exclusively under the direction, supervision and control of Contractor. All terms of employment including hours, wages, working conditions, discipline, hiring, and discharging or any other term of employment or requirement of law shall be determined by Contractor.

10.3 It is further understood and agreed that Contractor must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of Contractor's personnel.

11. Termination

11.1 Termination for Convenience of City. The City may terminate this Agreement at any time by mailing a notice in writing to Contractor. The Agreement shall then be deemed terminated, and no further work shall be performed by Contractor. If the Agreement is so terminated, the Contractor shall be paid for the work actually completed at the time the notice of termination is received.

11.2 Should either party default in the performance of this Agreement or materially breach any of its provisions, the other party, at that party's option, may terminate this Agreement by giving written notification to the other party.

11.3 Funding- Non-Appropriation. It is mutually understood between the Parties that payment to the Contractor for performance shall be dependent upon the availability of appropriations by the City Council for the purposes of this Agreement. No legal liability on the part of the City for any payment may arise under this Agreement until funds are made available and until the Contractor has received funding availability, which will be confirmed in writing. If funding for any fiscal year is reduced or deleted, or if the City loses funding for any reason, the City, in its sole discretion, shall have the option to either (a) cause this Agreement to be canceled or terminated pursuant to applicable provisions of the Agreement; or (b) offer to amend the Agreement to reflect the reduced funding for this Agreement. City will promptly notify the Contractor of any event of non-appropriation.

12. Non-Assignability. The Contractor shall not assign, sublet, or transfer this Agreement or any interest or obligation in the Agreement without the prior written consent of the City, and then only upon such terms and conditions as City may set forth in writing. Contractor shall be solely responsible for reimbursing subcontractors.

13. Indemnity and Hold Harmless. To the fullest extent permitted by law, Contractor shall hold harmless, defend and indemnify City of Stockton and its officers, officials, employees and volunteers from and against any and all liability, loss, damage, expense, costs (including without limitation costs and fees of litigation) of every nature arising out of or in connection with Contractor's performance of work hereunder or its failure to comply with any of its obligations contained in the Agreement, except such loss or damage which was caused by the sole negligence or willful misconduct of the City of Stockton. The foregoing notwithstanding, the City acknowledges and agrees that the services provided under this Agreement, even those meeting or exceeding the industry standard of care, may result in investment losses or financial responsibility for the City. The indemnification provisions in the preceding paragraph shall not apply to financial losses in the City's investment portfolios managed by Contractor or related liability unless such losses or liability are proximately caused by Contractor's negligent or reckless performance of this Agreement or Contractor's willful misconduct or breach of fiduciary or legal duty. This obligation is independent of, and shall not in any way be limited by, the minimum Insurance obligations contained in this Agreement. These obligations shall survive the completion or termination of this Agreement.

14. Insurance. During the term of this Agreement, Contractor shall maintain in full force and effect at its own cost and expense the insurance coverage as set forth in the attached Exhibit B to this Agreement and shall otherwise comply with the other provisions of Exhibit B to this Agreement.

15. Notices. All notices herein required shall be in writing and shall be sent by certified or registered mail, postage prepaid, addressed in Exhibit A to this Agreement.

16. Conformance to Applicable Laws. Contractor shall comply with all applicable Federal, State, and Municipal laws, rules, and ordinances. Contractor shall not discriminate in the employment of persons or in the provision of services under this Agreement on the basis of any legally protected classification, including race, color,

national origin, ancestry, sex or religion of such person.

17. **Licenses, Certifications and Permits.** Prior to the City's execution of this Agreement and prior to the Contractor's engaging in any operation or activity set forth in this Agreement, Contractor shall obtain a City of Stockton business license, which must be kept in effect during the term of this Agreement. Contractor covenants that it has obtained all certificates, licenses, permits and the like required to perform the services under this Agreement. Such licenses, certificates and permits shall be maintained in full force and effect during the term of this Agreement.

18. **Records and Audits.** Contractor shall maintain all records regarding this Agreement and the services performed for a period of three (3) years from the date that final payment is made. During normal business hours, the records shall be made available to the City to inspect and audit. To the extent Contractor renders services on a time and materials basis, Contractor shall maintain complete and accurate accounting records, in a form prescribed by City or, if not prescribed by City, in accordance with generally accepted accounting principles.

19. **Confidentiality.** Contractor shall exercise reasonable precautions to prevent the unauthorized disclosure and use of City reports, information or conclusions.

20. **Conflicts of Interest.** Contractor covenants that other than this Agreement, Contractor has no financial interest with any official, employee or other representative of the City. Contractor and its principals do not have any financial interest in real property, sources of income or investment that would be affected in any manner of degree by the performance of Contractor's services under this Agreement. If such an interest arises, Contractor shall immediately notify the City.

21. **Waiver.** In the event either City or Contractor at any time waive any breach of this Agreement by the other, such waiver shall not constitute a waiver of any other or succeeding breach of this Agreement, whether of the same or of any other covenant, condition or obligation. No payment, partial payment, acceptance, or partial acceptance by City shall operate as a waiver on the part of City of any of its rights under this Agreement.

22. **Governing Law.** California law shall govern any legal action pursuant to this Agreement with venue for all claims in the Superior Court of the County of San Joaquin, Stockton Branch or, where applicable, in the Federal District Court of California, Eastern District, Sacramento Division.

23. **No Personal Liability.** No official or employee of City shall be personally liable to Contractor in the event of any default or breach by the City or for any amount due Contractor.

24. Severability. If any portion of this Agreement or application thereof to any person or circumstance shall be declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal, state or city statute, ordinance or regulation the remaining provisions of this Agreement or the application thereof shall not be invalidated thereby and shall remain in full force and effect to the extent that the provisions of this Agreement are severable.

25. Non-Discrimination. During the performance of this Agreement, Contractor and its officers, employees, agents, representatives or subcontractors shall not unlawfully discriminate in violation of any federal, state, or local law, rule or regulation against any employee, applicant for employment or person receiving services under this Agreement because of race, religion, color, national origin, ancestry, physical or mental disability, medical condition (including genetic characteristics), marital status, age, political affiliation, gender identity, gender expression, sex or sexual orientation, family and medical care leave, pregnancy leave, or disability leave. Contractor and its officers, employees, agents, representative or subcontractors shall comply with all applicable Federal, State and local laws and regulations related to non-discrimination and equal opportunity, including without limitation the City's nondiscrimination policy; the Fair Employment and Housing Act (Government Code sections 12990 (et seq.); California Labor Code sections 1101, 1102 and 1102.1; the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended; and all applicable regulations promulgated in the California Code of Regulation or Code of Federal Regulations. Title VI of the Civil Rights Act of 1964 requires that "no person in the United States shall, on the grounds of race, color, or national origin be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance." (42 USC Section 2000d). <http://www.dol.gov/oasam/regs/statutes/titlevi.htm>. The City requires compliance with the requirements of Title VI in all of its programs and activities regardless of funding source.

26. Force Majeure. Neither party shall be responsible for delays or failures in performance resulting from acts of God, acts of civil or military authority, terrorism, fire, flood, strikes, war, epidemics, pandemics, shortage of power or other acts or causes reasonably beyond the control of that party. The party experiencing the force majeure event agrees to give the other party notice promptly following the occurrence of a force majeure event, and to use diligent efforts to re-commence performance as promptly as commercially practicable.

27. Taxes and Charges. Contractor shall be responsible for payment of all taxes, fees, contributions or charges applicable to the conduct of the Contractor's business.

28. Cumulative Rights. Any specific right or remedy provided in this Agreement will not be exclusive but will be cumulative of all other rights and remedies to which may be legally entitled.

29. **Advice of Attorney.** Each party warrants and represents that in executing this Agreement, it has received independent legal advice from its attorneys or the opportunity to seek such advice.

30. **Heading Not Controlling.** Headings used in this Agreement are for reference purposes only and shall not be considered in construing this Agreement.

31. **Entire Agreement, Integration, and Modification.**

31.1 This Agreement represents the entire integrated agreement between Contractor and the City; supersedes all prior negotiations, representations, or agreements, either written or oral between the parties and may be amended only by a written Amendment signed by the Contractor and City Manager.

31.2 All Exhibits to this Agreement and this Agreement are intended to be construed as a single document.

32. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one agreement.

33. **Authority.** The individual(s) executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

EXHIBIT D
PROFESSIONAL SERVICES SPECIAL TERMS AND CONDITIONS

1. **Definitions.** The following words and phrases have the following meanings for purposes of this Agreement:

1.1 "Services" means, collectively, the services, duties and responsibilities described in Exhibit A of this Agreement and any and all work necessary to complete them or carry them out fully and to the standard of performance required in this Agreement.

1.2 "Deliverable" means quantifiable goods or services that will be provided upon completion of a project. A deliverable is any tangible material, work or thing delivered by one party to the other, including associated technical documentation. A deliverable can be tangible or intangible parts of the development process, and often are specified functions or characteristics of the project.

2. **General.** The following terms and conditions are applicable for the Professional Services only. The special conditions shall be read in conjunction with the Standard Agreement, General Terms and Conditions ("GTC") Exhibit C, and all other Exhibits identified in the Standard Agreement.

2.1 Where any portion of the GTC is in conflict to or at variance with any provisions of the Special Conditions of the Agreement, then unless a different intention stated, the provision(s) of the Special Conditions of the Agreement shall be deemed to override the provision(s) of GTC only to the extent that such conflict or variations in the Special Conditions of the Agreement are not possible of being reconciled with the provisions of the GTC.

2.2 In the case of modification of a part or provision of the GTC, the unaltered part or provision, or both shall remain in effect. The Special Conditions shall relate to a particular project and be peculiar to that project but shall not weaken the character or intent of the GTC.

3. **Time for Performance.**

3.1 Contractor shall perform the services according to the schedule contained in Exhibit F.

3.2 Timeliness of Performance i) Contractor shall provide the Services, and Deliverables within the term and within the time limits required under this Agreement, pursuant to the provisions of Exhibit A and Exhibit F. ii) Neither Contractor nor Contractor's agents, employees nor subcontractors are entitled to any damages from the City, nor is any party entitled to be reimbursed by the City, for damages, charges or other losses or expenses incurred by Contractor by reason of delays or hindrances in the performance of the Services, whether or not caused by the City.

4. **Standard of Performance**

In addition to Exhibit C, Section 4 and 17, Contractor agrees as follows:

4.1 Contractor's Services shall be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of Contractor's profession currently practicing under similar conditions. Contractor shall comply with the profession's standard of performance, applicable laws, regulations, and industry standards. By delivery of completed work, Contractor certifies that the work conforms to the requirements of this Agreement and all applicable federal, state and local laws. If Contractor is retained to perform services requiring a license, certification, registration or other similar requirement under California law, Contractor shall maintain that license, certification, registration or other similar requirement throughout the term of this Agreement.

4.2 Contractor acknowledges that it is entrusted with or has access to valuable and confidential information and records of the City and with respect to that information, Contractor agrees to be held to the standard of care of a fiduciary. Contractor shall assure that all services that require the exercise of professional skills or judgment are accomplished by professionals qualified and competent in the applicable discipline and appropriately licensed, if required by law. Contractor must provide copies of any such licenses. Contractor remains responsible for the professional and technical accuracy of all Services or Deliverables furnished, whether by Contractor or its subcontractors or others on its behalf. All Deliverables must be prepared in a form and content satisfactory to the Using Agency and delivered in a timely manner consistent with the requirements of this Agreement.

4.3 If Contractor fails to comply with the foregoing standards, Contractor must perform again, at its own expense, all Services required to be re-performed as a direct or indirect result of that failure. Any review, approval, acceptance or payment for any of the Services by the City does not relieve Contractor of its responsibility for the professional skill and care and technical accuracy of its Services and Deliverables. This provision in no way limits the City's rights against Contractor either under this Agreement, at law or in equity.

5. Compensation

5.1 In addition to Section 3 Compensation in Exhibit C - GTC, the Contractor shall be compensated for the services provided under this Agreement as follows:

5.1.1 Contractor shall be compensated for services rendered and accepted under this Agreement and shall be paid monthly, in arrears on a not to exceed basis, based upon the rates set forth in Exhibit E attached hereto and made a part of this Agreement. Contractor may vary the compensation for each task in Exhibit E provided that the total project compensation listed in Exhibit E and the Standard Agreement is not exceeded.

6. Personnel

6.1 None of the work or services covered by this Agreement shall be subcontracted without the prior written approval of the City. Any work or services subcontracted hereunder shall be specified by written agreement and shall be subject to each provision of this Agreement. Contractor shall provide subcontractor a copy of this fully executed Agreement.

6.2 Contractor agrees to assign only competent personnel according to the reasonable and customary standards of training and experience in the relevant field to

perform services under this Agreement. Failure to assign such competent personnel shall constitute grounds for termination of this Agreement. The payment made to Contractor pursuant to this Agreement shall be the full and complete compensation to which Contractor and Contractor's officers, employees, agents, and subcontractors are entitled for performance of any work under this Agreement. Neither Contractor nor Contractor's officers or employees are entitled to any salary or wages, or retirement, health, leave or other fringe benefits applicable to employees of the City. The City will not make any federal or state tax withholdings on behalf of Contractor. The City shall not be required to pay any workers' compensation insurance on behalf of Contractor. Contractor shall pay, when and as due, any and all taxes incurred as a result of Contractor's compensation hereunder, including estimated taxes, and shall provide City with proof of such payments upon request.

6.3 Key Personnel: In the event a change in key personnel is required, Contractor shall (i) notify City of the resulting replacement, (ii) introduce the individual serving as the replacement to City, and (iii) provide City with a résumé and any other information regarding the individual that may be reasonably requested by City. "Key personnel" means those job titles and the persons assigned to those positions in accordance with the provisions of this Agreement. The City may at any time in writing notify Contractor that the City will no longer accept performance of Services under this Agreement by one or more Key Personnel listed. Upon that notice Contractor shall immediately suspend the services of the key person or persons and must replace him or them in accordance with the terms of this Agreement. A list of key personnel is found in Exhibit A, Scope of Services.

7. Reports and Information

Contractor shall at such times and in such forms as the City may require furnish the City such periodic reports as it may request pertaining to the work or services undertaken pursuant to this Agreement, the costs and obligations incurred or to be incurred in connection therewith, and any other matters are covered by this Agreement as specified in Exhibit A and Exhibit E.

8. Findings Confidential

All of the reports, information, data, et cetera, prepared or assembled by the Contractor under this Agreement are confidential and the Contractor agrees that they shall not be made available to any individual or organization without the prior written approval of the City. Contractor shall not be required under the provisions of this paragraph to keep confidential any data or information which is or becomes publicly available, is required by applicable law or by proper legal or governmental authority, is already rightfully in the Contractor's possession without obligation of confidentiality, is independently developed by Contractor outside the scope of this Agreement or is rightfully obtained from third parties. To the extent practicable and not legally prohibited, Contractor shall give City prompt notice of any such legal or governmental demand and reasonably cooperate with City in any effort to seek a protective order or otherwise to contest such required disclosure; provided that, absent such any such protective order, Contractor shall disclose such information required to be disclosed.

9. Copyright

No materials, including but not limited to reports, maps, or documents produced as a result of this Agreement, in whole or in part, shall be available to Contractor for copyright purposes. Any such materials produced as a result of this Agreement that might be subject

to copyright shall be the property of the City and all such rights shall belong to the City, and the City shall be sole and exclusive entity who may exercise such rights.

10. Deliverables

Contractor shall prepare or provide to the City various Deliverables. "Deliverables" include work product, such as written reviews, recommendations, reports and analyses, produced by Contractor for the City. The City may reject Deliverables that do not include relevant information or data, or do not include all documents or other materials specified in this Agreement or reasonably necessary for the purpose for which the City made this Agreement or for which the City intends to use the Deliverables. If the City determines that Contractor has failed to comply with the foregoing standards, it has 30 days from the discovery to notify Contractor of its failure. If Contractor does not correct the failure, or if it is possible to do so, within 30 days after receipt of notice from the City specifying the failure, then the City, by written notice, may treat the failure as a default of this Agreement. Partial or incomplete Deliverables may be accepted for review only when required for a specific and well-defined purpose and when consented to in advance by the City. Such Deliverables will not be considered as satisfying the requirements of this Agreement and partial or incomplete Deliverables in no way relieve Contractor of its commitments under this Agreement.

11. Applicable Laws

Deliverables must conform with all applicable federal, state, and local laws. Such conformity includes compliance with federal sanctions, and Contractor certifies that it has not and will not engage in prohibited transactions with sanctioned persons or entities.

**EXHIBIT E
COMPENSATION SCHEDULE**

The Contractor shall be compensated for the services identified in Exhibit A, Exhibit C, and Exhibit D to this Agreement as follows:

1. Project Price

- 1.1 For all services provided by the Advisor to the Fund pursuant to this Agreement, the Fund shall incur an annual fee based on net assets under management in the Fund determined on a monthly basis as defined in the Investment Advisory Fee Schedule below. For purposes of this section, "net assets" means the net market value of all cash and investments assets as of the end of the most recent month.

Investment Advisory Fee Schedule

First \$25 million in net assets.....	0.30%
Next \$75 million in net assets.....	0.15%
Next \$150 million in net assets.....	0.10%
Next \$250 million in net assets.....	0.05%
Over \$500 million in net assets.....	0.02%

- *Minimum annual fee \$25,000*

The above fee schedule will be subject to a fee cap as follows for the first and second year of the contract.

First year fee cap	\$126,000
Second year fee cap.....	\$148,500

(a) At the end of each calendar month, the Advisor will prepare and submit to the Client for approval a monthly invoice for its fee. Such invoice will include a statement of the basis upon which the fee was calculated. Unless instructed otherwise within 15 calendar days of the postmark on the invoices, the Client authorizes the Advisor to charge such invoices to the Fund's account and authorizes and instructs the Custodian to disburse funds from such account for the payment of the fees and costs to the Advisor. If sufficient funds are not available, the Client agrees to compensate the Advisor from other sources within 30 calendar days of the postmark date. If the Advisor shall serve for less than the whole month, the compensation shall be pro-rated.

(b) If and to the extent that the Client shall request the Advisor to render services other than those to be rendered by the Advisor hereunder, such additional services shall be compensated separately on terms to be agreed upon between the Advisor and the Client.

(c) Assets invested by the Advisor under the terms of this Agreement may from time to time be invested in mutual funds managed by the Advisor (a "Proprietary Fund"). With respect to any such investment, the Fund shall be entitled to a credit against fees described in this Section, in an amount at least equal to the amount of the investment advisory fee, then in effect and net of any fee waivers applicable to such investment advisory fee, which the Advisor receives from the Proprietary Fund for the investment of the Managed Funds. Expenses of the Proprietary Fund, including compensation for the Advisor, are described in the relevant prospectus or registration statement and are paid from the Proprietary Fund.

5. **Invoice to Address.** Each invoice submitted shall identify the specific task(s) listed in Exhibit A and this Exhibit, and the completed work product/deliverable for the agreed upon price listed in this Exhibit. Invoices shall be submitted to the below address:

City of Stockton Administrative Services Department
Attention: Teri Chapa, Debt & Treasury
425 N. El Dorado Street
Stockton, CA 95202

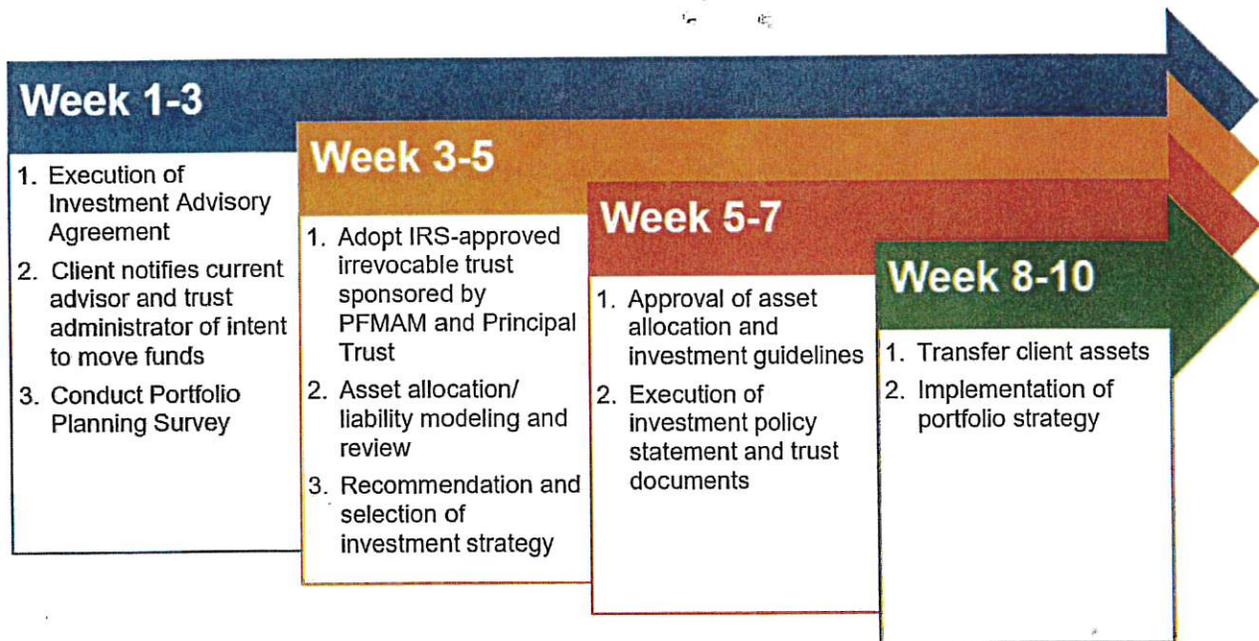
EXHIBIT F

TIMELINE

1. Contractor shall complete the requested services identified in Exhibit A as follows:

1.1 TIMELINE FOR COMPLETION OF WORK

1.1.1 Below is an illustration of the expected timeline to transfer the assets from the current trust to the PFMAM/Principal Trust and invest the funds.



1.1.2 Quarterly reports will be delivered within 45 business days after the end of the quarter.

1.1.3 Education presentations to City staff and/or City Council, including meeting attendance, will be provided as requested.

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

**pfm  asset
management**

PFM ASSET MANAGEMENT LLC,
Trust Administrator

 **Principal**[®] | Custody
Solutions

PRINCIPAL BANK,
As Successor Trustee

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INTRODUCTION

By executing this Adoption Agreement, the Employer named in Article 2 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 Stockton
- (b) Address: 425 N. El Dorado Street, Stockton CA 95202
- (c) Telephone: 209-937-8212
- 1.2 Employer's Taxpayer Identification Number: 94-60000436

ARTICLE 2

PLAN INFORMATION

- 2.1 Plan Names:
- OPEB Plan(s): _____
- Pension Plan(s): City of Stockton Post-Employment Benefits Trust
- (Each a "Plan" and collectively, the "Plans")
- 2.2 Employer-designated: Plan Administrator's Name, Title, Address, and Telephone Number:
- (a) Name: Harry Black
- (b) Title: City Manager
- (c) Address: 425 N. El Dorado Street, Stockton CA 95202
- (d) Telephone: 209-937-8294

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 to be 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 Code that is established and maintained under the laws of the [State/Commonwealth] of State of California.
- (b) The Employer has established and maintains one or more Plans the exclusive purpose of each is to provide OPEB or retirement benefits to its former employees.
- (c) The exclusive purpose of the Employer's participation in the Trust is to fund the Pension Obligation or OPEB Obligation, or both, under the Employer's Plans.



- (d) The Employer's participation in the Trust for the purpose of funding, as applicable, the Pension Obligation or OPEB Obligation, or both, under the Employer's Plans is authorized under the laws of the [State/Commonwealth] of State of California.
- (e) The Employer's Plans do 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 Plans.
- (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 willful misconduct or willful 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 willful misconduct or willful 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 Principal Bank, as the successor Trustee to Wells Fargo Bank, N.A., 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 202__.

EMPLOYER

City of Stockton

Agency Name _____

By: _____

Its: _____

Date: _____

ACCEPTED:

**TRUST ADMINISTRATOR
PFM ASSET MANAGEMENT LLC**

By: Monique Spyke *Monique D. Spyke*

Its: Managing Director

Date: 5/3/23

**TRUSTEE
PRINCIPAL BANK**

By: Daniel J. Mruz *Daniel J. Mruz*

Its: Sr. Relationship Director

Date: 5/3/2023



Exhibit A

POST-EMPLOYMENT BENEFITS TRUST AGREEMENT

by and between

pfm  **asset
management**

PFM ASSET MANAGEMENT LLC,
as Trust Administrator

and



PRINCIPAL BANK, as Trustee
(Effective February 22, 2022)

Effective July 1, 2015

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POST-EMPLOYMENT BENEFITS TRUST AGREEMENT

This Post-Employment Benefits Trust Agreement ("Agreement") is made effective July 1, 2015, between WELLS FARGO BANK, N.A. (together with any successor trustee hereunder, the "Trustee") and PFM ASSET MANAGEMENT LLC (together with any successor trust administrator hereunder, the "Trust Administrator");

WHEREAS, the Trust Administrator wishes to establish a means by which public-agency employers may set aside moneys to fund the employers' obligations to provide eligible persons ("Beneficiaries") with (i) pension benefits and (ii) retiree-health benefits and other post-employment benefits other than pension benefits ("OPEB");

WHEREAS, to accomplish these objectives, the Trustee wishes to establish a multiple-employer trust ("Trust") for the exclusive purpose of providing amounts to fund participating employers' obligations to provide OPEB or pension benefits, or both, with the intent that (i) the Trust's income will be exempt from federal and state income tax (under Internal Revenue Code Section 115 with respect to federal income tax), (ii) contributions and transfers to the Trust will not be taxable to Beneficiaries, (iii) Trust assets are intended to qualify as "plan assets" to the maximum extent permitted under Governmental Accounting Standards Board statements applicable to OPEB and pension benefits, and (iv) all assets of the Trust are and will be irrevocably dedicated to, and will be used for the exclusive purposes of, providing for payments of OPEB and pension obligations as described in this Agreement, and paying the reasonable expenses of administering the Trust, and will not be available to any participating employer's creditors;

WHEREAS, the Trust Administrator and Trustee are unaffiliated entities;

WHEREAS, the Trustee is willing to accept the Trust;

WHEREAS, the Trust is an entity separate from the participating employers for the exclusive benefit of the Beneficiaries and not of the employers;

WHEREAS, the indicia of ownership of Trust assets will be held by the Trustee at all times and the Trust assets will not be considered participating employers' funds or assets for any purpose;

WHEREAS, PFM Asset Management LLC is willing to serve as the Trust Administrator of the Trust with the rights and duties of the Trust Administrator provided in this Agreement;

WHEREAS, the Trust Administrator will have exclusive authority and responsibility for the management, administration, and investment of Trust assets in its sole judgment in accordance with this Agreement, without any requirement of consent by any participating employer or, except as expressly provided herein, of notice to any participating employer;

WHEREAS, every Employer is a state, political subdivision of a state, or other entity whose income is excludible from gross income under Section 115 of the Code; and

WHEREAS, the Trustee is a national banking association and a corporate trustee, with all requisite powers and capabilities to act as the Trustee and administer the Trust as set forth in this Agreement.

NOW, THEREFORE, the Trust Administrator and the Trustee agree as follows:



ARTICLE 1

DEFINITIONS

- 1.1 "Account" is defined in Section 4.6.
- 1.2 "Adoption Agreement" means the written instrument by which the Employer adopts and participates in the Trust in accordance with this Agreement, and by which the Employer makes certain elections relating to its participation in the Trust.
- 1.3 "Agreement" means this Post-Employment Benefits Trust Agreement between the Trustee and the Trust Administrator.
- 1.4 "Beneficiary" means a person who is entitled to post-employment benefits under the Employer's OPEB Plan or Pension Plan.
- 1.5 "Code" means the Internal Revenue Code of 1986, as amended.
- 1.6 "Employer" means each public agency that executes the Adoption Agreement, thereby becoming a participating agency in the Trust. Such agency must be a state, a political subdivision of a state, or an entity whose income is excludible from gross income under Section 115 of the Code.
- 1.7 "Investment Policy Statement" means the separate statement of policy for investing the assets of each Employer's Account, a copy of which is attached to the Employer's Adoption Agreement and which is satisfactory to the Employer.
- 1.8 "Omnibus Account" is defined in Section 4.6.
- 1.9 "OPEB" means post-employment health and welfare benefits (other than pensions) provided by the Employer under the OPEB Plan to Beneficiaries, including medical, dental, vision, life insurance, long-term care and other similar benefits.
- 1.10 "OPEB Account" is defined in Section 4.6.
- 1.11 "OPEB Obligation" means the Employer's obligation to provide OPEB under the Employer's OPEB Plan, including the direct costs of the OPEB and the expenses associated with providing the OPEB.
- 1.12 "OPEB Plan" means the policies, collective bargaining agreement, or other arrangements under which a Beneficiary is entitled to receive OPEB, but only if the policy, agreement, or other arrangement is specified by the Employer in the Adoption Agreement.
- 1.13 "Pension Account" is defined in Section 4.6.
- 1.14 "Pension Obligation" means the Employer's obligation to contribute to the qualified trust of the Employer's Pension Plan and to pay the expenses associated with providing benefits under the Pension Plan. For this purpose, "qualified trust" means a trust that is qualified under Section 401(a) of the Code and that funds retirement benefits provided under the Pension Plan. A qualified trust is separate from this Trust and will not be considered part of this Trust for any purpose.
- 1.15 "Pension Plan" means one or more defined-benefit plans, each of which is (i) qualified under Section 401(a) of the Code, (ii) sponsored by the Employer in order to provide retirement benefits to Beneficiaries, including but not limited to a stand-alone plan maintained solely by the Employer or a multiple-employer or multiemployer plan in which the Employer participates along with one or



more other employers, (iii) partly or wholly funded by the Employer's contributions, and (iv) specified by the Employer in the Adoption Agreement.

- 1.16 "Plan Administrator" means the person(s) or entity appointed by the Employer with the plenary authority over the Account. The Plan Administrator may delegate all or any part of its authority to any person(s) or entity. The Employer must, at the time and in the manner specified by the Trustee and the Trust Administrator, certify in writing to the Trustee and the Trust Administrator the names and specimen signatures of the Plan Administrator and its delegates; no appointment or delegation under this Section 1.16 will be effective without that certification. If no person or entity is appointed as Plan Administrator, the Employer will be the Plan Administrator.
- 1.17 "Trust" means the Post-Employment Benefits Trust established by this Agreement.
- 1.18 "Trust Administrative Services Agreement" means the agreement in the form attached to each Adoption Agreement and executed between the Employer and the Trust Administrator which authorizes the Trust Administrator to administer the Employer's Account.
- 1.19 "Trust Administrator" means PFM Asset Management LLC or any successor thereof designated by the Employers under Article 12.
- 1.20 "Trustee" means Wells Fargo Bank, N.A., or any successor trustee designated by the Trust Administrator in accordance with Article 13.

ARTICLE 2

ESTABLISHMENT AND PURPOSE

The Trust is a multiple-employer trust arrangement established and maintained for the sole purposes of holding the assets used to fund Employers' OPEB Obligations and Pension Obligations, and for paying each Employer's reasonable, allocable expenses of administering the Trust. As such, the Trust is divided into separate Accounts to hold the assets of each participating Employer. Consistent with its purpose, the Trust is intended to qualify as a tax-exempt trust performing an essential governmental function within the meaning of Section 115 of the Code. Each participating Employer retains an interest only in the assets held in that Employer's Account as set forth in Section 4.6.

ARTICLE 3

PARTICIPATION

- 3.1 Eligibility. Only public agencies may become participating Employers in the Trust. For this purpose, a public agency means a state, political subdivision of a state, or an entity whose income is excludible from gross income under Section 115 of the Code.
- 3.2 Commencement of Participation. A public agency may become a participating Employer in the Trust by furnishing the Trust Administrator with the following: (i) an executed Adoption Agreement, (ii) an executed Trust Administrative Services Agreement, (iii) a certified copy of a resolution, minutes, or other documentary evidence of the Employer's governing body approving the adoption of the Agreement, and (iv) any other documentation as the Trust Administrator may require. The public agency will become a participating Employer upon the Trust Administrator's written acceptance of the documents described in the preceding sentence.
- 3.3 Termination of Participation.
- (a) An Employer may elect in writing to withdraw from the Trust by filing such election with the Trust Administrator and the Trustee at least 30 days before the effective date of the



withdrawal. As soon as administratively practicable after the effective date, the Trustee will segregate the withdrawing Employer's Account and transfer the assets in such Account to a trust established by agreement between the Employer and a successor trustee, but only if the Employer certifies in writing to the Trust Administrator that the trust satisfies the requirements of Section 115 of the Code.

- (b) In the event the Trust Administrator contemplates an assignment of this Agreement in connection with a change of control or otherwise (collectively, an "assignment"), the Trust Administrator will provide each Employer with written notice at least 60 days before the effective date of such assignment. Upon receipt of such notice, each Employer may elect to terminate participation and withdraw from the Trust at any point prior to the effective date of the assignment as set forth in the notice. If an Employer does not provide notice of its desire to terminate within the 60-day notice period, the Employer's consent to the contemplated assignment will be implied.
- (c) If the Employer has an Omnibus Account and both its Pension Obligation and OPEB Obligation have terminated, Section 14.3(b) will apply. If the Employer has an OPEB Account and its OPEB Obligation has terminated, Section 14.3(c) will apply. If the Employer has a Pension Account and its Pension Obligation has terminated, Section 14.3(d) will apply. An Employer's Pension Obligation or OPEB Obligation will be deemed terminated for these purposes upon the Trust Administrator's receipt of a certified copy of a resolution, minutes, or other documentary evidence of the Employer's governing body approving of the respective termination.
- (d) Each Employer agrees to immediately notify the Trust Administrator upon receipt of a determination from the Internal Revenue Service that has the effect of rendering the Employer's Account ineligible for the tax exemption under Section 115 of the Code, such as any determination that the Employer is not a public agency. In such a case, as soon as administratively practicable after the Trust Administrator notifies the Trustee of the Internal Revenue Service's determination, the Trustee will segregate and place the Employer's Omnibus Account, OPEB Account, and Pension Account (as applicable) in a separate trust established for the exclusive purpose of funding the Employer's OPEB and Pension Obligation, OPEB Obligation only, or Pension Obligation only, respectively.

ARTICLE 4

GENERAL TRUST PROVISIONS

- 4.1 Irrevocable Trust. The Trust is irrevocable.
- 4.2 No Diversion. The principal of the Trust, together with any earnings thereon, will be held in trust by the Trustee separate and apart from any assets of the Employer. Except as provided in Sections 14.3 and 14.4, all assets in each Account and all income thereon are irrevocably dedicated to, and will be used for the exclusive purpose of, making payments of OPEB Obligations or Pension Obligations, as applicable, under the OPEB Plan or Pension Plan for which the Account was established and for paying the reasonable expenses of the Employer's participation in the Trust. At no time will the assets in any Employer's Account be used for, or diverted to, any other purposes, including but not limited to payment of any other Employer's OPEB Obligations or Pension Obligations.
- 4.3 Title to Trust Assets. The Trustee has exclusive right, title, and interest in and to the assets of the Trust.
- 4.4 Spendthrift Provision. Assets held in the Trust may not be used to satisfy claims of creditors of any Employer. No Beneficiary will be deemed a third-party beneficiary of this Agreement, nor will any Beneficiary have the right to compel any payment of any amount from the assets of the Trust



or to enforce any duties of any party to or other entity referred to in this Agreement. Beneficiaries will not have any preferred claim, lien on, or security interest in, or any beneficial interest in any particular assets of the Trust. Beneficiaries will be entitled to receive payments of assets of the Trust only when, as, and if determined by the Employer in accordance with this Agreement. Except to the extent allowed by law, the Trust is not subject to attachment or garnishment or other legal process by any creditor of any such Beneficiary, nor will any Beneficiary have the right to alienate, anticipate, commute, pledge, encumber, or assign any Trust assets.

4.5 Account Assets. Each Employer may at any time make (or cause to be made) contributions or transfers of cash or other assets acceptable to the Trustee to the Trust from any source. Neither the Trustee nor any Beneficiary or any party to or any other entity referred to in this Agreement will have any right to compel such contributions or transfers or any duty to determine whether any such contributions or transfers comply with the Employer's OPEB Plan or Pension Plan, as applicable. In addition, neither the Trustee nor the Trust Administrator is responsible for separately accounting of any contributions or transfers to the Trust or for determining the source of these amounts.

4.6 Separate Accounts.

- (a) Upon the effective date of an Employer's participation in the Trust under Article 3, the Trustee will establish a separate Account to which the Trustee will (i) credit all contributions or transfers from the Employer to the Trust and any income and gains attributable to those amounts, and (ii) debit all distributions, transfers from the Trust, and any losses and expenses attributable to those amounts. The Employer will have an interest only in the assets in the Employer's Account, and those assets will be available only to pay the Employer's OPEB Obligations and Pension Obligations and will not be available to pay any other Employer's obligations.
- (b) At the direction of the Trust Administrator, the Trustee may pool or commingle for investment purposes assets in the Employer's Account with other assets of the Trust and may invest all or a portion of those assets in any separate fund or account (including common investment pools or trusts) established under this Agreement or other investments permitted under this Agreement as set forth in Article 7. If any of the Employer's Account assets are pooled or commingled for investment purposes with other assets of the Trust or invested with other assets of the Trust in a separate fund or account, the Employer's Account will have an undivided beneficial interest in the Trust itself or in the particular investment funds, as the case may be, and these ownership interests will be represented by units or shares that the Trustee will hold in the Employer's Account.
- (c) Each Employer's Account contains up to three types of subaccounts (each of which may contain one or more subaccounts): an "Omnibus Account," "Pension Account," and "OPEB Account". Assets under the Omnibus Account are available to fund the Employer's Pension Obligations or OPEB Obligations and allocable expenses of participating in the Trust. Assets under the Employer's Pension Account are available only to fund the Employer's Pension Obligation and allocable expenses of participating in the Trust. Assets under the Employer's OPEB Account are available only to fund the Employer's OPEB Obligation and allocable expenses of participating in the Trust. Contributions or transfers to an Employer's Account will be allocated to the subaccounts as follows:
 - (1) Contributions and transfers received by the Trust on the Employer's behalf will be allocated to the Omnibus Account, Pension Account or OPEB Account, or any combination of these subaccounts, as directed by the Plan Administrator.



- (2) Any contributions or transfers for which the Plan Administrator does not provide allocation directions will be held in the Omnibus Account. The Plan Administrator may at any time direct the allocation of amounts in the Omnibus Account to either the Pension Account or the OPEB Account.
- (3) Once allocated to the Pension Account or the OPEB Account, amounts under the Trust may not subsequently be transferred to any other subaccount. Notwithstanding the preceding sentence, at the Plan Administrator's direction, the Trustee will reverse any allocation to the Pension Account or OPEB Account and deposit the funds (together with allocable earnings and losses) in one or both of the other two subaccounts, but only if the Plan Administrator notifies the Trustee in writing within 30 days after the allocation that the allocation was due to mistake of fact and provides any other documentation required by the Trustee in its sole discretion.

ARTICLE 5

TRUST ADMINISTRATOR

- 5.1 Powers and Duties of the Trust Administrator. The Trust Administrator has sole discretion and authority to do any of the following:
- (a) At the direction of the Plan Administrator, instruct the Trustee to make distributions from the Employer's Account, including from any subaccount under the Account;
 - (b) Direct the Trustee to pay the fees of the Trust Administrator;
 - (c) Direct the Trustee as to the investment and management of Trust assets; and
 - (d) Such other acts as may be agreed to by the Employer and the Trust Administrator in the Trust Administrative Services Agreement or are necessary or appropriate to effect the intent of this Agreement.
- 5.2 Reliance. In the performance of its duties hereunder, the Trust Administrator is entitled to rely on, and is under no obligation to investigate instructions or data received from the Plan Administrator, including whether the amount of contributions or transfers made to the Trust by the Employer comply with the Employer's OPEB Plan or Pension Plan. Accordingly, the Trust Administrator will not be liable for action or inaction that is caused directly or indirectly by erroneous or late instructions or data furnished by the Plan Administrator.
- 5.3 Annual Audit. The Trust Administrator shall appoint a responsible accounting firm to conduct an annual audit of the Trust at the sole expense of the Employers. The results of such audit will be provided to the Trust Administrator, the Trustee, and each of the Employers. The Employer will be solely responsible for any expenses associated with any separate audit of the Employer's Account or the Employer's participation in the Trust, and no Trust assets outside the Employer's Account may be used to pay any part of those expenses.
- 5.4 Trust Administrator not Custodian of Trust Assets. The Trustee shall have sole custody of cash, securities and other assets of the Trust. The Trust Administrator is authorized to give instructions to the Trustee as to deliveries of securities and payments of cash for the account of the Trust. The Trust Administrator shall not take possession of or act as custodian for the cash, securities or other assets of the Trust and shall have no responsibility in connection therewith.
- 5.5 Furnishing of Administrative Services, Office Space, Equipment and Personnel. The Trust Administrator shall furnish at its own expense all necessary administrative services, office space,



equipment, clerical personnel, telephone and other communication facilities, and executive and supervisory personnel required to perform its duties under this Agreement.

- 5.6 Registered Investment Advisor. The Trust Administrator hereby represents that it is a registered investment advisor under the Investment Advisers Act of 1940. The Trust Administrator shall immediately notify every Employer and the Trustee 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 as provided by law. The federal securities laws impose liabilities under certain circumstances on persons who are required to act in good faith. Nothing in this Agreement shall in any way constitute a waiver or limitation of any rights which the Employers, the Trust Administrator, or the Trustee may have under any federal securities laws.
- 5.7 Investment Advice to Other Clients. The Employers and the Trustee understand that the Trust Administrator performs investment advisory services for various other clients which may include investment companies, commingled trust funds and individual portfolios. The Employers and the Trustee agree that the Trust Administrator 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 Trust, so long as it is the policy and practice of the Trust Administrator, to the extent practical, to allocate investment opportunities to the Trust over a period of time on a fair and equitable basis relative to other clients. The Trust Administrator will not have any obligation to purchase, sell or exchange any security for the Trust 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 themselves.
- 5.8 Notice of Regulatory Action. The Trust Administrator shall promptly give notice to each Employer and the Trustee if the Trust Administrator has received written notice of the filing against it or any professional of the Trust Administrator who has performed any service with respect to the Trust in the 24 preceding months, of any complaints or disciplinary actions by the Securities and Exchange Commission or any other regulatory agency or department of the United States, any registered securities exchange, the FINRA, any Attorney General, or any regulatory agency or authority of any State.
- 5.9 Trust Administrator Separate from Employer and Trustee. The Trust Administrator, its employees, officers and representatives, shall not be deemed to be employees, agents, partners, servants, and/or joint ventures of any of the Employers or the Trustee by virtue of this Agreement or any actions or services rendered under this Agreement.
- 5.10 Recordkeeping. The Trust Administrator shall maintain appropriate records of all its activities hereunder.
- 5.11 Disclosure Statement. The Trust Administrator warrants that at least five business days before the execution of this Agreement, it has delivered to the Trustee the Trust Administrator's current Securities and Exchange Commission Form ADV, Part II. The Trustee hereby acknowledges receipt of the disclosure statement at least five business days before the execution of this Agreement.
- 5.12 Survival of Agreement and Assignment. The provisions of this Agreement will be binding on the Trust Administrator and its successors and assigns. The Trust Administrator may not, however, assign this Agreement without the consent of the Employers, which consent will be obtained through the process described in Section 3.3(b).



ARTICLE 6

TRUSTEE

- 6.1 Powers and Duties of the Trustee. To the extent directed by the Trust Administrator, the Trustee is authorized and empowered to do the following:
- (a) Invest and reinvest Trust assets, together with the income therefrom.
 - (b) Establish and maintain Accounts to which the Trustee will (i) credit all contributions or transfers from the Employer to the Trust and any income and gains attributable to those amounts, and (ii) debit all distributions, transfers from the Trust, and any losses and expenses attributable to those amounts.
 - (c) Maintain accounts with, execute transactions through, and lend stocks, bonds or other securities on an adequately secured basis to, any brokerage firm.
 - (d) Perform accounting and maintain records of each Employer's Account and reconciling such Account with the Trust.
 - (e) Vote upon or tender any stocks, bonds or other securities and to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights or other options of which the Trustee receives actual notice, and to make any payments incidental thereto; to consent to or otherwise participate in corporate reorganizations or other changes affecting corporate securities and to delegate discretionary powers and to pay any assessments or charges in connection therewith; and generally to exercise any of the powers of an owner with respect to stocks, bonds, securities or other property held in Trust.
 - (f) Deposit or invest all or any part of the assets of the Trust in savings accounts or certificates of deposit or other deposits in a bank or savings and loan association or other depository institution, including the Trustee or any of its affiliates; provided that, with respect to such deposits with the Trustee or an affiliate, the deposits bear a reasonable rate of interest.
 - (g) Invest and reinvest any Trust assets in one or more collective investment funds.
 - (h) Hold, manage, improve, repair and control all investment property, real or personal, forming part of the Trust; to sell, convey, transfer, exchange, partition, pledge, encumber, lease for any term, even extending beyond the duration of this Trust, and otherwise dispose of the same from time to time.
 - (i) Take such actions as may be necessary or desirable to protect the Trust from loss due to the default on mortgages held in the Trust including the appointment of agents or trustees in such other jurisdictions as may seem desirable, to transfer property to such agents or trustees, to grant to such agents such powers as are necessary or desirable to protect the Trust, to direct such agent or trustee, or to delegate such power to direct, and to remove such agent or trustee.
 - (j) Settle, compromise or abandon all claims and demands in favor of or against the Trust.
 - (k) Borrow money from any source and to execute promissory notes, mortgages, or other obligations and to pledge or mortgage any Trust assets as security.



- (l) Designate and engage the services of such agents, representatives, advisers, counsel and accountants, any of whom may be an affiliate of the Trustee or a person who renders services to such an affiliate and, as part of its expenses under this Agreement, to pay their reasonable expenses and compensation.
- (m) Hold in cash, without liability for interest, such portion of the Trust assets as is pending investment, or payment of expenses, or distribution.
- (n) Make, execute and deliver, as the Trustee, any and all deeds, leases, mortgages, conveyances, waivers, releases or other instruments in writing necessary or appropriate for the accomplishment of any powers listed in this Agreement.
- (o) Register securities, or any other property, in its name or in the name of any nominee, including the name of any affiliate or the nominee name designated by any affiliate, with or without indication of the capacity in which property shall be held, or to hold securities in bearer form and to deposit any securities or other property in a depository or clearing corporation.
- (p) Pay or cause to be paid from the Trust any and all real or personal property taxes, income taxes or other taxes with respect to the Trust.
- (q) Enter into interest rate, currency, cash-flow, indexed (including indexed to equities) and other types of swaps and hedges designed to hedge payment, interest rate, currency, duration, spread or similar exposure related to any investment or program of investments of Trust assets or to manage asset/liability matching between investments and OPEB Obligations or Pension Obligations, or both, to be paid therefrom.
- (r) Exercise all of the further rights, powers, options and privileges granted, provided for, or vested in trustees generally under applicable state law so that the powers conferred upon the Trustee herein shall not be in limitation of any authority conferred by law or under this Agreement, but shall be in addition thereto; provided that such powers satisfy applicable state law requirements (if any).
- (s) Any other acts which the Trustee deems necessary or appropriate for the protection of the Trust.

ARTICLE 7

INVESTMENTS

- 7.1 Trustee. The Trustee shall hold and administer Trust assets without distinction between principal and income.
- 7.2 Trust Administrator. The Trust Administrator has exclusive authority and responsibility for the management and investment of Trust assets, and the Trustee is authorized and directed to comply with the written directions of the Trust Administrator concerning Trust assets. The Trust Administrator may, from time to time and in its sole discretion, allocate some or all of the cash in an Account at the end of each business day into a sweep investment fund managed by the Trust Administrator. Any amounts held in a sweep investment fund would typically be reallocated on the next business day. The Trust Administrator may not issue any such direction in violation of the terms of the Trust. The Trustee has no duty or authority to (i) review, question, approve or make inquiries as to any investment directions given pursuant to this Agreement, or (ii) determine whether investments directed by the Trust Administrator are in compliance with any applicable State laws.



- 7.3 Combining of Assets for Investment. As instructed by the Trust Administrator, the Trustee may commingle, for investment or administration purposes, the assets (or a portion of the assets) of the Trust in any group trust within the meaning of Section 401(a)(24) of the Code, but only if the commingled trust qualifies as tax exempt under Revenue Ruling 2011-1 and any subsequent relevant guidance from the Internal Revenue Service. In addition, at the Trust Administrator's direction, the Trustee may aggregate the balances of one or more Accounts within the Trust for investment or administrative purposes, in which case the Trustee will credit and debit each Account in accordance with Section 4.6.
- 7.4 Investment Direction. The Trust Administrator will direct the Trustee to invest the assets of each Employer's Account in accordance with the principles set forth in the Investment Policy Statement in any investments permitted under this Agreement.
- 7.5 Broker Executed Investments. Transactions in investments that require execution through a broker will be executed through such broker or brokers as the Trust Administrator will select. The indicia of ownership of Trust assets will be held by the Trustee at all times, and the Trustee shall serve as sole custodian of Trust assets.
- 7.6 Affiliated Broker/Dealers. Neither the Trustee nor any affiliate of the Trustee will act as broker dealer to execute transactions, including the purchase of securities directly distributed, underwritten or issued by an affiliate of the Trustee, or otherwise provide investment services with respect to the Trust; provided, however, that the Trustee (or its affiliate) may provide ancillary non-advisory investment services with respect to the Trust, including investment of Trust assets in money market or stable value funds distributed, underwritten or issued by the Trustee (or its affiliate) to the extent these investments are permitted under this Agreement. The Trustee and the Trust Administrator will disclose any services or relationships to each Employer before the Employer's commencement of participation in the Trust and at least annually thereafter, and any such services will be provided at standard commission rates, mark-ups or concessions.
- 7.7 Quarterly Reports. The Trust Administrator will provide to each Employer a quarterly analysis of the performance of the investments of each Account and statement of any changes in investments made in such quarter. The asset information for such analysis will be supplied to Trust Administrator by the Trustee. The report required by this Section 7.7 is separate from the reports required by Section 10.3.

ARTICLE 8

PAYMENTS FROM TRUST

- 8.1 Plan Administrator.
- (a) Each Employer's Plan Administrator has the exclusive authority and responsibility to determine the extent to which amounts will be paid from the Employer's Account. Neither the Trust Administrator nor the Trustee will make or authorize disbursements or transfers from any Employer's Account without the explicit written direction from the Employer's Plan Administrator.
- (b) From time to time, the Plan Administrator will direct the Trustee in writing to disburse amounts from the Employer's Omnibus Account for any purpose permitted under Section 8.1(c) or (d).
- (c) From time to time, the Plan Administrator will direct the Trustee in writing to disburse amounts from the Employer's OPEB Account for OPEB Obligations to (i) the Plan Administrator for subsequent distribution to or for the benefit of the Employer's Beneficiaries, (ii) any party providing services for the Employer's OPEB Plan, including but not limited to any insurer, third-party administrator, or other service provider, (iii) the



Employer's Beneficiaries themselves directly, or (iii) the Employer as reimbursement for any OPEB Obligation amount paid or incurred by the Employer.

- (d) From time to time, the Plan Administrator will direct the Trustee in writing to disburse amounts from the Employer's Pension Account to (i) the Pension Plan as contributions to the plan's qualified trust, (ii) the Plan Administrator, for subsequent payment of the Employer's Pension Obligation, (iii) any party providing services for the Employer's Pension Plan, including but not limited to any insurer, third-party administrator, or other service provider, or (iv) the Employer as reimbursement for any Pension Obligation amount paid or incurred by the Employer.
- 8.2 **Trustee Reliance.** Except as otherwise provided by law, the Trustee will be fully protected in making payments out of any Employer's Account at the direction of the Employer's Plan Administrator. The Trustee's sole obligation as to those disbursements shall be to observe the instructions of the Plan Administrator to the extent that the Account has assets to make disbursements as instructed by the Plan Administrator. Nothing in the Trust or any Plan shall constitute a guarantee that Trust assets will be sufficient to pay the Employer's OPEB Obligations or Pension Obligations.
- 8.3 **Payments.** The Trustee is authorized to disburse amounts from the Trust to pay the fees and expenses of administering the Trust as expressly authorized by this Agreement, or as instructed in writing by the Trust Administrator.

ARTICLE 9

TAXES, EXPENSES AND COMPENSATION OF THE TRUSTEE AND TRUST ADMINISTRATOR

- 9.1 **Payment of Fees.** Subject to Section 4.2, each Employer's Account will be charged for allocable Trustee Fees, Trust Administration Fees, and any other fees specified in the Trust Administrative Service Agreement. To the extent permitted in the Trust Administrative Service Agreement and Adoption Agreement, the Employer may elect in the Adoption Agreement to instead pay such fees from the Employer's assets.
- 9.2 **Trust Administration Fees.** "Trust Administration Fees" means the fees of the applicable investment funds and the fees for all services of the Trust Administrator specified in the Trust Administrative Services Agreement. The Trust Administrator is authorized to instruct the Trustee to disburse funds from the Account for the payment of the Trust Administration Fees to the Trust Administrator to the extent not paid by the Employer or deducted from the gross earnings of the investment funds. If and to the extent that the Trustee requests that the Trust Administrator render services to the Trust other than those to be rendered by the Trust Administrator hereunder, such additional services will be compensated separately on terms to be agreed upon between the Trust Administrator and the Trustee.
- 9.3 **Trustee Fees.** "Trustee Fees" means the Trustee's fees for services provided by it under this Agreement. These fees will be separately disclosed to the Employer prior to the commencement of the Employer's participation in the Trust. The Trustee is authorized to disburse funds from the Trust to itself for the payment of these fees to the extent not paid by the Employers. The Trustee will notify the Trust Administrator in writing of any change in the Trustee Fees at least 90 days before the effective date of the change.
- 9.4 **Reimbursement of Expenses.** Except as expressly provided otherwise herein, the Trustee is authorized to disburse funds from the Trust to pay all reasonable expenses of administering the Trust, including, without limitation, any taxes payable by the Trust, fees and expenses of legal counsel to the Trust, insurance premiums, and expenses associated with performing the annual audit provided for in Section 5.3.



ARTICLE 10

RECORDKEEPING AND VALUATION

- 10.1 Trust Records. The Trustee will keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions, including such specific records as may be agreed upon in writing between the Trust Administrator and the Trustee with respect to the Trust.
- 10.2 Separate Account Records. The Trustee will keep accurate and detailed records of all investments, receipts, disbursement, and all other transactions with respect to each separate Employer Account.
- 10.3 Quarterly Reports. Within 45 days after the last day of each calendar quarter (and within 60 days after removal or resignation of the Trustee), the Trustee will deliver to the Trust Administrator and each Employer a written account of the Employer's Account during such calendar quarter (or during the period from the close of the last preceding calendar quarter to the date of such removal or resignation), setting forth all deposits, investments, receipts, disbursements and other transactions effected by it with respect to the Account, including a description of transfers made and income received by the Account, all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), all disbursements for the payment of OPEB Obligations and Pension Obligations, administrative expenses (any amounts paid to the Trustee shown separately) of the Trust paid from the Account, and showing all cash, securities and other property held in the Account at the end of such calendar quarter or as of the date of such removal or resignation, as the case may be.
- 10.4 Valuation. All securities will be valued at fair market value as of the date of valuation, as determined by the Trustee on the basis of all available information that the Trustee deems reasonable.

ARTICLE 11

STANDARD OF CARE AND INDEMNIFICATION

- 11.1 Exclusive Purpose. Except as provided in Sections 14.3 and 14.4, all Trust assets and all income thereon will be used for the exclusive purpose of providing for the payments of OPEB Obligations and Pension Obligations and for paying the reasonable expenses of administering the Trust.
- 11.2 Standard of Care. The Trustee and the Trust Administrator, when making, selling or otherwise managing investments of the funds, will discharge their duties with respect to the investment of the funds (i) solely in the interest of, and for the exclusive purposes of funding OPEB Obligations and Pension Obligations, maximizing the amount available for such funding, and paying reasonable expenses of administering the Trust, and (ii) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims. The Trust Administrator will invest assets in each Employer's Account accordance with the applicable Investment Policy Statement, but only to the extent that doing so does not conflict with the duties described in the preceding sentence.
- 11.3 Trustee Indemnification of Trust Administrator. The Trustee, solely from its assets and not from the Trust assets, will 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 the Trustee's or affiliate's performance (or non-performance) of its duties under this Agreement in a manner that constitutes willful misconduct or willful breach of the standard of care articulated in Section 11.2, except to the extent that such damages resulted from the Trust Administrator's or affiliate's performance (or non-performance) of its duties under this



Agreement in a manner that constitutes willful misconduct or willful breach of the standard of care articulated in Section 11.2.

- 11.4 Trust Administrator Indemnification of Trustee. The Trust Administrator, solely from its assets and not from the Trust assets, will indemnify the Trustee 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 the Trustee's and each of its affiliates' services under this Agreement, except to the extent that such damages resulted from the Trustee's or affiliate's performance (or non-performance) of its duties under this Agreement in a manner that constitutes willful misconduct or willful breach of the standard of care articulated in Section 11.2. The foregoing shall in no way limit or otherwise restrict any rights to indemnification which the Trust Administrator may have under any Adoption Agreement executed and delivered by the Trust Administrator and an Employer.
- 11.5 Survival of Indemnifications. The indemnification obligations provided for in this Agreement will survive the termination of this Agreement.

ARTICLE 12

RESIGNATION AND REMOVAL OF TRUST ADMINISTRATOR

- 12.1 Resignation or Removal of Trust Administrator. The Trust Administrator may resign at any time upon 90 days' prior written notice to each of the Employers, which notice may be waived in writing by the Employers. With the approval of at least two-thirds of the participating Employers, the Employers may remove the Trust Administrator upon 90 days' prior written notice to the Trust Administrator and the Trustee, which notice may be waived by the Trust Administrator.
- 12.2 Designation of Successor Trust Administrator. Upon notice of the Trust Administrator's resignation, the Employers will promptly designate a successor Trust Administrator qualified to act as the Trust Administrator of the Trust under applicable state law, such resignation to be effective upon acceptance of appointment by such successor Trust Administrator. The Employers will not remove the Trust Administrator unless Employers have designated such a successor Trust Administrator who shall have agreed with Employers and the Trustee to act as the Trust Administrator under an agreement substantially similar to this Agreement.
- 12.3 Compensation Pending Appointment of Successor. Until a successor Trust Administrator is appointed and assumes its duties as the Trust Administrator under this Agreement, the Trust Administrator shall be entitled to compensation for its services in accordance with Article 9.
- 12.4 Merger, Conversion, Consolidation or Sale of Trust Administrator. Any company into which the Trust Administrator may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trust Administrator may sell or transfer all or substantially all of its investment advisory business, shall be, with the prior consent of Employers in the manner set forth in Section 3.3(b), the successor to such Trust Administrator.
- 12.5 Successor Trust Administrator - No Duty to Investigate. A successor Trust Administrator shall have no duty to audit or otherwise inquire into the acts or transactions of its predecessor.

ARTICLE 13

RESIGNATION AND REMOVAL OF TRUSTEE

- 13.1 Resignation of Trustee. The Trustee may resign at any time upon 90 days prior written notice to the Trust Administrator, which notice may be waived by the Trust Administrator.



- 13.2 Removal of Trustee. With approval of at least two-thirds of the participating Employers, the Employers may instruct the Trust Administrator in writing to remove the Trustee (or any successor trustee) upon 90 days prior written notice to the Trustee, which notice may be waived in writing by the Trustee, and to replace the Trustee with a corporate Trustee satisfactory to the Trust Administrator in its sole judgment.
- 13.3 Designation of Successor Trustee. Upon notice of the Trustee's resignation or removal, the Trust Administrator shall promptly designate a successor corporate Trustee qualified to act as the Trustee of the Trust under applicable state law, such resignation or removal to be effective upon acceptance of appointment by such successor corporate Trustee.
- 13.4 Application to Court to Designate Successor. If the Trust Administrator does not designate a successor corporate Trustee, or if a successor corporate Trustee designated by the Trust Administrator has not accepted its appointment within 90 days after the Trustee gives notice of its resignation or receives notice of removal, the Trustee may, at the expense of the Trust, apply to a court of competent jurisdiction to appoint a successor corporate Trustee.
- 13.5 Trustee Compensation Pending Appointment of Successor. Until a successor corporate Trustee is appointed and assumes its duties, the Trustee shall be entitled to compensation for its services according to its fee schedule then in effect for acting as the Trustee in accordance with the Trust.
- 13.6 Merger, Conversion, Consolidation or Sale of Trustee. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, shall be, with the prior written consent of the Trust Administrator, the successor to such Trustee.
- 13.7 Transfer of Assets and Records. A resigning Trustee shall transfer the Trust assets and shall deliver the books, accounts and records of the Trust to the successor corporate Trustee as soon as practicable.
- 13.8 Payment of Expenses. A resigning Trustee is authorized to reserve such amount as may be necessary for the payment of its fees and expenses incurred prior to its resignation or removal, and the Trust assets shall remain liable to reimburse the resigning or removed Trustee for any costs or fees payable to the Trustee under the terms of this Agreement.
- 13.9 Successor Trust Administrator - No Duty to Investigate. A successor corporate Trustee shall have no duty to audit or otherwise inquire into the acts or transactions of its predecessor.

ARTICLE 14

AMENDMENT, TERMINATION, MERGER, TRANSFER

- 14.1 Amendment. With the approval of at least two-thirds of the Employers then participating in the Trust, the Trust Administrator and the Trustee may amend the Trust; provided, however, that no amendment may:
- (a) cause any assets held in any Employer's Account to be used for or diverted to any purpose other than for the exclusive purposes of funding the Employer's OPEB Obligations or Pension Obligations, as applicable, or defraying the reasonable expenses of administering the Account; or
 - (b) eliminate the requirement that none of the assets held in any Employer's Account revert to the Employer prior to the satisfaction of all OPEB Obligations or Pension Obligations



(as applicable) under the OPEB Plan or Pension Plan for which the Account was established.

14.2 Termination of Trust.

- (a) The Trust may be terminated by the unanimous agreement of all Employers, which action must be in writing and delivered to the Trustee and Trust Administrator. Upon termination of the Trust, the Trust will continue to exist and the Trust Administrator and the Trustee will continue to have all powers provided in this Agreement as are necessary or desirable for the orderly liquidation and distribution of Trust assets in accordance with the provisions hereof until all Trust assets have been distributed. The Trustee will distribute assets remaining in each Employer's Account at the direction of the Trust Administrator in the following order of priority: (1) payment of reasonable administrative expenses (including taxes and termination costs) of the Trust, (2) payment of the OPEB Obligations and Pension Obligations currently payable under the Employer's OPEB Plan and Pension Plan, as applicable, and (3) payment to a trust that satisfies the requirements of Section 115 of the Code and any other applicable law.
- (b) Contributions and transfers to the Trust are conditioned on initial qualification of the Trust under Section 115 of the Code. If the Trust receives an adverse determination with respect to its initial qualification, then the Trust and this Trust Agreement will automatically terminate without any action by any Employer or other parties. After such termination, the assets of each Employer's Omnibus Account, Pension Account, or OPEB Account, as applicable, will be returned by the Trustee to the Employer as directed by the Plan Administrator in accordance with this Section 14.2(b) to the extent permitted by law and consistent with the requirements of Section 115 of the Code. This Section 14.2(b) will cease to apply upon the Trust's receipt of a favorable determination with respect to its initial qualification.

14.3 Termination of Employer's Account.

- (a) An Employer's Account will automatically terminate upon the termination of the Employer's participation in the Trust and the transfer of the assets in the Employer's Account under Section 3.3.
- (b) If an Employer has an Omnibus Account and maintains an OPEB Plan or Pension Plan, but not both, Section 14.3(b) or (c) (as applicable) will apply to the assets in the Omnibus Account. If the Employer maintains both an OPEB Plan and Pension Plan, the Trustee will continue to maintain, and will have all of the powers and duties under this Agreement with respect to, the Employer's Omnibus Account until the Employer's OPEB Obligation under its OPEB Plan and Pension Obligation under its Pension Plan are fully satisfied. Any assets remaining in the Employer's Omnibus Account after both such obligations are fully satisfied will be paid to the Employer to the extent permitted by law and consistent with the requirements of Section 115 of the Code.
- (c) If an Employer's OPEB Plan terminates, the Trustee will continue to maintain, and will have all of the powers and duties under this Agreement with respect to, the Employer's OPEB Account until the Employer's OPEB Obligation under its OPEB Plan is fully satisfied. Any assets remaining in the Employer's OPEB Account after its OPEB Obligation is fully satisfied will be paid to the Employer to the extent permitted by law and consistent with the requirements of Section 115 of the Code.
- (d) If an Employer's Pension Plan terminates, the Trustee will continue to maintain, and will have all of the powers and duties under this Agreement with respect to, the Employer's Pension Account until the Employer's Pension Obligation under its Pension Plan is fully satisfied. Any assets remaining in the Employer's Pension Account after its Pension



Obligation is fully satisfied will be paid to the Employer to the extent permitted by law and consistent with the requirements of Section 115 of the Code.

- 14.4 Mistake of Fact. At the written direction of an Employer and after receipt of any indemnification that the Trustee may require from the Employer, the Trustee will return any contribution or transfer made to the Trust by the Employer due a mistake of fact, excluding any earnings but reduced by any losses, to the Employer within one year after the Employer discovers the mistake.
- 14.5 Merger or Transfer. At any time that there is in existence any trust created by Employer which satisfies the requirements in Articles 2 and 4, at the direction of Employer, the Trust may be merged with such trust, or all or part of its assets (net of any amount as may be reasonably necessary to pay the fees and expenses of the Trust Administrator, the Trustee and other expenses of the Trust) transferred to such trust; provided, however, that no such merger or transfer may increase the Trustee's obligations under this Agreement without the Trustee's written approval, no such merger or transfer may render the Trust "revocable" or otherwise adversely affect the status of the Trust as described in Articles 2 and 4.
- 14.6 Reversion. Neither the Trust Administrator nor the Employers nor any entity related to any of them will have any beneficial interest in the Trust or receive any amounts upon termination of the Trust or at any other time, except as provided in Sections 14.3 and 14.4.

ARTICLE 15

MISCELLANEOUS

- 15.1 Choice of Law. The Trust is governed by, and will be interpreted in a manner consistent with, the laws of the Commonwealth of Pennsylvania and, to the extent applicable, the Internal Revenue Code.
- 15.2 No Joint Powers Agreement. This Agreement is not a joint exercise of powers agreement, does not create a joint powers or joint action authority, and the obligations of Employer, the Trustee, and the Trust Administrator are several and not joint. Neither the Trustee nor the Trust Administrator is responsible for any contributions, costs, benefits, distributions, acts or omissions of the Employers or the Plan Administrators.
- 15.3 Authorized Signatories. Each party to this Agreement represents and warrants that the person or persons signing this Agreement on behalf of such party are authorized and empowered to sign and deliver this Agreement for such party.
- 15.4 List of Persons Authorize to Act for Employer. Each of the Employers will certify to the Trust Administrator and the Trustee in writing of the person or persons, by office or other position of employment, who are authorized to act on behalf of the Employer in all matters relating to the Trust.
- 15.5 List of Persons Authorized to Act for Trust Administrator. The Trust Administrator shall notify the Trustee and each of the Employers in a separate writing of all those who are authorized to act on behalf of the Trust Administrator in all matters relating to the Trust.
- 15.6 Agreement Controls. If there is any conflict between any Pension Plan or OPEB Plan and this Agreement, this Agreement will control.
- 15.7 Severability. In the event any provision of this Agreement is held to be invalid for any reason, such invalidity will not affect any other provisions of this Agreement and this Agreement will be construed and enforced as if the invalid provision had never been included.



- 15.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be considered as an original.
- 15.9 Delivery of Communications. All communications under this Agreement must be in writing and will be deemed to have been duly given (1) on the date of receipt if served personally or by confirmed facsimile or other similar communication; (2) on the first business day after sending if sent for guaranteed next day delivery by a next-day courier service; or (3) on the fourth business day after mailing if mailed to the party or parties to whom notice is to be given by registered or certified mail, return receipt requested, postage prepaid, and properly addressed as follows:

If to an Employer: At the address listed for such purpose on the Employer's Adoption Agreement

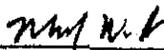
If to Trust Administrator: PFM Asset Management LLC
1735 Market Street, 43rd Floor
Philadelphia, PA 19103
Attention: Leo Karwejna

If to Trustee: Principal Bank
222 South Ninth Street, 13th Floor
Minneapolis, MN 55402
Attention: Doug Mason



IN WITNESS WHEREOF, and as evidence of establishment of the Trust created hereunder, the parties have caused this Agreement to be executed as of the date set forth below:

**PFM ASSET MANAGEMENT LLC,
As Trust Administrator**

By: 
Name: Michael W. HARRIS
Title: Managing Director
Date: 7/13/15

**WELLS FARGO BANK, N.A.
As Trustee**

By: 
Name: Timothy Penning
Title: Vice President
Date: 7/13/15

Exhibit B

TRUST ADMINISTRATIVE SERVICES AGREEMENT

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

WHEREAS, the Employer has adopted one or more plans, policies, or collective bargaining agreements ("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, Principal Bank, as successor trustee to 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 set forth in Attachment A will apply.

The Trust Administrator will notify the Employer in writing of any change in the above fee amounts at least 60 days before the effective date of the change.

- 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 Proprietary Investments.** Assets invested by the Trust Administrator under the terms of this Agreement may from time to time be invested in mutual funds managed by the Trust Administrator (a "Proprietary Fund"). With respect to any such investment, the Employer shall be entitled to a credit against fees described in this Section, in an amount at least equal to the amount of the investment advisory fee, then in effect and net of any fee waivers applicable to such investment advisory fee, which the Trust Administrator receives from the Proprietary Fund for the investment of the assets hereunder. Expenses of the

Proprietary Fund, including compensation for the Trust Administrator, are described in the relevant prospectus or registration statement and are paid from the Proprietary Fund.

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(I) 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 Stockton
425 N. El Dorado Street
Stockton, CA 95202

Attn: Chief Financial Officer

Trust Administrator's Address:

PFM Asset Management LLC
1 California Street, 10th Floor
San Francisco, CA 94111
Attn: Multi-Asset Class Specialist

With a Copy to:

PFM Asset Management LLC
213 Market Street
Harrisburg, PA 17101
Attn: Chief Administrative Officer

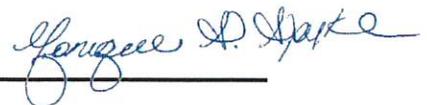
19. **Applicable Law.** This Agreement will be construed, enforced and administered according to the laws of the State of California, without regard to its conflicts of law principles. In the event that either party institutes legal proceedings against the other, venue will lie in any court of competent 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: Monique Spyke



Its: Managing Director





AGENCY
[NAME OF AGENCY]

City of Stockton

By: _____

Its: _____



Attachment A

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	

INVESTMENT POLICY STATEMENT
FOR
CITY OF STOCKTON SECTION 115 TRUST
PENSION FUND

Adopted 12/23, 2023

Draft

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Draft

The City of Stockton (the "City") has established a Section 115 Trust, known as the City of Stockton Section 115 Pension Trust ("Trust"). This Trust will be used to invest monies to fund the City's unfunded liability in the California Public Employee Retirement System ("CalPERS"). The City of Stockton City Council ("Council") delegates investment authority to the Chief Financial Officer to implement this Investment Policy Statement ("Policy Statement") for the following purposes.

Purpose

Funds set aside in the Section 115 Trust are safeguarded from diversion to other budgetary uses and generally may be invested in a broader range of securities than would typically be permitted for public agency operating funds, potentially increasing earnings. Therefore, higher returns can improve the City's ability to meet future pension obligations. An additional advantage of investing funds in the Trust rather than contributing an equivalent amount directly to CalPERS is that the City retains control over the timing and amount of disbursements from the Trust. Retaining control of the funds in the Trust provides the flexibility to meet current or accrued liabilities based on the financial circumstances at that time. The City also controls the timing of contributions to the Trust.

The main investment objective of the Trust is to achieve long-term growth of Trust assets by maximizing long-term rate of return on investments and minimizing risk.

The purpose of this Policy Statement is to achieve the following:

1. Document investment objectives, performance expectations, and investment guidelines for Fund assets.
2. Establish an appropriate investment strategy for managing all Trust assets, including an investment time horizon, risk tolerance ranges, and asset allocation to provide sufficient diversification and overall return over the long-term time horizon of the Trust.
3. Establish investment guidelines to control overall risk and liquidity.
4. Establish periodic performance reporting requirements to monitor investment results and confirm that the investment policy is being followed.
5. Comply with fiduciary, prudence, due diligence, and legal requirements for Trust assets.

Investment Authority

The Chief Financial Officer ("CFO") will oversee certain policies and procedures related to the operation and administration of the Trust. The CFO will have authority to implement the investment policy and guidelines in the best interest of the Trust to best satisfy the purposes of the Trust. In implementing this Policy Statement, the CFO believes it may delegate certain functions to:

1. An investment advisor ("Advisor") to assist the CFO in the investment process and to maintain compliance with this Policy Statement. The Advisor may assist the CFO in establishing investment policy objectives and guidelines. The Advisor will adjust asset allocation for the Trust subject to the guidelines and limitations set forth in this Policy Statement. The Advisor will also select investment managers ("Managers") and strategies consistent with its role as a fiduciary for the Trust. The investment vehicles allowed may include mutual funds, commingled trusts, separate accounts, limited partnerships, and other investment vehicles deemed to be appropriate by the Advisor. The Advisor is also responsible for monitoring and reviewing investment managers, measuring and evaluating performance, and other tasks as deemed appropriate in its role as Advisor for Trust assets. The Advisor may also select investments with discretion to purchase, sell, or hold specific securities, such as Exchange Traded Funds, that will be used to meet the Fund's investment objectives. The Advisor shall never take possession of securities, cash, or other assets of the Trust, all of which shall be held by the custodian. The Advisor must be registered with the Securities and Exchange Commission.
2. A custodian selected by the Trust to maintain possession of physical securities and records of street name securities owned by the Trust, collect dividends and interest payments, redeem maturing securities, and effect receipt and delivery of securities following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, sold, as well as movement of assets into and out of the Trust.
3. A trustee appointed by the Trust, such as a bank trust department, if the Trust does not have its own Trustees, to assume fiduciary responsibility for the administration of Trust assets; provided, however, that if the CFO shall have appointed an investment advisor, then any trustee appointed under this paragraph shall have no authority with respect to selection of investments.
4. Specialists such as attorneys, auditors, appraisers, and consultants to assist the CFO in meeting its responsibilities and obligations in administering Trust assets prudently.

Statement of Investment Objectives

The investment objectives of the Trust are as follows:

1. To invest assets of the Trust in a manner consistent with the following fiduciary standards: (a) all transactions undertaken must be for the sole interest of Trust beneficiaries, and (b) assets are to be diversified in order to minimize the impact of large losses from individual investments.
2. To provide for funding and anticipated withdrawals on a continuing basis for payment of long-term liabilities and reasonable expenses of operation of the Trust.
3. To enhance the value of Trust assets in real terms over the long term through asset appreciation and income generation, while maintaining a reasonable investment risk profile.

4. Subject to performance expectations over the long term, to minimize principal fluctuations over the Time Horizon (as defined below).
5. To achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the investment objective set forth in this Policy Statement under the section labeled "Performance Expectations".

Investment Guidelines

Within this section of the Policy Statement, several terms will be used to articulate various investment concepts. The descriptions are meant to be general and may show investments otherwise considered to be in the same asset class. They are:

"Growth Assets" - a collection of investments and/or asset classes whose primary risk and return characteristics are focused on capital appreciation. Investments within the Growth Assets category can include income and risk mitigating characteristics, so long as the predominant investment risk and return characteristic is capital appreciation. Examples of such investments or asset classes are: domestic and international equities or equity funds, and certain real estate investments, focused on equity risk mitigation or equity-like returns.

"Income Assets" - a collection of investments and/or asset classes whose primary risk and return characteristics are focused on income generation. Investments within the Income Assets category can include capital appreciation and risk mitigating characteristics, so long as the primary investment risk and return characteristic is income generation. Examples of such investments or asset classes are: fixed income securities, certain investment contracts, and certain real estate investments, focused on interest rate risk mitigation or income investment-like returns.

"Real Return Assets" - a collection of investments and/or asset classes whose primary risk and return characteristics are focused on real returns over inflation. Investments within the Real Return category can include inflation protected securities, commodities, and certain real estate investments.

Time Horizon

The Trust's investment objectives are based on a longer investment horizon ("Time Horizon") of five years or longer. However, interim fluctuations should be viewed with appropriate perspective and the investment strategies should reflect the change in market conditions to best serve the purpose of this trust. The City has adopted a long-term investment horizon such that the risks and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets.

Liquidity and Diversification

In general, the Trust may hold some cash, cash equivalent, and/or money market funds for near-term liabilities and expenses (the "Trust Distributions"). Remaining assets will be invested in longer-term investments and shall be diversified with the intent to minimize the risk of long-term investment losses. Consequently, the total portfolio will be constructed and maintained to provide diversification with regard to the concentration of holdings in individual issues, issuers, countries, governments, or industries.

Asset Allocation

The CFO believes that to achieve the greatest likelihood of meeting the Trust's investment objectives and the best balance between risk and return for optimal diversification, assets will be invested in accordance with the targets for each asset class as follows to achieve an average total annual rate of return that is equal to or greater than the Trust's target rate of return over the long term as described in the section titled "Performance Expectations".

<u>Asset Classes</u>	<u>Range</u>	<u>Asset Weightings</u>	<u>Target</u>
Growth			
Domestic Equity	0% - 40%		20%
International Equity	0% - 30%		10%
Other Equity	0% - 10%		0%
Income			
Fixed Income	50% - 90%		70%
Other Income	0% - 10%		0%
Real Return Assets	0% - 10%		0%
Cash Equivalents	0% - 50%		0%

The Advisor and each Manager will be evaluated against their peers on the performance of the total funds under their direct management.

Rebalancing Philosophy

The asset allocation range established by this Policy Statement represents a long-term perspective. As such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside Policy Statement ranges. When allocations breach the specified ranges, the Advisor will rebalance the assets within the specified ranges. The Advisor may also rebalance based on market conditions.

Risk Tolerance

Subject to investment objectives and performance expectations, the Trust will be managed in a style that seeks to minimize principal fluctuations over the established Time Horizon.

Performance Expectations

Over the long-term, five years or longer, the performance objective for the Trust will be to achieve an average total annual rate of return that is equal to or greater than the Trust's target investment rate of return. Additionally, it is expected that the annual rate of return on Trust assets will be commensurate with the then prevailing investment environment. Measurement of the performance expectation will be judged by reviewing returns in the context of industry standard benchmarks or universe comparisons for individual Trust investments and blended benchmark comparisons for the Trust in its entirety.

Selection of Investment Managers

The Advisor shall prudently select appropriate Managers to invest the assets of the Trust. Managers must meet the following criteria:

- The Manager must provide historical quarterly performance data compliant with Global Investment Performance Standards (GIPS®), Securities & Exchange Commission ("SEC"), Financial Industry Regulatory Agency ("FINRA") or industry recognized standards as appropriate.
- The Manager must provide detailed information on the history of the firm, key personnel, support personnel, key client relationships (including most-favored-nation clauses). This information can be a copy of a recent Request for Proposal ("RFP") completed by the Manager or regulatory disclosure.
- The Manager must clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.
- The investment professionals making the investment decisions must have a minimum of three (3) years of experience managing similar strategies either at their current firm or at previous firms.
- Where other than common funds such as mutual funds or commingled trusts are utilized, the Manager must confirm receipt, understanding and adherence to this Policy Statement and any investment specific policies by signing a consent form provided to the Manager prior to investment of Fund assets.

Guidelines for Portfolio Holdings

Direct Investments by Advisor

Every effort shall be made, to the extent practical, prudent and appropriate, to select investments that have investment objectives and policies that are consistent with this Policy Statement (as outlined in the following sub-sections of the "Guidelines for Portfolio Holdings"). However, given the nature of the investments, it is recognized that there may be deviations between this Policy Statement and the objectives of these investments.

Limitations on Managers' Portfolio

EQUITIES

No more than the greater of 5% or weighting in the relevant index (Russell 3000 for U.S. issues and MSCI ACWI ex-U.S. for non-U.S. issues) of the total equity portfolio value at market may be invested in the common equity of any one corporation. Ownership of shares of one company shall not exceed 5% of those outstanding; and not more than 40% of equity value at market may be held in any one sector, as defined by the Global Industry Classification Standard (GICS).

Domestic Equities. Other than the above constraints, there are no quantitative guidelines as to issues, industry or individual security diversification. However, prudent diversification standards should be developed and maintained by the Manager.

International Equities. The overall non-U.S. equity allocation should include a diverse global mix that is comprised of the equity of companies from multiple countries, regions and sectors.

FIXED INCOME

Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at time of purchase. The 5% limit does not apply to issues of the U.S. Treasury or other Federal Agencies. The overall rating of the fixed income assets as calculated by the Advisor shall be investment grade, based on the rating of one Nationally Recognized Statistical Rating Organization ("NRSRO").

OTHER ASSETS (ALTERNATIVES)

Alternatives may consist of non-traditional asset classes such as hedge funds, private equity, private debt and real assets, when deemed appropriate. The total allocation to this category may not exceed 10% of the overall portfolio.

Real Assets. Real assets are typically physical assets that have intrinsic worth due to their substance and properties. Real assets are primarily used for their lower correlation to traditional assets (i.e., stocks and bonds) and their inflation hedging properties. Categories of real asset investments include, but are not

limited to, real estate, infrastructure, land, farmland, timberland, precious metals, and commodities. Real assets include securities and assets with varying levels of liquidity. Private real assets are illiquid and long-term in nature, whereas public real assets are publicly traded and more liquid. The benefit of lower correlation investments is that, when implemented correctly, these investments can potentially improve a portfolio's expected risk-adjusted return over the long-term. The real assets category can be extended to include other forms of assets that offer similar inflation hedging properties such as pooled vehicles holding, commodities contracts, Treasury Inflation Protected Securities ("TIPS"), index-linked derivative contracts, certain forms of intellectual property, and the equity of companies in businesses thought to hedge inflation. For purposes of asset allocation targets and limitations, real assets may be categorized as "Other" under either the Growth Assets or Income Assets category or in the Real Return Assets category, depending on the nature and risk/return profile of the investment.

CASH EQUIVALENTS

Cash equivalents shall be held in funds complying with Rule 2(a)(16) of the Investment Company Act of 1940.

Portfolio Risk Hedging

Portfolio investments designed to hedge various risks (including volatility risk, interest rate risk, etc.) are allowed to the extent that the investments are not used for the sole purpose of leveraging Trust assets. One example of a hedge vehicle is an exchange traded fund ("ETF") which takes short positions.

Prohibited Investments

Except for purchases within authorized investments, securities having the following characteristics are not authorized and shall not be purchased: leveraged stock and other unregistered securities, direct commodities or commodity contracts, private placements (with the exception of Rule 144A securities). Further, derivatives, options, and futures for the sole purpose of direct portfolio leveraging are prohibited. Direct ownership of real estate, natural resource properties such as oil, gas or timber and the purchase of collectibles are also prohibited.

Safekeeping

All assets of the Trust shall be held by a custodian approved by the CFO for safekeeping of Trust assets. The custodian shall produce statements on a monthly basis, listing the name and value of all assets held, and the dates and nature of all transactions in accordance with the terms in the Trust Agreement. Investments of the Trust not held as liquidity or investment reserves shall, at all times, be invested in interest-bearing accounts. Investments and portfolio securities may not be loaned.

Control Procedures

Review of Investment Objectives

The Advisor shall review annually and report to the CFO the appropriateness of this Policy Statement for achieving the Trust's stated objectives. It is not expected that this Policy Statement will change frequently. In particular, short-term changes in the financial markets should not require an adjustment in this Policy Statement.

Review of Investment Performance

The Advisor shall report on a quarterly basis to the CFO to review the investment performance of the Trust. In addition, the Advisor will be responsible for keeping the CFO advised of any material change in investment strategy, Managers, and other pertinent information potentially affecting performance of the Trust.

The Advisor shall compare the investment results on a quarterly basis to appropriate peer universe benchmarks, as well as market indices in both equity and fixed income markets. Examples of benchmarks and indexes that will be used include the Russell 2000 Index for broad U.S. equity strategies; S&P 500 Index for large cap U.S. equities, Russell 1000 Index for mid cap U.S. equities, MSCI ACWI ex-U.S. Index for broad based non-U.S. equity strategies, MSCI Europe, Australasia, and Far East (EAFE) Index for developed markets international equities, Bloomberg Aggregate Bond Index for fixed income securities, and the U.S. 91 Day T-Bill for cash equivalents. The Russell 3000 Index will be used to benchmark the U.S. equity portfolio; the MSCI ACWI ex-U.S. Index will be used to benchmark the non-U.S. equities portfolio; the Bloomberg U.S. Aggregate Bond Index will be used to benchmark the fixed income portfolio. The categories "Cash" will be benchmarked against appropriate indices depending on the specific characteristics of the strategies and funds used.

Reporting of Proxies

The CFO recognizes that proxies are a significant and valuable tool in corporate governance. The voting rights of individual funds held in separate accounts or collective, common, or pooled funds will be exercised by the investment managers in accordance with their own proxy voting policies. The voting rights of funds will be exercised by the Advisor.

Adoption of Investment Policy Statement

Any changes and exceptions to this Policy Statement will be made in writing by the CFO and provided to the Council, Advisor, Trustee and other Specialists. Once adopted, changes and exceptions will be delivered to each Manager, as appropriate, by the Advisor.

Approved:

14

City Manager

Date

Draft

Principal® Custody Solutions
Account Acceptance Agreement



The attached agreements, disclosures and account setup documentation ("Account Documentation") contain information specific to the services that City of Stockton (the "Owner") has selected Delaware Charter Guarantee & Trust Company, conducting business as Principal Trust Company®, or Principal Bank®, as the case may be (collectively referred to herein as "Principal® Custody Solutions") to provide services as Trustee/Custodian under the governing Trust/Custody Agreement, executed by Principal® Custody Solutions and the Owner for the Post-Employment Benefits Trust Agreement (the "Account").

Acceptance

Owner Name ("Owner"): City of Stockton
Account Name (the "Account"): Post-Employment Benefits Trust Agreement
Account Number(s): 10145500 and all related sub accounts
File Number(s): 10145500F

The undersigned individuals represent that they are duly authorized to take action on behalf of the Owner and Principal® Custody Solutions, respectively. The parties certify that they are executing this Acceptance to signify receipt of, and agreement to the terms and conditions specified in the Account Documentation listed below, as of the effective date specified on each document.

ACCOUNT DOCUMENTATION (only checked items apply):

- Definitions and Disclosure Statement
- Fee Schedule (consisting of):
 - Fee Acknowledgement
 - Fee Summary
- Sweep Investment Direction for Cash Balances

Accepted:

City of Stockton
Owner name

Name (please print)

Title (please print)

X

Signed

Date

Principal Bank

Scott Christensen
Name (please print)

President - Principal Bank
Title (please print)

X 

Signed

Definitions and Disclosure Statement



Definitions

“Revenue from Fund Asset-Based Fees” are fees paid to Principal Bank® or Principal Trust Company® (collectively, “Principal® Custody Solutions”) by the institution providing the investment option (“Fund Company”) for Investment Alternative Options (“Investment Alternatives”) listed on the most current Investment Alternative Options Direction, Disclosure, and Acknowledgement (“IAO”). The revenue being disclosed represents only those fees received by Principal® Custody Solutions from the Fund Company for certain shareholder services performed by Principal® Custody Solutions either directly or through a supplier. Changes to such fees will be disclosed on the account statements and periodically updated fee disclosure documents. Any such fees are part of the Investment Alternative’s expense ratio and do not result in an increased payment by the Account. Ongoing Revenue from Fund Asset-Based Fees are stated as annual rates and are calculated by the Fund Company’s manager pursuant to its established practice and procedure. Certain Investment Alternatives may also pay one-time Revenue from Fund Asset-Based Fees to Principal® Custody Solutions which are calculated based on the value of funds invested by an individual who was not previously an investor in the Investment Alternative and are calculated in accordance with the Fund Company’s procedures. Revenue from Fund Asset-Based Fees may be paid by the fund company from one or more sources and under one or more programs (including, but not limited to, sub-transfer agency fees, 12b-1 fees, shareholder and administrative services fees, and distribution related fees) provided for in the prospectuses or other governing documents of the Investment Alternative.

“Allocation of Asset-Based Fees”

Principal® Custody Solutions may hire external third parties whose responsibilities may include collecting Revenue from Fund Asset Based Fees on its behalf. As disclosed in the IAO, Principal® Custody Solutions may either retain these fees as revenue or may allocate these fees to the affected accounts. However, when Principal® Custody Solutions uses an external third party to collect these fees, Principal® Custody Solutions covers the cost of the third party’s services through a portion of the fees so collected, and the amount allocated to affected accounts will be net of the amount payable to the external third party.

General Disclosures

Investments such as mutual funds, common or group trust funds (i) are not endorsed or guaranteed by Principal® Custody Solutions or any affiliates thereof; (ii) are not deposits or other obligations of Principal® Custody Solutions or any affiliates thereof; (iii) are not insured by the FDIC, the Federal Reserve Board or any other government agency; and (iv) involve investment risks, including possible loss of principal.

Neither Principal® Custody Solutions nor any affiliates thereof can assure that the investment objectives of any Investment Alternative will be achieved. Past performance is no guarantee of future results. Investment return and principal value may fluctuate so that upon redemption, an investment in an Investment Alternative may be worth more or less than its original cost.

As a result of different and varied transaction rounding policies employed by providers of Investment Alternatives, there may be minor valuation differences in Principal® Custody Solutions’ records and the records of an Investment Alternative provider for transactions between and among various Investment Alternatives.

Where Principal® Custody Solutions receives Revenue from Fund Asset-Based Fees, the dollar amount of the compensation is calculated under the Fund Company’s procedures for such payments, which procedures may vary from provider to provider. As a result, certain minor differentials may exist between the fees payable by the Investment Alternatives and the fees otherwise payable by the Account. Principal® Custody Solutions reserves the right to disposition any differentials.

In accordance with agreements with Fund Companies, Principal® Custody Solutions receives next day settlement privileges with respect to purchases and redemptions of shares. Notwithstanding the foregoing, the funds may delay settlement of any trade in accordance with the terms of the prospectus or other governing documents, and any such delay would delay Principal® Custody Solutions’ ability to affect trades involving a Non-Proprietary Investment Option (as defined in the Non-Proprietary Investment Options section of this Statement).

Principal® Custody Solutions and any affiliates thereof do not exercise investment discretion or render investment advice with respect to the Account unless a written agreement is in place to provide discretionary investment management with a separate fee arrangement and disclosures.

General Disclosures continued

For the fees and expenses charged by mutual funds, common or group trust funds, exchange-traded funds (ETFs), and other electronically traded Investment Alternatives, please review the prospectus or common investment fund agreement for that investment and appropriate share class/rate level. For information regarding fees applicable to any investments included in the Account other than those listed in the IAO or fees from other sources, please see the Account agreements. Certain mutual funds may impose redemption fees or other trading restrictions on shares of the funds that are transferred or exchanged out of the funds before the applicable minimum holding period. Please read each fund's prospectus for more information about the fund and any applicable redemption fees. In addition, certain common or group trust funds may impose withdrawal restrictions with respect to Owner-initiated transactions involving the fund which Principal[®] Custody Solutions is obligated to honor. Please read each Investment Alternative's governing documents for more information about the investment and any applicable withdrawal restrictions.

From time to time, Principal Custody Solutions may receive Revenue from Fund Asset-Based Fees from a Fund Company that may be an affiliate of Principal Custody Solutions as compensation or reimbursement for the solicitation and distribution of money market mutual funds.

Principal Funds ("Proprietary Mutual Funds")

The compensation the affiliates of Principal[®] Custody Solutions receive is based on the Investment Alternatives the Owner has chosen. Affiliates of Principal[®] Custody Solutions receive compensation from the products and Investment Alternatives they manufacture, including Proprietary Mutual Funds.

The Proprietary Mutual Funds can pay fees for various services provided to the Proprietary Mutual Fund, including fees payable to Principal[®] Custody Solutions or any of its affiliates for investment advisory services, which are set forth in the prospectuses for such Investment Alternatives. Proprietary Mutual Fund fees and expenses are stated in the *Annual Funds Operating Expenses* sections of the *Summary Prospectus* and in the *Management Agreement* section of the *Statement of Additional Information*. However, Principal[®] Custody Solutions will receive no fees for investment management, investment advisory or similar services rendered to the Account with respect to Account assets invested in such Proprietary Mutual Funds, except as permitted by applicable law. The entity providing investment advisory services may voluntarily waive its fee and/or reimburse the Proprietary Mutual Fund for certain of its expenses in order to reduce expense ratios, which may affect the amount shared with or credited to Principal[®] Custody Solutions or its affiliates thereof. The Proprietary Mutual Funds incur transaction costs and expenses in their operations and in trading securities, and include these costs into the expense ratios of the Proprietary Mutual Funds. To the extent that Principal[®] Custody Solutions assists with any activities contemplated by these transaction costs and expenses, including securities transactions effected through a registered broker/dealer affiliate, the Proprietary Mutual Funds may pay Principal[®] Custody Solutions for these activities.

The Owner understands that in order to invest in a Proprietary Mutual Fund: (a) it cannot directly or indirectly control and it cannot directly or indirectly be controlled by Principal[®] Custody Solutions or an affiliate thereof; (b) it cannot be an officer, director, partner, or employee (or relative thereof) of Principal[®] Custody Solutions or an affiliate thereof; and (c) it cannot directly or indirectly receive any compensation or other consideration for a personal account in connection with the investment of assets in any Proprietary Mutual Fund.

The Owner acknowledges that it has received a copy of the current prospectus for each of the Proprietary Mutual Funds which contains a disclosure of all services provided by an affiliate of Principal[®] Custody Solutions to the Proprietary Mutual Funds and of all applicable fees paid to Principal[®] Custody Solutions or affiliates thereof as compensation for providing such services to the Proprietary Mutual Funds. The Owner received a copy of the current fee schedule applicable to the Account. A current prospectus for any Principal Funds Distributor, Inc. funds is available at <https://www.principalam.com> or by calling Principal Funds Investor Services at 1-800-222-5852.

Non-Proprietary Investment Options

The principal distributors of certain mutual funds, common or group trust funds, exchange-traded funds (ETFs), and other electronically traded Investment Alternatives unaffiliated with Principal[®] Custody Solutions or any affiliates thereof ("Non-Proprietary Investment Options") have made certain of their funds available to the Owner as Investment Alternatives under the Account. These Non-Proprietary Investment Options incur transaction costs and expenses in their operations and in trading securities and include these costs into the expense ratios of their respective Non-Proprietary Investment Options. To the extent that Principal[®] Custody Solutions assists with any activities contemplated by these transaction costs and expenses, the Non-Proprietary Investment Options may pay Principal[®] Custody Solutions for these activities. Collective trust funds trustee by SEI Trust Company that carry the Principal name are nonetheless non-proprietary investments.

Alternative Notification of Securities Transactions under 12 CFR §151.100

Whenever securities transactions (commonly known as trades) are initiated, and Principal® Custody Solutions places those securities transactions in the Owner's account, 12 CFR §151.70 requires Principal® Custody Solutions to inform the Owner of its right to receive a separate notification containing details of those security transactions.

Principal® Custody Solutions can comply by forwarding to the Owner, at no charge, copies of each trade confirmation or, in the absence thereof, written notification of the details that would have been contained therein. Alternatively, the Owner may determine that in lieu of receiving separate trade confirmations, the periodic account statements provided to the Owner by Principal® Custody Solutions adequately informs the Owner of the account trade activity. This alternative reporting is allowed pursuant to 12 CFR §151.100.

By signing the Acceptance Page, the Owner agrees that the periodic statements provided by Principal® Custody Solutions are adequate notification and that the Owner does not wish to receive separate trade confirmations. If the Owner wishes to receive separate trade confirmations, it should provide such request in writing to Principal® Custody Solutions.

Class Actions

Principal® Custody Solutions or its agent(s) shall automatically opt-in to class action lawsuits related to securities held in an open account for which it acts as custodian of which it receives timely electronic notification through its normal electronic system dedicated for such action and can respond therein.

Such action shall not be deemed to constitute the exercise of investment discretion or other authority over such securities and is undertaken at the direction of the Owner (either express or implied by continued utilization of Principal® Custody Solutions' services) for the timely servicing of the account. Principal® Custody Solutions shall not be liable for its failure to opt-in to any action because of untimely/unreasonable notice or non-standard response procedures. **Caution:** This service might not be available for certain non-US class action lawsuits. Principal® Custody Solutions reserves the right to revise its policy/procedures on class actions from time to time without notice.

Global Investments

Purchases, sales, and holding of securities traded on a non-US or foreign exchange ("Global Investing"), whether at the account owner's direction or through an investment manager, are handled through a sub-custodial arrangement with The Bank of New York Mellon. Tax servicing related to Global Investing is performed by The Bank of New York Mellon and Principal® Custody Solutions' agent, GlobeTax, under separate written agreements. Initiation of Global Investing constitutes consent to release relevant account information to The Bank of New York Mellon and GlobeTax. Global Investing requires additional information/forms/agreements and Principal® Custody Solutions will have no liability for losses caused by delays in account set-up or transaction processing in the absence of all required information/forms/agreements.

Shareholder Meeting/Rights/Actions/Notices and Votes

As directed trustee/custodian, Principal® Custody Solutions will direct matters requiring shareholder action to the party named by the Owner. Principal® Custody Solutions or its agent(s) will act in accordance with commercially reasonable standards in distributing notices and soliciting/casting votes and will have no liability for failure to vote/act without direction. Principal® Custody Solutions will have no liability for the applicable party's failure to timely vote/act. Principal® Custody Solutions will not forward notices for irregular/predatory/non-traditional shareholder matters routinely ignored by commercial custodians or their agents in the normal course of business. Such inaction will not be deemed to constitute the exercise of investment discretion or other authority over such securities and is undertaken at the direction of the Owner for the timely servicing of the account. Principal® Custody Solutions reserves the right to revise its policy/procedures on shareholder actions from time to time without notice.

Shareholder Communications Act Disclosure

The Securities and Exchange Commission adopted the Beneficial Owner Information Disclosure Rule #14b-2 (the "Rule") in 1986 as part of its effort to improve communications between publicly held companies and beneficial owners of the securities registered in the name of certain nominees.

Under the Rule, Principal® Custody Solutions is required to contact each customer for whom Principal® Custody Solutions holds securities and determine whether the Owner authorizes Principal® Custody Solutions to provide the Owner's name, address and share position to the issuer of the securities the Owner owns. For the Owner's protection, the Rule prohibits the requesting company from using the Owner's name and address for any purpose other than corporate communications.

Please complete the authorization below by checking one of the alternatives.

Principal® Custody Solutions is authorized to release the Employer's name, address and share position (Consents to disclosure).

Principal® Custody Solutions is NOT authorized to release the Employer's name, address and share position (Objects to disclosure).

Note: Under the Rule, Principal® Custody Solutions is required to treat a non-response as a "Consents to disclosure" response.

Note: Notwithstanding the Owner's above election under the Shareholder Communications Act, if the Account holds securities of a foreign company domiciled in a European Union country, then pursuant to the European Union's Shareholder Rights Directive II regulation, the Owner's name, address, and the share position the Account holds must be disclosed if requested by the issuer of the securities.

Regulation R Limitations (Non-ERISA Custody accounts only)

Regulation R restricts Principal® Custody Solutions from executing certain customer-initiated trades in non-employee benefit plan custody accounts ("Restricted Trades").

Regulation R includes a list of exemptions that allow a bank to conduct specified security transactions without being registered as a broker/dealer. Transactions that fall outside of the exemptions must be performed by a registered broker/dealer.

Principal® Custody Solutions is permitted to execute Restricted Trades involving Exempt Investments. "Exempt Investments" are defined as any trades involving registered mutual funds and government issued securities. Principal® Custody Solutions is permitted to execute Restricted Trades not involving Exempt Investments on an accommodation basis. With respect to the custody accounts it services, Principal® Custody Solutions, defines accommodation trading as follows:

- 1). Trades that involve **investing** cash deposits/income
 - Purchase - invest a cash deposit (new business initial funding activity)
 - Purchase - invest additional cash deposits in an existing account
- 2). Trades that involve **raising** cash for obligations
 - Sale - to raise cash for expenses (e.g., to pay a debt obligation, to cover an overdraft)
 - Sale - to raise cash for account transition to another custodian
- 3). Trades that involve **charitable gifts**
 - Sale - to liquidate asset gifts received in-kind from donors
 - Buy - to invest cash gifts received directly from donors (similar to #1 above)
- 4). Trades that involve special account circumstances
 - Trades to rebalance a portfolio on a periodic basis based on an established allocation
 - Purchase – to invest funds from a pledged asset maturity in a statutory account
 - Sale – to liquidate assets after an external investment manager has been terminated

Customers will be notified by their Relationship Manager when the trading practices of a non-employee benefit plan custody account falls outside of the exemptions under Regulation R.

Capitalized terms not defined herein will have the meanings ascribed to them in the governing documents.



Fee Acknowledgement

Effective Date: June 1, 2023

Owner name ("Owner"): City of Stockton

Account name ("Account"): Post-Employment Benefits Trust Agreement

Principal account numbers: 10145500 and all related sub accounts

File Number(s): 10145500F

Billing Frequency: Monthly

Method of Payment: Charge Trust/Custody Account

Throughout this Fee Acknowledgement references to Principal® Custody Solutions¹ shall include Principal® Bank and/or Principal® Trust Company, as applicable. This Fee Acknowledgement and the Fee Summary incorporated herein together constitute the Fee Agreement.

The Summary Number 450366.93 dated April 20, 2023 describes fees and payment to Principal® Custody Solutions with regard to each Account. Subsequent Fee Summaries provided to you will constitute an amendment to this Fee Agreement and will supersede previous Fee Summaries.

With direction from you, we will change the method of payment and/or billing frequency. A method of payment or billing frequency will be effective with the next billing cycle occurring after our receipt of your direction.

Owner Acknowledgement

Fees and expenses described in this Fee Agreement, together with any fees described in other agreements and/or disclosures, constitute amounts payable to Principal® Custody Solutions for services provided to the Owner on the Account. Principal® Custody Solutions shall be paid the fees as described in the Fee Summary at the time such services are rendered. If such fees are not paid by the Account, such payment shall be made by the Owner. Principal® Custody Solutions may deduct fees due for services rendered directly from the Account assets. Fees for services rendered shall be payable upon presentation of invoices by Principal® Custody Solutions and may be subject to late payment penalties. Past due fees may be deducted from the Account assets. Principal, in its sole discretion, may suspend services during any period in which any unpaid amounts are 60 days overdue or may deduct such amounts from the account(s).

Owner understands that if Principal® Custody Solutions fees are based on the market value of the Account, those fees will be affected by asset pricing. When Principal® Custody Solutions is unable to price an asset using its usual pricing sources, Principal® Custody Solutions will rely on the Owner to supply a price. If the Owner is unable to supply a price for the asset, Principal® Custody Solutions will continue to reflect the last known price (and fees will be based on that price) for the asset until the Owner provides an alternative price and fees will be based on that market value.

Should there be any material change to the Account's structure or asset base, or should the Owner fail to transfer any assets scheduled for receipt to Principal® Custody Solutions within 60 days of the Effective Date of this Fee Agreement, Principal® Custody Solutions reserves the right to redefine fees and/or service conditions.

Principal® Custody Solutions shall be entitled to charge additional fees for any additional services requested by the Owner or any revisions to reports, forms, and documents resulting from (i) inaccurate or incomplete information supplied by the Owner, (ii) untimely payments of contributions or reimbursement of fees and expenses, (iii) retroactive amendment of the Trust, (if applicable) (iv) failure of the Owner to timely notify Principal® Custody Solutions of any error in reports, forms and documents prepared by Principal® Custody Solutions. If the Owner requests a rerun of an allocation or report due to incorrect or untimely information being furnished, the Owner shall bear the extra costs attributable to such reallocations or new reports.

Principal® Custody Solutions is entitled to prompt reimbursement of all extraordinary out-of-pocket expenses incurred in the performance of its services on behalf of the Account including, but not limited to, fees for legal process, outside legal fees, and courier services.

On a Monthly basis, Principal® Custody Solutions will send an invoice to the Owner for fees and expenses due with respect to the Account. The invoice will denote Account fees to be "billed" that are payable by the Owner and/or Account fees to be "deducted" that have been deducted from Account assets held in the Account. Such amounts, if billed, shall be due not later than 30 days following the billing date. Additional services not detailed in this Fee Agreement may be

negotiated by and between Principal® Custody Solutions and the Owner at normal prevailing rates. Principal® Custody Solutions retains the right to revise its Fee Summary from time to time.

If the Owner wishes to have the Account pay any fees or expenses, or wishes to be reimbursed by the Account for any fees or expenses previously paid by the Owner, the Owner shall be responsible for determining which fees and expenses may properly be paid or reimbursed by the Account and provide appropriate written direction certifying this to Principal® Custody Solutions.

¹Custody and trust services are provided by Principal Bank®, Member FDIC, and/or Principal Trust Company®. These services are provided under the trade name Principal® Custody Solutions. Principal Trust Company is a trade name of Delaware Charter Guarantee & Trust Company. Principal Bank and Principal Trust Company are members of the Principal Financial Group®, Des Moines, IA 50392.

Trust and Custody Fee Summary



As of: April 20, 2023

Effective Date: June 1, 2023

Name: City of Stockton

Proposal Number: 450366.93

Capacity: Directed Trustee for Non-Retirement Assets

	Market Value	Base Fee*	Total
If Market Value less than or equal to:	\$20,000,000	\$5,000.00	\$5,000
If Market Value is more than \$20,000,000, but less than or equal to:	\$100,000,000	\$8,000.00	\$0
If Market Value is more than:	\$100,000,000	<i>individually priced on a deal-by-deal basis</i>	
* The base fee will be allocated proportionately by market value across all accounts..			
Total Administration Fees - Asset Based	\$5,000,000		\$5,000

	Relationship	Per Relationship	Total
Custody Solutions Reports	1	Included	\$0
Custody Solutions Statements	1	Included	\$0
Custody Solutions Benefit Payments	1	Included	\$0
Total Principal Custody Solutions Web Tool Fees			\$0

	Accounts	Per Account	Total
Accounting & Reporting	1	\$0.00	\$0
Accounting & Reporting (<i>per additional account</i>)	0	\$500.00	\$0
Total Accounting & Reporting Fees			\$0

	Transactions	Per Transaction	Total
Periodic Check/ACH With Advice	0	\$2.00	\$0
Periodic ACH Without Advice	0	\$1.50	\$0
Lump Sum Payments	0	\$20.00	\$0
Form 1099 Reports	0	\$0.00	\$0
Stop Payments	0	\$0.00	\$0
First Class Postage Included in Above Fees			\$0
Total Benefit Payment Fees			\$0
Total Annual Fees			\$5,000

Important Information:

The "Unit Prices" quoted above are valid for 120 days following the "As of" date. If there are any material changes to the proposed structure, asset base or volumes, or should the Prospect/Client fail to transfer any assets scheduled for receipt by Principal Custody Solutions within 60 days of the effective date of the Fee Summary, Principal Custody Solutions reserves the right to redefine fees and/or service conditions.

Effective date listed is the estimated date that accounts will be available for funding, unless there is a mutually agreed to change.

Outside held asset service takes reported values and incorporates those values into the asset statement. Principal Custody Solutions is not responsible for values reported or any costs incurred for holding such asset.

There is no charge for the collection of interest income and dividends.

Domestic depository settlements (DTC and FED) include all buys, sells, maturities and free receive/deliver for assets, including EFTs, ADRs, repurchase agreements and reverse repurchase agreements. These settlement charges are also assessed in converting and de-converting situations.

Trust and Custody Fee Summary



As of: April 20, 2023 **Effective Date:** June 1, 2023
Name: City of Stockton
Proposal Number: 450366.93 **Capacity:** Directed Trustee for Non-Retirement Assets

There is no out-of-pocket investment management charge for mutual fund money market sweep vehicles. The expense ratio, as indicated by the fund prospectus, is net from the gross investment performance. A prospectus is available upon request.

As directed by the Client to systematically invest cash received by or held in the accounts may include Mutual funds as a short term investment vehicle. Mutual funds can pay fees for various services provided to the fund as outlined in the fund's prospectus. Principal Custody Solutions will retain any revenue associated with this investment and will be disclosed on the Sweep Investment Direction form.

Invoices will be generated in the month following each billing period. Fees can be billed or charged to the account. The billing period is Quarterly for this proposal; however can be changed upon mutual agreement.

If applicable asset-based fees are run on the 4th business day following the end of the billing period. Any asset adjustments made post 4th business day may not be reflected in the market value reported for billing purposes.

Footnotes / Disclosures:

Custody and trust services are provided by Principal Bank®, Member FDIC, and/or Principal Trust Company®. These services are provided under the trade name Principal® Custody Solutions, a division of Principal Bank®. Principal Trust Company® is a trade name of Delaware Charter Guarantee & Trust Company. Principal Bank® and Principal Trust Company® are members of the Principal Financial Group®, Des Moines, Iowa 50392.

The figures above are intended as a "good faith estimate". The "Total" column above is an estimate arrived at by applying "Unit Prices" to projections of asset size, number of accounts and transactions. This service level activity was determined from information provided and/or derived from the pricing request. Total fees will vary based on actual volumes.

Global assets are securities settled on a global depository. If global assets are utilized a separate fee schedule will be in effect, that would include an asset based administration and settlement transactions by country.

This Fee Summary is confidential and intended only for the sole use of the Owner named above.

Investment and Insurance products are:

- Not Insured by the FDIC or Any Federal Government Agency
- Not a Deposit or Other Obligation of, or Guaranteed by, Principal Bank or Any Bank Affiliate
- Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested

**Sweep Investment Direction
for Cash Balances**
(Non-Proprietary Mutual Fund)



Effective Date: June 1, 2023

Owner name ("Owner"): City of Stockton

Account name ("Account"): Post-Employment Benefits Trust Agreement

Account number(s): 10145500 and all related sub accounts

File Number(s): 10145500F

This Direction to Trustee or Custodian (this "Direction") constitutes a direction to Delaware Charter Guarantee & Trust Company, conducting business as Principal® Trust Company, or Principal® Bank, as the case may be (collectively referred to herein as "Principal® Custody Solutions"), each in its capacity as either trustee or custodian of account or accounts established under various trust or custody agreements, to take the actions specified below.

The Owner directs Principal® Custody Solutions to systematically invest cash received by or held in the account(s) indicated above (including all related accounts) in the following short-term investment vehicle:

Sweep Investment Vehicle Name	Asset-Based Fees Paid by Fund* (basis points)	CUSIP-Ticker
ALLSPRING GOVT MM FD-INSTL #1751	12.00	VP4560000/94975P405-GVIXX

*Please review the Definitions and Disclosure Statement provided in your document package for a more complete explanation of the revenue Principal® Custody Solutions may be entitled to receive.

The Owner hereby acknowledges receipt of the current prospectus for the investment vehicle listed above, which includes the investment advisory and other fees charged to or paid by the mutual fund, as well as Principal® Custody Solutions' Notice of Fee Arrangements documents and attachments thereto.

The Owner understands that it may change this direction at any time and that it shall continue in effect until revoked or modified by an authorized representative of the Owner by written notice to Principal® Custody Solutions.