

ADMINISTRATIVE SERVICES AGREEMENT ADDENDUM

This Addendum is made and entered into this 5th day of January, 2004 by and between the City of Costa Mesa (the "Employer") and the ICMA Retirement Corporation ("ICMA-RC").

RECITALS

WHEREAS, the Employer and ICMA-RC have previously entered into an Administrative Services Agreement dated _____ (the "Agreement");

WHEREAS, the Employer wishes to have ICMA-RC provide a VantageCare Retirement Health Savings Plan ("RHS") for Employer's eligible employees ("Accountholders");

NOW, THEREFORE, for valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereby amend the Agreement as follows:

1. Employer desires to make the RHS plan administered by ICMA-RC available to its employees. The details of the RHS plan shall be as mutually agreed between Employer and ICMA-RC, but in general shall be as set forth in the RHS plan materials developed by ICMA-RC and provided to Employer. RHS plan materials shall include the *VantageCare RHS Employer Manual*, available electronically through the EZ Link System upon plan adoption.
2. Absent an explicit agreement to the contrary between ICMA-RC and Employer, Accountholder fees and expenses shall be payable from RHS assets, in accordance with the requirements of the RHS plan as set forth in paragraph 8 below.
3. Each Accountholder will receive a consolidated quarterly statement providing information for any deferred compensation plan, qualified plan or RHS account maintained by each Accountholder and administered by ICMA-RC.
4. Tax withholding and reporting will be provided by ICMA-RC and its agents in conjunction with the Employer for each RHS Account administered by ICMA-RC.
5. Information required to be retained by the employer shall be set forth in the RHS plan materials developed by ICMA-RC and provided to Employer.
6. The details of ICMA-RC's administration of the RHS plan, as well as other features of the RHS plan, shall be as set forth in RHS plan materials. The RHS plan materials are hereby incorporated by reference and made a part of this Agreement, except that Employer and ICMA-RC may from time to time mutually agree in writing to terms that vary from the RHS plan materials.
7. The Employer understands that, as a general matter, the Internal Revenue Service ("IRS") may decline to rule on certain design features or provisions that the Employer may request to have added to the RHS plan materials. The Employer agrees to hold ICMA-RC harmless in connection with the addition and administration of any RHS plan feature or provision requested by the Employer for which the IRS will not provide express interpretive guidance.

8. Accountholder's account administration fees will be paid from RHS assets according to the following schedule:

- a. Employer with ICMA-RC §401 and §457 retirement plan average participant account balances of \$25,000 or more:

A \$30 annual account fee will be charged to each Accountholder's account. The fee will be charged against the account on a quarterly basis. In addition, an annual asset fee of 0.30% (30 basis points) will be charged on a quarterly basis, based on the balance in the account on the last day of the previous quarter.

- b. Employer with ICMA-RC §401 and §457 retirement plan average participant account balances of less than \$25,000, or Employer who does not currently have a retirement plan with ICMA-RC:

A \$30 annual account fee will be charged to each Accountholder's account. The fee will be charged against the account on a quarterly basis. In addition, an annual asset fee of 0.40% (40 basis points) will be charged on a quarterly basis, based on the balance in the account on the last day of the previous quarter.

When the average participant account balance of the Employer's §401 and §457 retirement plans with ICMA-RC totals \$25,000 or more (based on the balances in the Employer's retirement plans on the last day of the previous quarter), the pricing detailed in paragraph 8.a. shall apply beginning in the subsequent quarter.

For De Minimis account payments (as defined in the RHS plan materials), there will be a fee of \$25 collected at the time of disbursement.

Account administration fees are subject to change with appropriate prior notification.

9. All other provisions of the Agreement shall remain in full force and effect.

CITY OF COSTA MESA

ICMA Retirement Corporation

Mayor

Paul Gallagher, Corporate Secretary

ATTEST:

Deputy City Clerk and ex-officio Clerk
of the City of Costa Mesa

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

City Attorney

Risk Manager