

**CITY OF COSTA MESA
PROFESSIONAL SERVICES AGREEMENT
WITH
BENEFIT FUNDING SERVICES GROUP**

THIS AGREEMENT is made and entered into 5th day of August, 2015 (“Effective Date”), by and between the CITY OF COSTA MESA, a municipal corporation (“City”), and BENEFIT FUNDING SERVICE GROUP, a Delaware limited liability corporation (“Consultant”).

WITNESSETH:

A. WHEREAS, City proposes to utilize the services of Consultant as an independent contractor to deferred compensation plan monitoring services, as more fully described herein; and

B. WHEREAS, Consultant represents that it has that degree of specialized expertise contemplated within California Government Code Section 37103, and holds all necessary licenses to practice and perform the services herein contemplated; and

C. WHEREAS, City and Consultant desire to contract for the specific services described in Exhibit “A” (the “Project”) and desire to set forth their rights, duties and liabilities in connection with the services to be performed; and

D. WHEREAS, no official or employee of City has a financial interest, within the provisions of Sections 1090-1092 of the California Government Code, in the subject matter of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions contained herein, the parties hereby agree as follows:

1.0. SERVICES PROVIDED BY CONSULTANT

1.1. Scope of Services. Consultant shall provide the professional services described in the City’s Request for Quotation (“RFQ”), attached hereto as Exhibit “A,” and Consultant’s Response to City’s RFQ (the “Response”) attached hereto as Exhibit “B,” both incorporated herein by this reference.

1.2. Professional Practices. All professional services to be provided by Consultant pursuant to this Agreement shall be provided by personnel experienced in their respective fields and in a manner consistent with the standards of care, diligence and skill ordinarily exercised by professional consultants in similar fields and circumstances in accordance with sound professional practices. Consultant also warrants that it is familiar with all laws that may affect its performance of this Agreement and shall advise City of any changes in any laws that may affect Consultant’s performance of this Agreement.

1.3. Performance to Satisfaction of City. Consultant agrees to perform all the work to the complete satisfaction of the City and within the hereinafter specified. Evaluations of the work will be done by the City’s Chief Executive Officer (“City CEO”) or his or her designee. If the quality of work is not satisfactory, City in its discretion has the right to:

- (a) Meet with Consultant to review the quality of the work and resolve the matters of concern;
- (b) Require Consultant to repeat the work at no additional fee until it is satisfactory; and/or
- (c) Terminate the Agreement as hereinafter set forth.

1.4. Warranty. Consultant warrants that it shall perform the services required by this Agreement in compliance with all applicable Federal and California employment laws, including, but not limited to, those laws related to minimum hours and wages; occupational health and safety; fair employment and employment practices; workers' compensation insurance and safety in employment; and all other Federal, State and local laws and ordinances applicable to the services required under this Agreement. Consultant shall indemnify and hold harmless City from and against all claims, demands, payments, suits, actions, proceedings, and judgments of every nature and description including attorneys' fees and costs, presented, brought, or recovered against City for, or on account of any liability under any of the above-mentioned laws, which may be incurred by reason of Consultant's performance under this Agreement.

1.5. Non-discrimination. In performing this Agreement, Consultant shall not engage in, nor permit its agents to engage in, discrimination in employment of persons because of their race, religion, color, national origin, ancestry, age, physical handicap, medical condition, marital status, sexual gender or sexual orientation, except as permitted pursuant to Section 12940 of the Government Code.

1.6. Non-Exclusive Agreement. Consultant acknowledges that City may enter into agreements with other consultants for services similar to the services that are subject to this Agreement or may have its own employees perform services similar to those services contemplated by this Agreement.

1.7. Delegation and Assignment. This is a personal service contract, and the duties set forth herein shall not be delegated or assigned to any person or entity without the prior written consent of City. Consultant may engage a subcontractor(s) as permitted by law and may employ other personnel to perform services contemplated by this Agreement at Consultant's sole cost and expense.

1.8. Confidentiality. Employees of Consultant in the course of their duties may have access to financial, accounting, statistical, and personnel data of private individuals and employees of City. Consultant covenants that all data, documents, discussion, or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without written authorization by City. City shall grant such authorization if disclosure is required by law. All City data shall be returned to City upon the termination of this Agreement. Consultant's covenant under this Section shall survive the termination of this Agreement.

2.0. COMPENSATION AND BILLING

2.1. Compensation. Consultant shall be paid in accordance with the fee schedule set forth in Exhibit "C," attached hereto and made a part of this Agreement (the "Fee Schedule"). Consultant's total compensation shall not exceed Twenty-Five Thousand Dollars (\$ 25,000.00).

2.2. Additional Services. Consultant shall not receive compensation for any services

provided outside the scope of services specified in the Consultant's Proposal unless the City or the Project Manager for this Project, prior to Consultant performing the additional services, approves such additional services in writing. It is specifically understood that oral requests and/or approvals of such additional services or additional compensation shall be barred and are unenforceable.

2.3. Method of Billing. Consultant may submit invoices to the City for approval on a progress basis, but no more often than two times a month. Said invoice shall be based on the total of all Consultant's services which have been completed to City's sole satisfaction. City shall pay Consultant's invoice within forty-five (45) days from the date City receives said invoice. Each invoice shall describe in detail, the services performed, the date of performance, and the associated time for completion. Any additional services approved and performed pursuant to this Agreement shall be designated as "Additional Services" and shall identify the number of the authorized change order, where applicable, on all invoices.

2.4. Records and Audits. Records of Consultant's services relating to this Agreement shall be maintained in accordance with generally recognized accounting principles and shall be made available to City or its Project Manager for inspection and/or audit at mutually convenient times for a period of three (3) years from the Effective Date.

3.0. TIME OF PERFORMANCE

3.1. Commencement and Completion of Work. The professional services to be performed pursuant to this Agreement shall commence within five (5) days from the Effective Date of this Agreement. Failure to commence work in a timely manner and/or diligently pursue work to completion may be grounds for termination of this Agreement.

3.2. Excusable Delays. Neither party shall be responsible for delays or lack of performance resulting from acts beyond the reasonable control of the party or parties. Such acts shall include, but not be limited to, acts of God, fire, strikes, material shortages, compliance with laws or regulations, riots, acts of war, or any other conditions beyond the reasonable control of a party.

4.0. TERM AND TERMINATION

4.1. Term. The initial term of this Agreement shall become effective upon the Effective Date and shall continue for one year, unless otherwise terminated as provided herein. This Agreement may be renewed upon expiration for four (4) additional one (1) year periods, upon mutual agreement of both parties.

4.2. Notice of Termination. The City reserves and has the right and privilege of canceling, suspending or abandoning the execution of all or any part of the work contemplated by this Agreement, with or without cause, at any time, by providing written notice to Consultant. The termination of this Agreement shall be deemed effective upon receipt of the notice of termination. In the event of such termination, Consultant shall immediately stop rendering services under this Agreement unless directed otherwise by the City.

4.3. Compensation. In the event of termination, City shall pay Consultant for reasonable costs incurred and professional services satisfactorily performed up to and including the date of City's written notice of termination. Compensation for work in progress shall be prorated based on the percentage of work completed as of the effective date of termination in

accordance with the fees set forth herein. In ascertaining the professional services actually rendered hereunder up to the effective date of termination of this Agreement, consideration shall be given to both completed work and work in progress, to complete and incomplete drawings, and to other documents pertaining to the services contemplated herein whether delivered to the City or in the possession of the Consultant.

4.4. Documents. In the event of termination of this Agreement, all documents prepared by Consultant in its performance of this Agreement including, but not limited to, finished or unfinished design, development and construction documents, data studies, drawings, maps and reports, shall be delivered to the City within ten (10) days of delivery of termination notice to Consultant, at no cost to City. Any use of uncompleted documents without specific written authorization from Consultant shall be at City's sole risk and without liability or legal expense to Consultant.

5.0. INSURANCE

5.1. Minimum Scope and Limits of Insurance. Consultant shall obtain, maintain, and keep in full force and effect during the life of this Agreement all of the following minimum scope of insurance coverages with an insurance company admitted to do business in California, rated "A," Class X, or better in the most recent Best's Key Insurance Rating Guide, and approved by City:

- (a) Commercial general liability, including premises-operations, products/completed operations, broad form property damage, blanket contractual liability, independent contractors, personal injury or bodily injury with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or shall be twice the required occurrence limit.
- (b) Business automobile liability for owned vehicles, hired, and non-owned vehicles, with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence for bodily injury and property damage.
- (c) Workers' compensation insurance as required by the State of California. Consultant agrees to waive, and to obtain endorsements from its workers' compensation insurer waiving subrogation rights under its workers' compensation insurance policy against the City, its officers, agents, employees, and volunteers arising from work performed by Consultant for the City and to require each of its subcontractors, if any, to do likewise under their workers' compensation insurance policies.
- (d) Professional errors and omissions ("E&O") liability insurance with policy limits of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence and aggregate. Architects' and engineers' coverage shall be endorsed to include contractual liability. If the policy is written as a "claims made" policy, the retro date shall be prior to the start of the contract work. Consultant shall obtain and maintain, said E&O liability insurance during the life of this Agreement and for three years after completion of the work hereunder.

5.2. Endorsements. The commercial general liability insurance policy and business automobile liability policy shall contain or be endorsed to contain the following provisions:

- (a) Additional insureds: "The City of Costa Mesa and its elected and appointed boards, officers, officials, agents, employees, and volunteers are additional insureds with respect to: liability arising out of activities performed by or on behalf of the Consultant pursuant to its contract with the City; products and completed operations of the Consultant; premises owned, occupied or used by the Consultant; automobiles owned, leased, hired, or borrowed by the Consultant."
- (b) Notice: "Said policy shall not terminate, be suspended, or voided, nor shall it be cancelled, nor the coverage or limits reduced, until thirty (30) days after written notice is given to City."
- (c) Other insurance: "The Consultant's insurance coverage shall be primary insurance as respects the City of Costa Mesa, its officers, officials, agents, employees, and volunteers. Any other insurance maintained by the City of Costa Mesa shall be excess and not contributing with the insurance provided by this policy."
- (d) Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the City of Costa Mesa, its officers, officials, agents, employees, and volunteers.
- (e) The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

5.3. Deductible or Self Insured Retention. If any of such policies provide for a deductible or self-insured retention to provide such coverage, the amount of such deductible or self-insured retention shall be approved in advance by City. No policy of insurance issued as to which the City is an additional insured shall contain a provision which requires that no insured except the named insured can satisfy any such deductible or self-insured retention.

5.4. Certificates of Insurance. Consultant shall provide to City certificates of insurance showing the insurance coverages and required endorsements described above, in a form and content approved by City, prior to performing any services under this Agreement. The certificates of insurance shall be attached hereto as Exhibit "D" and incorporated herein by this reference.

5.5. Non-limiting. Nothing in this Section shall be construed as limiting in any way, the indemnification provision contained in this Agreement, or the extent to which Consultant may be held responsible for payments of damages to persons or property.

6.0. GENERAL PROVISIONS

6.1. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to any matter referenced herein and supersedes any and all other prior writings and oral negotiations. This Agreement may be modified only in writing, and signed by the parties in interest at the time of such modification. The terms of this Agreement shall prevail

over any inconsistent provision in any other contract document appurtenant hereto, including exhibits to this Agreement.

6.2. Representatives. The City CEO or his or her designee shall be the representative of City for purposes of this Agreement and may issue all consents, approvals, directives and agreements on behalf of the City, called for by this Agreement, except as otherwise expressly provided in this Agreement.

Consultant shall designate a representative for purposes of this Agreement who shall be authorized to issue all consents, approvals, directives and agreements on behalf of Consultant called for by this Agreement, except as otherwise expressly provided in this Agreement.

6.3. Project Managers. City shall designate a Project Manager to work directly with Consultant in the performance of this Agreement.

Consultant shall designate a Project Manager who shall represent it and be its agent in all consultations with City during the term of this Agreement. Consultant or its Project Manager shall attend and assist in all coordination meetings called by City.

6.4. Notices. Any notices, documents, correspondence or other communications concerning this Agreement or the work hereunder may be provided by personal delivery, facsimile or mail and shall be addressed as set forth below. Such communication shall be deemed served or delivered: a) at the time of delivery if such communication is sent by personal delivery; b) at the time of transmission if such communication is sent by facsimile; and c) 48 hours after deposit in the U.S. Mail as reflected by the official U.S. postmark if such communication is sent through regular United States mail.

IF TO CONSULTANT:

Benefit Funding Services Group
2040 Main Street, Ste. 150
Irvine, CA 92614
Tel: (949) 951-2552
Fax: (949) 955-2553
Attn: Christopher Rowey

IF TO CITY:

City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626
Tel: (714) 754-5219
Fax: (714) 754-5040
Attn: Colleen O'Donoghue

6.5. Drug-free Workplace Policy. Consultant shall provide a drug-free workplace by complying with all provisions set forth in City's Council Policy 100-5, attached hereto as Exhibit "E" and incorporated herein by reference. Consultant's failure to conform to the requirements set forth in Council Policy 100-5 shall constitute a material breach of this Agreement and shall be cause for immediate termination of this Agreement by City.

6.6. Attorneys' Fees. In the event that litigation is brought by any party in connection with this Agreement, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the exercise of any of its rights or remedies hereunder or the enforcement of any of the terms, conditions, or provisions hereof.

6.7. Governing Law. This Agreement shall be governed by and construed under the laws of the State of California without giving effect to that body of laws pertaining to conflict of

laws. In the event of any legal action to enforce or interpret this Agreement, the parties hereto agree that the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California.

6.8. Assignment. Consultant shall not voluntarily or by operation of law assign, transfer, sublet or encumber all or any part of Consultant's interest in this Agreement without City's prior written consent. Any attempted assignment, transfer, subletting or encumbrance shall be void and shall constitute a breach of this Agreement and cause for termination of this Agreement. Regardless of City's consent, no subletting or assignment shall release Consultant of Consultant's obligation to perform all other obligations to be performed by Consultant hereunder for the term of this Agreement.

6.9. Indemnification and Hold Harmless. Consultant agrees to defend, indemnify, hold free and harmless the City, its elected officials, officers, agents and employees, at Consultant's sole expense, from and against any and all claims, actions, suits or other legal proceedings brought against the City, its elected officials, officers, agents and employees arising out of the performance of the Consultant, its employees, and/or authorized subcontractors, of the work undertaken pursuant to this Agreement. The defense obligation provided for hereunder shall apply without any advance showing of negligence or wrongdoing by the Consultant, its employees, and/or authorized subcontractors, but shall be required whenever any claim, action, complaint, or suit asserts as its basis the negligence, errors, omissions or misconduct of the Consultant, its employees, and/or authorized subcontractors, and/or whenever any claim, action, complaint or suit asserts liability against the City, its elected officials, officers, agents and employees based upon the work performed by the Consultant, its employees, and/or authorized subcontractors under this Agreement, whether or not the Consultant, its employees, and/or authorized subcontractors are specifically named or otherwise asserted to be liable. Notwithstanding the foregoing, the Consultant shall not be liable for the defense or indemnification of the City for claims, actions, complaints or suits arising out of the sole active negligence or willful misconduct of the City. This provision shall supersede and replace all other indemnity provisions contained either in the City's specifications or Consultant's Proposal, which shall be of no force and effect.

6.10. Independent Contractor. Consultant is and shall be acting at all times as an independent contractor and not as an employee of City. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise act on behalf of City as an agent. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as set forth in this Agreement. Consultant shall not, at any time, or in any manner, represent that it or any of its or employees are in any manner agents or employees of City. Consultant shall secure, at its sole expense, and be responsible for any and all payment of Income Tax, Social Security, State Disability Insurance Compensation, Unemployment Compensation, and other payroll deductions for Consultant and its officers, agents, and employees, and all business licenses, if any are required, in connection with the services to be performed hereunder. Consultant shall indemnify and hold City harmless from any and all taxes, assessments, penalties, and interest asserted against City by reason of the independent contractor relationship created by this Agreement. Consultant further agrees to indemnify and hold City harmless from any failure of Consultant to comply with the applicable worker's compensation laws. City shall have the right to offset against the amount of any fees due to Consultant under this Agreement any amount due to City from Consultant as a result of Consultant's failure to promptly pay to City any reimbursement or indemnification arising under this paragraph.

6.11. PERS Eligibility Indemnification. In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing service under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

6.12. Cooperation. In the event any claim or action is brought against City relating to Consultant's performance or services rendered under this Agreement, Consultant shall render any reasonable assistance and cooperation which City might require.

6.13. Ownership of Documents. All findings, reports, documents, information and data including, but not limited to, computer tapes or discs, files and tapes furnished or prepared by Consultant or any of its subcontractors in the course of performance of this Agreement, shall be and remain the sole property of City. Consultant agrees that any such documents or information shall not be made available to any individual or organization without the prior consent of City. Any use of such documents for other projects not contemplated by this Agreement, and any use of incomplete documents, shall be at the sole risk of City and without liability or legal exposure to Consultant. City shall indemnify and hold harmless Consultant from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from City's use of such documents for other projects not contemplated by this Agreement or use of incomplete documents furnished by Consultant. Consultant shall deliver to City any findings, reports, documents, information, data, in any form, including but not limited to, computer tapes, discs, files audio tapes or any other Project related items as requested by City or its authorized representative, at no additional cost to the City.

6.14. Public Records Act Disclosure. Consultant has been advised and is aware that this Agreement and all reports, documents, information and data, including, but not limited to, computer tapes, discs or files furnished or prepared by Consultant, or any of its subcontractors, pursuant to this Agreement and provided to City may be subject to public disclosure as required by the California Public Records Act (California Government Code Section 6250 *et seq.*). Exceptions to public disclosure may be those documents or information that qualify as trade secrets, as that term is defined in the California Government Code Section 6254.7, and of which Consultant informs City of such trade secret. The City will endeavor to maintain as confidential all information obtained by it that is designated as a trade secret. The City shall not, in any way, be liable or responsible for the disclosure of any trade secret including, without limitation, those records so marked if disclosure is deemed to be required by law or by order of the Court.

6.15. Conflict of Interest. Consultant and its officers, employees, associates and subconsultants, if any, will comply with all conflict of interest statutes of the State of California applicable to Consultant's services under this agreement, including, but not limited to, the

Political Reform Act (Government Code Sections 81000, *et seq.*) and Government Code Section 1090. During the term of this Agreement, Consultant and its officers, employees, associates and subconsultants shall not, without the prior written approval of the City Representative, perform work for another person or entity for whom Consultant is not currently performing work that would require Consultant or one of its officers, employees, associates or subconsultants to abstain from a decision under this Agreement pursuant to a conflict of interest statute.

6.16. Responsibility for Errors. Consultant shall be responsible for its work and results under this Agreement. Consultant, when requested, shall furnish clarification and/or explanation as may be required by the City's representative, regarding any services rendered under this Agreement at no additional cost to City. In the event that an error or omission attributable to Consultant occurs, then Consultant shall, at no cost to City, provide all necessary design drawings, estimates and other Consultant professional services necessary to rectify and correct the matter to the sole satisfaction of City and to participate in any meeting required with regard to the correction.

6.17. Prohibited Employment. Consultant will not employ any regular employee of City while this Agreement is in effect.

6.18. Order of Precedence. In the event of an inconsistency in this Agreement and any of the attached Exhibits, the terms set forth in this Agreement shall prevail. If, and to the extent this Agreement incorporates by reference any provision of any document, such provision shall be deemed a part of this Agreement. Nevertheless, if there is any conflict among the terms and conditions of this Agreement and those of any such provision or provisions so incorporated by reference, this Agreement shall govern over the document referenced.

6.19. Costs. Each party shall bear its own costs and fees incurred in the preparation and negotiation of this Agreement and in the performance of its obligations hereunder except as expressly provided herein.

6.20. No Third Party Beneficiary Rights. This Agreement is entered into for the sole benefit of City and Consultant and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

6.21. Headings. Paragraphs and subparagraph headings contained in this Agreement are included solely for convenience and are not intended to modify, explain or to be a full or accurate description of the content thereof and shall not in any way affect the meaning or interpretation of this Agreement.

6.22. Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises with respect to this Agreement, this Agreement shall be construed as if drafted jointly by the parties and in accordance with its fair meaning. There shall be no presumption or burden of proof favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

6.23. Amendments. Only a writing executed by the parties hereto or their respective successors and assigns may amend this Agreement.

6.24. Waiver. The delay or failure of either party at any time to require performance or compliance by the other of any of its obligations or agreements shall in no way be deemed a waiver of those rights to require such performance or compliance. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought. The waiver of any right or remedy in respect to any occurrence or event shall not be deemed a waiver of any right or remedy in respect to any other occurrence or event, nor shall any waiver constitute a continuing waiver.

6.25. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable in any circumstance, such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or of the offending provision in any other circumstance. Notwithstanding the foregoing, if the value of this Agreement, based upon the substantial benefit of the bargain for any party, is materially impaired, which determination made by the presiding court or arbitrator of competent jurisdiction shall be binding, then both parties agree to substitute such provision(s) through good faith negotiations.

6.26. 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.

6.27. Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties and that by doing so the parties hereto are formally bound to the provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by and through their respective authorized officers, as of the date first above written.

CITY OF COSTA MESA,
A municipal corporation

Mayor

Date: _____

CONSULTANT

Signature

Date: _____

Name and Title

Social Security or Taxpayer ID Number

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

Date: _____

APPROVED AS TO INSURANCE:

Risk Management

Date: _____

APPROVED AS TO CONTENT:

Project Manager

Date: _____

DEPARTMENTAL APPROVAL

Stephen Dunivent, Interim Finance Director

Date: _____

EXHIBIT A
REQUEST FOR QUOTATION

The City seeking fee quotes for a consultant to evaluate the investment opportunities offered under the City's Deferred Compensation Plan, which operates under Section 457 of the Internal Revenue by April 10, 2015 at 4:00pm. The plan has 347 plan participants and has been administered by two plan providers.

The City's Deferred Compensation Committee wishes to develop an Investment Policy for the plan, an evaluation of investment performance as compared to established benchmarks, an analysis regarding whether the current investment mix is addressing the needs of plan participants, and comparison of the fees charged in relation to similar sized plans. The consultant's analysis/report must be in writing and should include the following;

Investment Consulting

- Draft an Investment Policy Statement, which incorporates a process and methodology for reviewing investments in the Plan
 - Comprehensive quarterly investment analysis reporting on all Plan investment options, as well as, additional options and asset classes to consider. Quarterly report to include:
 - Market overview addressing the major markets, indices, sectors and the economic statistics that are affecting them
 - In-depth portfolio summary, including fund and benchmark returns, style analysis and overall portfolio return
 - Plan asset allocation analysis by fund and underlying sector. The fund lineup will also be analyzed to determine the amount of overlap that may be occurring
 - Detailed quantitative and qualitative examination of each mutual fund investment option within the Plan, including performance numbers versus the category and index, manager style drift, risk/return, standard deviation, Sharpe ratio, expense ratio, upside and downside capture and fund allocation
- Annual Investment Policy Statement review to ensure it continues to meet the needs of the City.
- On-going monitoring of the Plan's investments to ensure they are meeting the Investment Policy Statement parameters as well as the retirement needs of the participants by offering a broad range of investment alternatives that enables participants to affect the risk and return characteristics of their retirement portfolio.
- Recommendations of possible alternatives to funds when, in conjunction with the Investment Committee, it is determined a change in fund line-up is necessary
- Quarterly in-person meetings with the Investment Committee, or other people designated by the Client, to present the quarterly reports and findings, make recommendations as to particular investments to be placed in the fund line-up and answer any questions that may arise.
- Coordinate the quarterly deferred compensation committee meetings and take/record the meeting minutes.
- Act as investment fiduciary by providing investment advice on a regular basis to the City regarding the Plan's assets.

Compliance Consulting / Cost Assessment

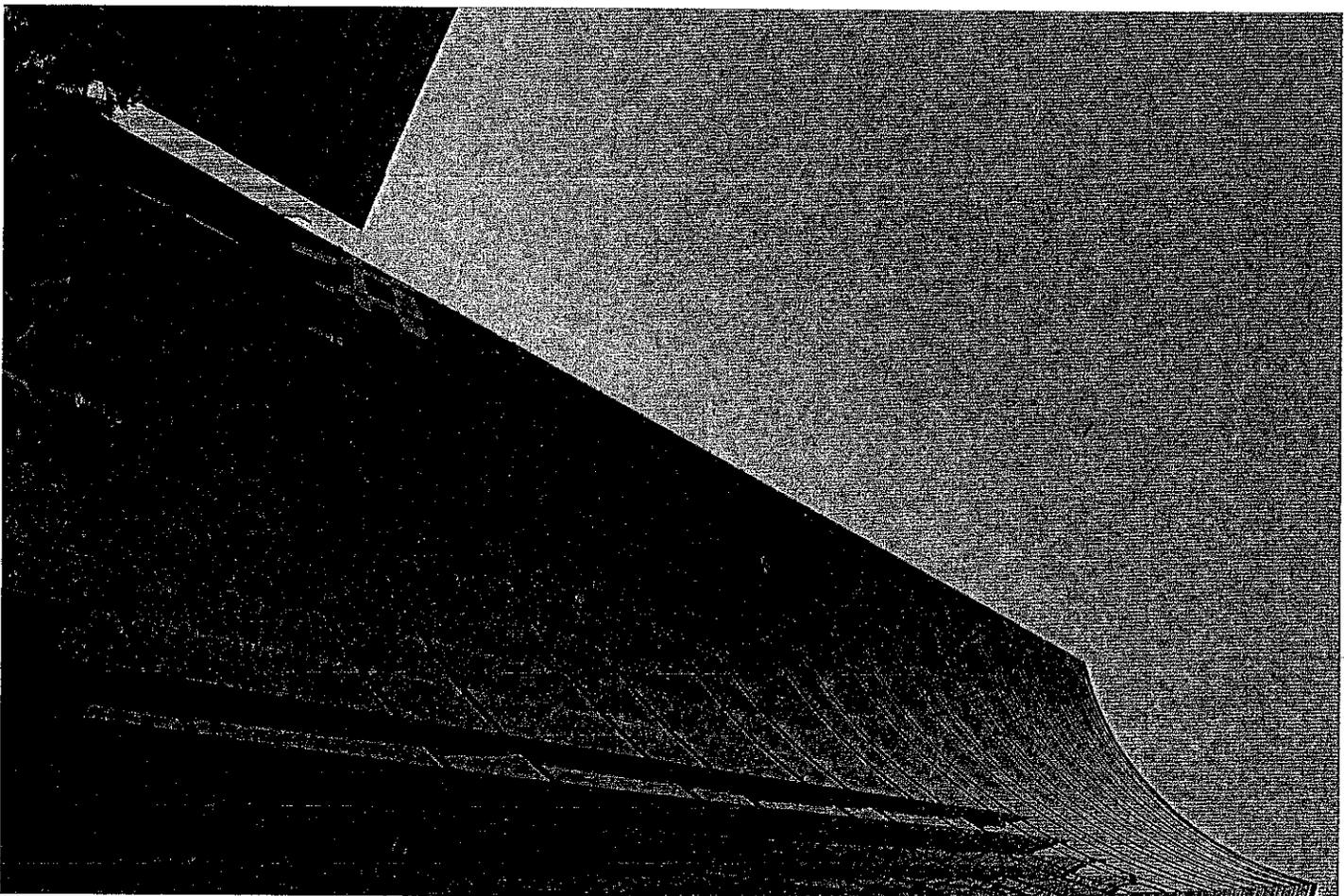
- Provide consulting assistance on fiduciary best-practices, including the following:
 - Formalize Investment Committee (chartering)
 - Fiduciary Education
 - Vendor service agreement review / negotiations
- Provide assistance with mandatory and optional legislative changes
- Plan document review

- Draft agendas and research all agenda items prior to Committee meetings
- Draft minutes documenting Committee meeting discussions for the Client’s use
- Provide annual benchmarking of Plan costs as compared to industry average, including assistance with vendor negotiations to set up a Trust Reimbursement Account
- Preparation of Annual City Council Report summarizing actions of the Committee
- Report on tax law changes, regulatory issues, and industry trends that effect the operation of the Plan and the responsibilities and conduct of the Committee

Please submit me your fee quote along with the following information;

- List three Deferred Compensation plans, which are closest to the City’s in number of participants. Include the approximate number of participants, annual deferral amounts, total plan assets and the name, telephone number, and e-mail address of a contact person the City may call.
- Provide the names of professionals who would provide consulting services under a contract with the City. Provide biographical data on the individuals listed.
- Is your company a subsidiary or affiliate of another company? Give full disclosure of all direct or indirect ownership.

EXHIBIT B
CONSULTANT'S PROPOSAL



Fiduciary Structure and Cost Assessment

June 2013

Presented to:

City of Costa Mesa

Presented by:

Christopher Rowey, AIFA®, Retirement Plan Consultant

Darren Stewart, J.D., Retirement Plan Consultant

Irene Tong, CFA, Retirement Plan Consultant

Benefit Funding Services Group
2040 Main Street, Suite 150, Irvine, CA 92614 | 949.955.2552 | www.bfsg.net

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Fiduciary Process / Committee Structure

Fiduciary Process – Key Objectives

- Identify all Plan fiduciaries and their responsibilities through Chartering or Committee Bylaws
- Draft and maintain and Investment Policy Statement (“IPS”)
- Monitor the investments in the Plan on a regular basis according to the IPS
- Document and process any decisions through meeting minutes
- Know and understand Plan costs and revenues for all service providers
- Strive to avoid conflicts of interest and prohibited transactions while adhering to ERISA

Who is a Fiduciary?

- A fiduciary is a person who...
 - Has discretionary authority over plan assets
 - Has discretionary authority over the administration of a plan
 - Gives investment advice for compensation
- Fiduciaries typically include:
 - Plan Committee
 - Governing Board (Executive Committee)
 - Investment Advisors
- A plan must have at least one fiduciary named in the written plan, or through a process

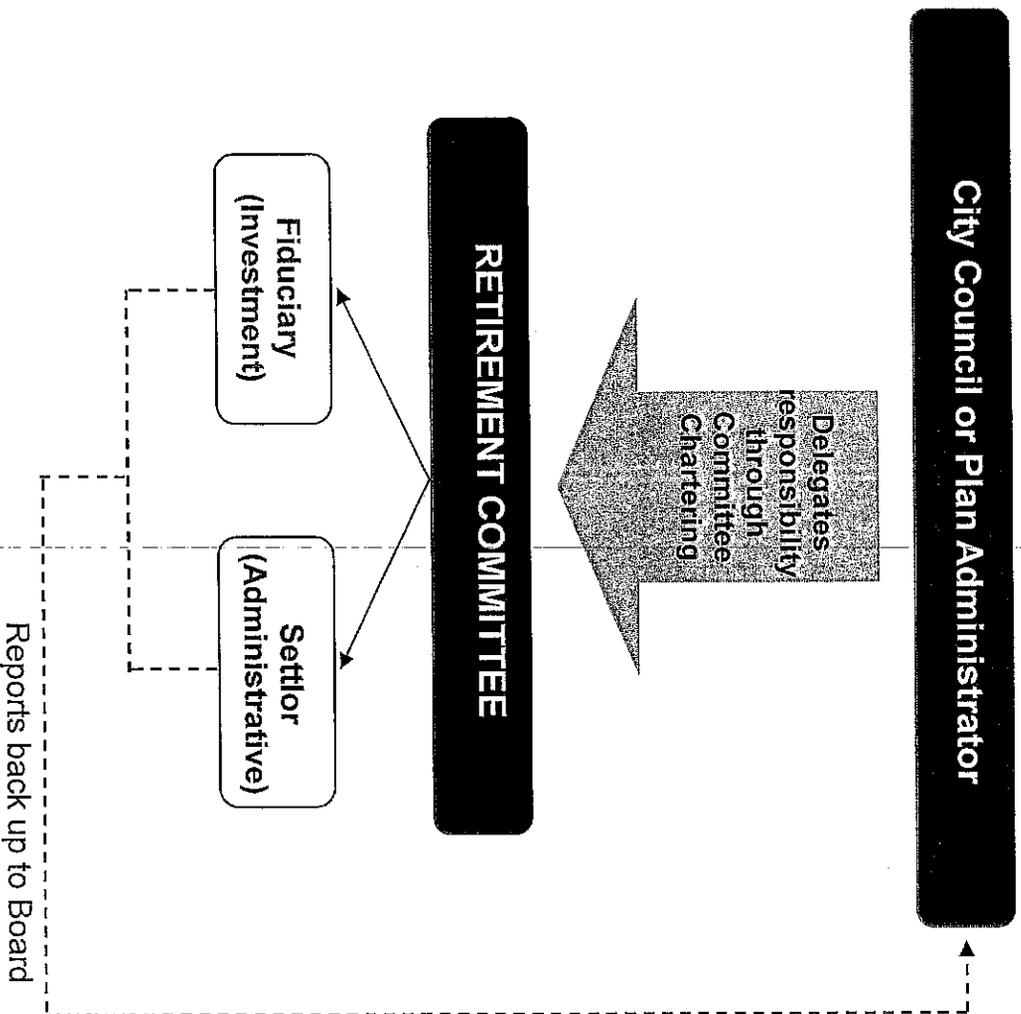
Fiduciary Standards of Conduct

- Act solely in the best interest of the plan participants and beneficiaries
- Carry out duties prudently
- Follow plan documents (comply with ERISA)
- Diversify plan investments
- Pay only reasonable plan expenses

Fiduciary Process

- Once identified, a Committee Charter should be adopted for the Plan Sponsor's governing body to adopt:
 - Fiduciary duties (investment)
 - Settlor duties (administrative)
- Follow a prudent process, including Committee meetings on a regular basis (quarterly reviews are considered best practice)
- Draft meeting minutes to document discussions
- Prepare an Annual Report to the governing body summarizing the Committee efforts and decisions

Committee Oversight Structure



Annual Board Report

- ✓ Details committee structure
- ✓ Describes relationships with service providers
- ✓ Outlines major decisions made during the year
- ✓ Provides high-level performance and demographics information

Committee Functions

Fiduciary Functions (Investment)

- Develop Investment Policy Statement
- Evaluate and monitor Plan's investment options
- Comply with and understand Plan Documents
- Analyze all Plan vendors
- Analyze all Plan costs

Settlor Functions (Administrative)

- Plan design
- Plan amendments
- Summary Plan Description maintenance
- Voluntary corrections
- Required participant communication
- Summary report to the Board

Committee Checklist

- Committee Charter / Acceptance of Appointment
- Investment Policy Statement
- Expense Policy
- Regularly Scheduled Meetings – documented via minutes
- Plan Expense Reimbursement Account (“PERA”) Policy
- Designated Qualified Default Investment Alternative (“QDIA”)
- 404(c) Checklist
- New Fee Disclosure Review Process

Action Plan

Observations

Legal Substantiation

Opportunities To Improve

<p>Fiduciary Procedures The Administrative Committee has not yet developed formal fiduciary processes with regards to the oversight of the City of Costa Mesa Deferred Compensation Plan for Public Employees as set forth in Article VII of the Plan Document.</p>	<p>Subsection (c) of Article § XVI, §17 of the California Constitution</p> <p>“(c) the members of the retirement board of a public pension retirement system shall discharge their duties with respect to the system with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in alike capacity and familiar with these matters would use in the conduct of an enterprise of like character and with like aims.”</p>	<p>Fiduciary Process Review</p> <p>The following steps should be followed to establish and document a fiduciary process:</p> <ul style="list-style-type: none"> • Establish and maintain Investment Policy Statement • Perform periodic (quarterly) investment/vendor reviews • Document fiduciary process through meeting agendas and minutes • Develop and maintain Participant Communication plan.
<p>Delegation of Duties Article VII of the Plan Document establishes an Administrative Committee and details it's membership and duties/responsibilities.</p>	<p>Subsection (a), (b), and (c) of Article §XVI, §17 of the California Constitution and §53609 of the Government Code.</p>	<p>No further action required – Article VII of Plan Document properly allocates duties to The Administrative Committee</p>

Action Plan

Observations

Legal Substantiation

Opportunities To Improve

<p>Meetings /Documentation/Minutes There is no formal method in place documenting the activities of the Administrative Committee.</p>	<p>Fiduciary Duties and Obligations in Administering 457(b) Plans under California Law – A White Paper (Reich Luftman & Cohen) Section 4, page 17</p> <p>“Practice No. 6 Document activities, including the process of selecting and monitoring investments, because regardless of the process used, the fiduciary should be able to demonstrate compliance with the legal standards”</p>	<p>Meeting and Documentation Review Ensure the Administrative Committee arranges for periodic meetings as a forum for discussion of the Plan. All documentation of fiduciary vs. settlor processes should be documented separately in Committee minutes.</p>
<p>Investment Policy Statement The Administrative Committee does not currently have an Investment Policy Statement (“IPS”) in place</p>	<p>Article XVI, §17 of the California Constitution</p> <p>“the retirement board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system...”</p>	<p>Investment Review Create an Investment Policy Statement, which provides fiduciaries with a formal framework for evaluating investment performance</p>

Investment Consulting – Overview

- Draft Investment Policy Statement with customized evaluation methodology
- Comprehensive Quarterly Investment Review Report (including investment performance and demographics study)
- Detailed qualitative and quantitative analysis of each investment option in the plan
- Performance for all investment options, benchmarks, and overall portfolio
- Design and implementation of Asset Allocation Models with risk and time-horizon characteristics
- Quarterly Committee meetings to review plan performance
- Fund Searches with recommendations for replacement or addition

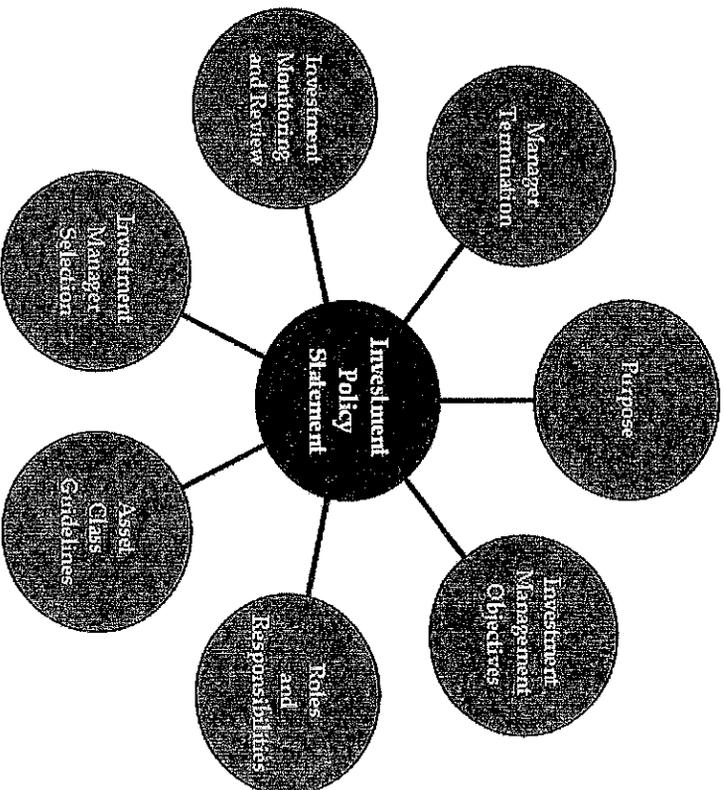
Investment Policy Statement

While an Investment Policy Statement (IPS) is not required, **an investment policy is required**. The IPS can help provide a basis for consistent decision making over time, as well as dilute the impact of additions and departures of Committee members.

An IPS usually provides for the following:

- ✓ Formally describes how investment decisions are related to a plan's goals and objectives
- ✓ Provides a framework for evaluating investment performance
- ✓ Aids in clear communication of plan investment policy to participants
- ✓ Supports continuity in decision making as plan fiduciaries change
- ✓ Protects the sponsor from inadvertently making capricious or arbitrary decisions

Because each plan is unique, Investment Policy Statements are customized accordingly. Fiduciaries should consider any topics that may be appropriate for their plan when developing and implementing an IPS.



Investment Evaluation Methodology

Qualitative Criteria

- Change in fund philosophy
- Change in fund manager
- High individual holding concentrations
- High portfolio turnover
- Median market capitalization
- Low asset base
- Average credit quality for bond funds

Quantitative Criteria

- Performance
 - Trailing returns
 - Rolling returns
- Risk-adjusted performance
 - Sharpe Ratio
- Up / Down Capture Ratio
- Style consistency
- Cost

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Plan Cost Analysis and Benchmarking

Fiduciary Responsibilities

Common areas to apply fiduciary duties:

- Selecting and monitoring investment options
- Selecting and monitoring service providers
- Reasonableness of fees
- Operational Compliance
- Timely contribution of participant deferrals and loan repayments

Focus of discussion: 408(b)(2)

Generally, services provided to an ERISA covered plan and paid for out of plan assets constitute a prohibited transaction as described in ERISA section 406.

Consequences for a prohibited transaction can include up to a 115% tax for those involved, as well as any amount required to correct the transaction. In order to be exempt from this section, a transaction must meet the requirements detailed in ERISA section 408(b)(2), which includes

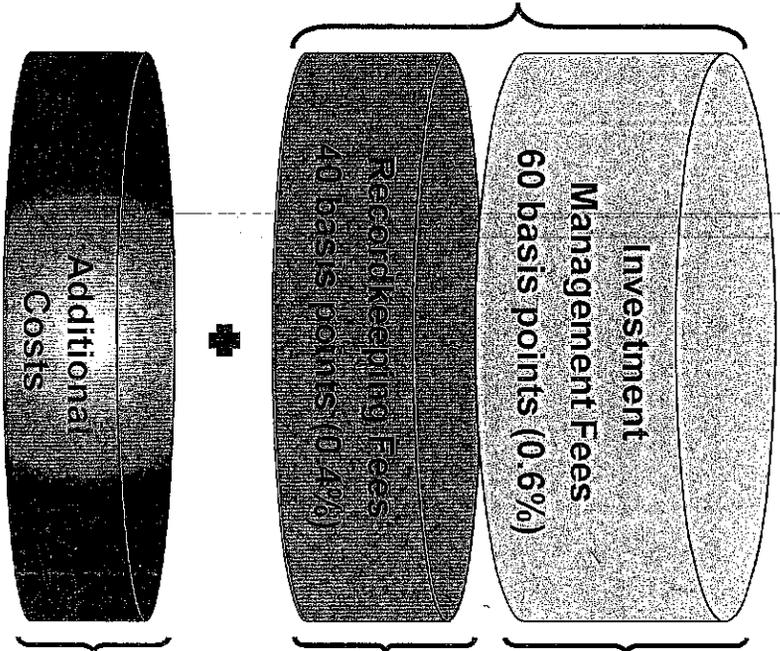
- The service agreement to be reasonable
- The services to be necessary
- The compensation to be reasonable

Plan Fees

Plan fees can be separated into three categories:

- 1) Service Costs
- 2) Management Fees
- 3) Additional Costs

1% Operating Expense Ratio (100 basis points)



Paid by Participants

- Management Fees**
- Paid to Investment Manager or Sub-Advisor
- Service Costs**
- 12b-1 Fees
 - Sub-Transfer Agent Fees
 - Shareholder Servicing Fees

Paid by Participants and/or Plan Sponsor

- Defined Contribution Plans**
- Hard Dollar
 - Asset Based Wrapped Fee
 - Investment Advisory Services
- Defined Benefit Plans**
- Actuarial Fees
 - Pension Accounting/Consulting Fees
 - Administrative Fees (benefit payments, etc)

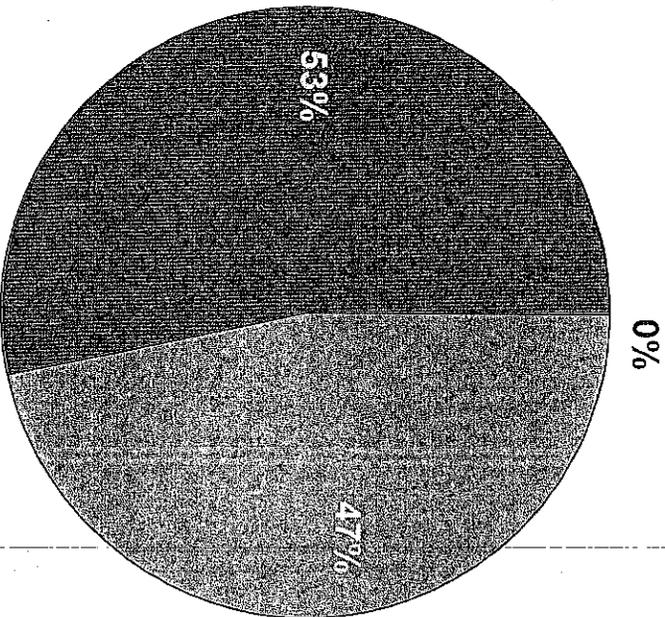
Nationwide Plan

Plan Fees / Disbursement: Nationwide

Plan Assets (as of 3/31/13) ¹	Participants (as of 3/31/13)	Plan Weighted Expense Ratio ²	Investment Expense (paid by participants)	Revenue to		Revenue to Trust Reimbursement Account	NET Cost for Recordkeeping / Administration & Investment Mgmt	
				Investment Management (\$)	Recordkeeping / Administration (Nationwide) ³			
City of Costa Mesa 457(b) Plan	\$29,885,382	360	0.92%	\$273,971	\$128,072 0.46%	\$145,300 0.49%	\$0 0.00%	\$273,971 0.92%
Industry Average			0.88%	\$262,991				

NOTE: 1. Assets shown includes all variable & fixed assets, as they all generate revenue to Nationwide. 2. Plan Weighted Expense Ratio includes 0.27% Asset Management Charge applied to all variable assets that Nationwide receives. 3. Revenue to Recordkeeping includes the Asset Management Charge on variable assets.

Expense Disbursement

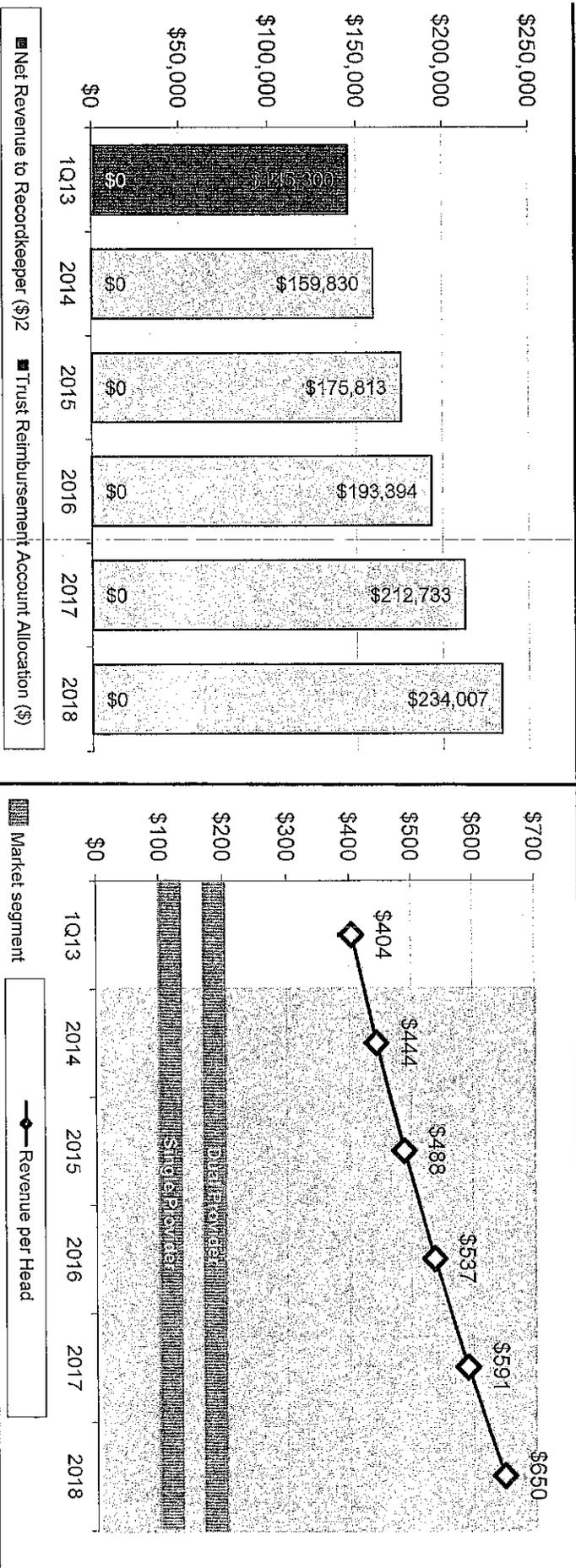


- Investment Management pays mutual fund managers (i.e. Oppenheimer, Dodge & Cox, etc.)
- Recordkeeping/Administration and Advisory retained by Nationwide for DC plan services such as: participant services (statements, website, toll free access), plan document support, discrimination testing, annual 5500 filing, etc. Includes a 0.27% Asset Management Charge on all variable assets.
- Trust Reimbursement Account used to pay qualified plan-related expenses, such as consulting fees. Monies in Trust Reimbursement Account not used for plan-related fees must be reallocated to participants.

Projected Recordkeeping Costs: Nationwide

Date	1Q13	2014	2015	2016	2017	2018
Plan Balance ¹	\$29,885,382	\$32,873,920	\$36,161,312	\$39,777,444	\$43,755,188	\$48,130,707
# of Participants	360	360	360	360	360	360
Avg Account Balance	\$83,015	\$91,316	\$100,448	\$110,493	\$121,542	\$133,696
Fund Revenue for Recordkeeping (\$)	\$145,300	\$159,830	\$175,813	\$193,394	\$212,733	\$234,007
Fund Revenue for Recordkeeping (%)	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%
Trust Reimbursement Account Allocation (\$)	\$0	\$0	\$0	\$0	\$0	\$0
Trust Reimbursement Account Allocation (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Revenue to Recordkeeper (\$) ²	\$145,300	\$159,830	\$175,813	\$193,394	\$212,733	\$234,007
Net Revenue to Recordkeeper (%)	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%
Revenue per Head	\$404	\$444	\$488	\$537	\$591	\$650

NOTE: *Projections assumes 10% annual growth (6% market gains + 4% net cash flow) 1. Assets shown includes all variable & fixed assets, as they all generate revenue to Nationwide. 2. Revenue to Recordkeeping includes the Asset Management Charge of 0.27% on variable assets.



25
TCM/R
\$120 hand
200 per hand

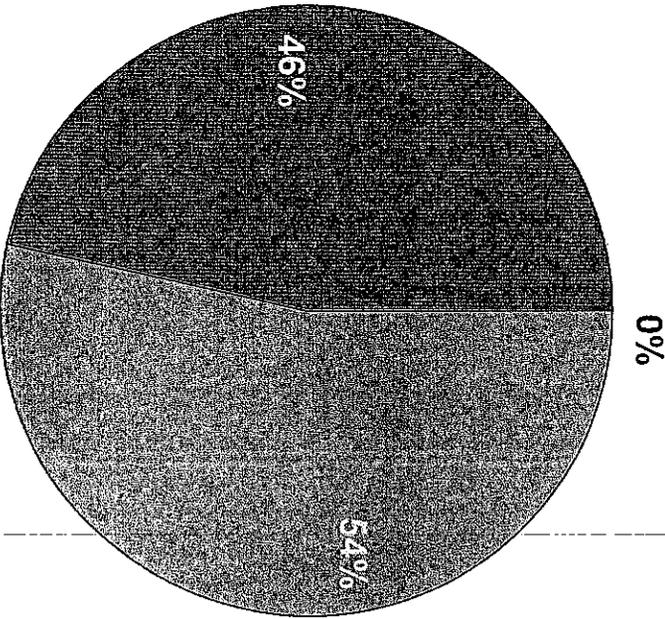
CA 457 Plain

Plan Fees / Disbursement: CA 457

Plan Assets (as of 3/31/13)	Participants (as of 3/31/13)	Plan Weighted Expense Ratio ¹	Investment Expense (paid by participants)	Revenue to			NET Cost for Recordkeeping / Administration & Investment Mgmt
				Investment Management (\$)	Recordkeeping / Administration (CA 457) ²	Trust Reimbursement Account	
City of Costa Mesa 457(b) Plan	\$15,884,313	174	1.18%	\$187,930	\$0	\$0	\$187,930 1.18%
Industry Average			0.99%	\$157,255			

NOTE: 1. Plan Weighted Expense Ratio includes 0.34% wrap fee applied to all variable assets that CA 457 receives. 2. Revenue to Recordkeeping includes the wrap fee on variable assets.

Expense Disbursement

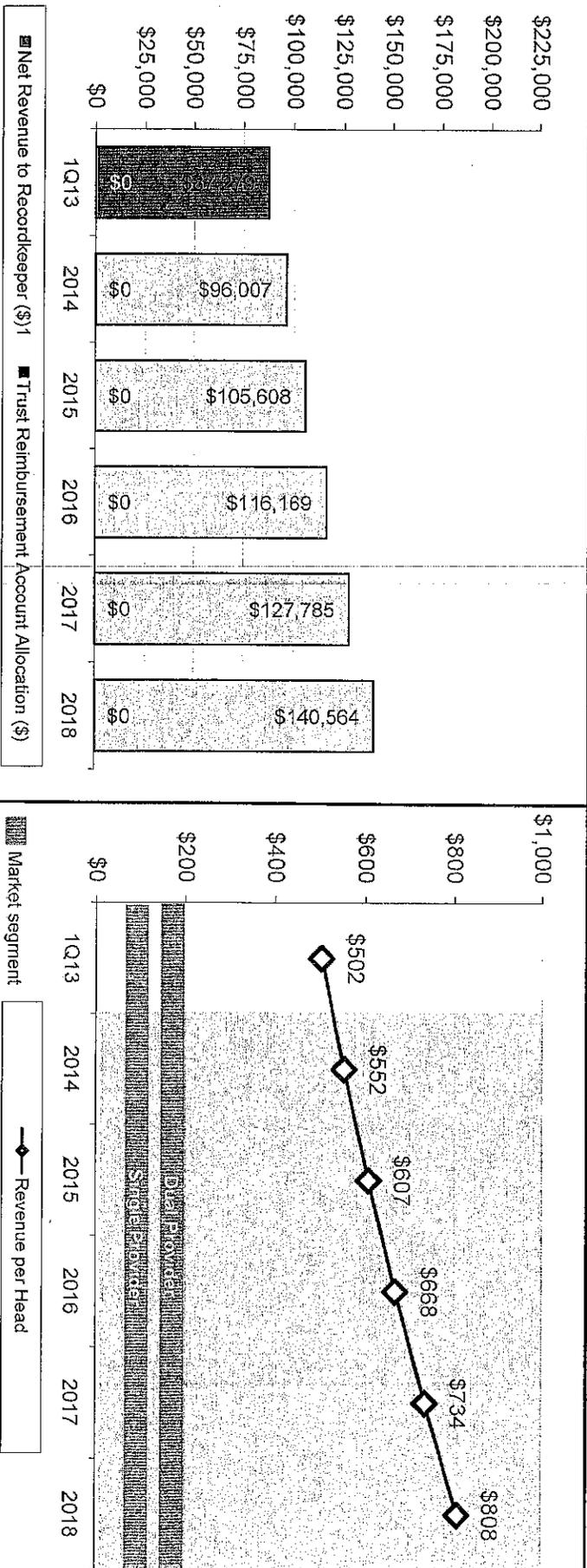


- Investment Management pays mutual fund managers (ie Oppenheimer, Dodge & Cox, etc.)
- Recordkeeping/Administration and Advisory retained by CA 457 for DC plan services such as participant services (statements, website, toll free access), plan document support, discrimination testing, annual 5500 filing, etc. Includes a 0.34% wrap fee on all variable assets.
- Trust Reimbursement Account used to pay qualified plan-related expenses, such as consulting fees. Monies in Trust Reimbursement Account not used for plan-related fees must be reallocated to participants.

Projected Recordkeeping Costs: CA 457

Date	1Q13	2014	2015	2016	2017	2018
Plan Balance	\$15,884,313	\$17,472,744	\$19,220,019	\$21,142,021	\$23,256,223	\$25,581,845
# of Participants	174	174	174	174	174	174
Avg Account Balance	\$91,289	\$100,418	\$110,460	\$121,506	\$133,656	\$147,022
Fund Revenue for Recordkeeping (\$)	\$87,279	\$96,007	\$105,608	\$116,169	\$127,785	\$140,564
Fund Revenue for Recordkeeping (%)	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%
Trust Reimbursement Account Allocation (\$)	\$0	\$0	\$0	\$0	\$0	\$0
Trust Reimbursement Account Allocation (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Revenue to Recordkeeper (\$) ¹	\$87,279	\$96,007	\$105,608	\$116,169	\$127,785	\$140,564
Net Revenue to Recordkeeper (%)	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%
Revenue per Head	\$502	\$552	\$607	\$668	\$734	\$808

NOTE: *Projections assumes 10% annual growth (6% market gains + 4% net cash flow) 1. Revenue to Recordkeeping includes the wrap fee on variable assets.



Action Plan

Observations

Legal Substantiation

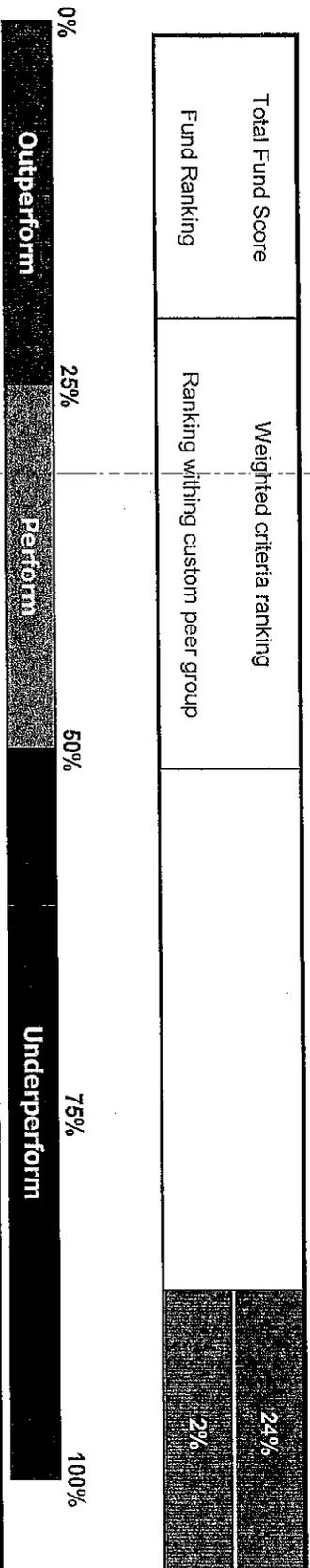
Opportunities To Improve

<p><u>Investment Expenses</u> The investment expenses incurred by Participants in both the Nationwide and California 457 Program are above custom benchmark due to "wrap" fees added to mutual fund expense ratios.</p>	<p>Article XVI, §17 of the California Constitution and the Government Code §53216.6 (a) Solely in the interest of, and for the exclusive purpose of providing benefits to participants and beneficiaries, minimizing employers contribution thereto, and defraying reasonable expenses of administering the trust."</p>	<p>Engage in price negotiations with both Nationwide and Cal 457 to reduce retained revenue and lower overall plan expenses. Consider consolidating to one provider using a competitive bidding / Request for Proposal ("RFP") process.</p>
<p><u>Vendor Revenues</u> Nationwide – Revenues to Nationwide well above average. California 457 – Revenues to California 457 are well to above average.</p>	<p>Article XVI, §17 of the California Constitution and the Government Code §53216.6 (a) Solely in the interest of, and for the exclusive purpose of providing benefits to participants and beneficiaries, minimizing employers contribution thereto, and defraying reasonable expenses of administering the trust."</p>	<p>Engage in price negotiations with both Nationwide and Cal 457 to reduce retained revenue and lower overall plan expenses. Consider consolidating to one provider using a competitive bidding / Request for Proposal ("RFP") process.</p>

Appendix

Evaluation Methodology – Sample Score Card

Weight	Criteria	Scoring Methodology	Ranking			Total Ranking
			3 Year	5 Year	10 Year	
Return 40%	Trailing Returns	Average Ranking of 3, 5 and 10 year returns	56%	22%	8%	29%
	Rolling Returns	Average Ranking of 1 year rolling returns is re-ranked against the custom peer group	Average of 37 calculations = 30%			4%
Risk 30%	Sharpe Ratio	Average Ranking of 3, 5 and 10 year sharpe ratio	61%	23%	7%	30%
	Up Capture Ratio	Average Ranking of 3, 5 and 10 year up capture ratio	77%	68%	32%	59%
	Down Capture Ratio	Average Ranking of 3, 5 and 10 year down capture ratio	31%	14%	21%	22%
Style 15%	R-Squared	Average Ranking of 3, 5 and 10 year R-squared to benchmark	12%	32%	34%	26%
	Equity Consistency	Lower standard deviation receives a better score	3 year standard deviation of holdings centroid which is determined using underlying holdings			6%
	Equity Dispersion	Less scatter receives a better score	Measures degree of scatter among current holdings			68%
Expense 15%	Expense	Lower expense receives a better score	Prospectus Net Expense Ratio			8%



Criteria	Weighted criteria ranking	Ranking withing custom peer group	Score
Total Fund Score			24%
Fund Ranking			2%

Resources

1. Department of Labor. www.dol.gov/ebsa
2. *401(k) Averages Book - 12th Edition*, Reflects 2010/2011 Data. Published by HR Investment Consultants. Data collected from vendor fee schedules and pricing scenarios. Comparison data is customized to reflect only those vendors who offer services to plans with similar asset and/or participant size. Typically the universe will include 70 to 80 vendors.

Codes and Regulations

ERISA Section 404(a)(1)(a): The Exclusive Benefit Rule

The Exclusive Benefit Rule under ERISA states that retirement plan fiduciaries must act prudently and solely in the exclusive interests of plan participants and beneficiaries. Therefore, fiduciaries must consider only what is best for the participants when making decisions about the plan, including but not limited to, selection of service provider, investment options, services and expenses.

ERISA Section 406(b): Prohibited Transactions

ERISA Section 406(b)(1) prohibits a fiduciary with respect to a plan from dealing with assets of the plan in his or her own interest. It is the DOL's opinion that fiduciaries or directed trustees that act as fiduciaries that advise plan assets to be invested in funds that pay additional fees to the fiduciary would violate the prohibitions under ERISA Section 406(b)(1).

ERISA Section 408(b): Exemption of Prohibited Transactions

ERISA Section 408(b) provides for an exemption of Section 406(b) if no more than reasonable compensation is made for the operation of the Plan. The Department states that if a service provider offers trustee services to a Plan and charges the Plan a fee that exceeds the direct expenses the service provider incurs in the provision of trustee services to the Plan, it would engage in violations of ERISA section 406(b)(1) and (2), which would not be exempted by ERISA section 408(b)(2) or (6).

DOL Advisory Opinion 1997-15A: The Frost Letter

The DOL explains that a fiduciary with control over the investment selection for a plan may collect revenue sharing payments on behalf of the plan, but must document each payment and pass 100% of the payments to the Plan in the form of an expense offset or direct payment for services. The Frost Letter goes on to state that even an ERISA co-fiduciary who does not have discretion is also prohibited from keeping revenue sharing payments. Therefore, a directed trustee or fiduciary with no discretion over the assets could be prohibited from accepting revenue sharing payments, which led to DOL Advisory Opinion 2003-09A, The ABN AMRO Letter.

DOL Advisory Opinion 2003-09A: The ABN AMRO Letter

The DOL clarified the language in the Frost Letter by specifying that a directed trustee with no discretion over plan assets, and not giving investment advice, could keep revenue sharing payments. Therefore, those vendors offering "co-fiduciary" services, but do not accept true discretion over plan assets, or give investment advice, are not in violation of ERISA Section 406(b) by accepting revenue sharing payments.

Important Information

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Warranties

This report was prepared by Benefit Funding Services Group using data compiled from various sources. Benefit Funding Services Group does not warrant the accuracy of data provided by other sources, but does make reasonable efforts to obtain and utilize only reliable information. Past investment performance does not guarantee future results.

Disclosures

Returns stated in this report are net of fees unless otherwise noted.

Sharpe Ratio and Standard Deviation data are provided for a 3-year period prior to the reporting date, unless otherwise noted.

Calculations for returns-based style analysis charts are done by Morningstar Direct.

Evaluation methodology calculations are provided by Morningstar Direct.

Fund universes comprised of the Morningstar retail mutual fund universe and is customized by excluding index funds, funds that lack a 3-year track record and non-retirement share classes (e.g. B and C shares)

Fund details and portfolio characteristics are provided by Morningstar Direct with the most recent data available from the investment companies.

Investment advisory services offered through Investment Advisor Representatives of Benefit Funding Services Group.

Morningstar category returns are used to proxy fund returns lacking historical data in order to generate plan-weighted performance.

For share classes with limited history, performance has been extended by using the oldest share classes and adjusting for any expense differential.

EXHIBIT C
FEE SCHEDULE

Fee Benchmarker™ Advisor/Consultant Fee Comparison Report for City of Costa Meas 457 Plan

Rachel Fequiere
BFSG
2040 Main Street, Suite 150
Irvine, California 92614

Date:
March 5, 2015

Plan Information

This section summarizes specific information about the plan you are benchmarking.

Defined Contribution Plan Size: \$50 million

Fee Method: 12b1 or TA Fee (commission)

Services included as part of your annual retainer fee:

- Investment Policy Development
- Plan Design Consulting
- Fund Menu Design
- Compliance Oversight
- Act as Investment Fiduciary (3(21)) to the Plan
- Vendor Search
- Transition Services to Recordkeeper
- Vendor Fee/Service Reviews
- Vendor Management/Issue Resolution
- Investment Monitoring/Committee Meetings
- Education Program Strategy
- Fund Replacements/Fund Manager Search
- Asset Allocation Modeling
- Quarterly Investment Reviews

Comparison of Advisor/Consultant Annual Retainer Fees*

This section provides a summary of your annual retainer fee, compared to the database. For plans of this size the database contains 87 responses.

Your annual retainer fee for this plan: ◆\$25,000

The database average for a plan of this size:	Mean (average)	\$67,333
	Median	\$62,500

Your retainer fee compared to the database:
Due to rounding this may not equal 100% 93% are HIGHER 3% are the SAME AS 3% are LOWER

Your retainer fee compared to the database broken down by quartiles:

	1st Quartile (Lowest)	2nd Quartile	3rd Quartile	4th Quartile
Fee range for this quartile	\$21,000 - \$50,000	\$50,000 - \$62,500	\$62,500 - \$75,000	\$75,000 - \$150,000
Quartile Mean	\$36,571	\$53,523	\$74,091	\$103,750
Quartile Median	\$37,500	\$50,000	\$75,000	\$100,000
Your Fee	◆\$25,000			

KEY DEFINITIONS:

Mean: Calculated by adding all the reported fees and then dividing by the number of fees in the database.

Median: The fee that is in the middle of all database points; that is, half the fees fall below this number; half are above.

Quartile Mean, Median: Reflects average/median just for the quartile.

*PLEASE NOTE:

Fees may range considerably for a particular plan based on the type of fiduciary services and level of participant services provided.

It is important to itemize all the services being delivered to the plan and also to evaluate the quality and value of the services to get an accurate understanding of how they may affect the fees being charged.

Fee Benchmarker™ Advisor/Consultant Fee Comparison Report for City of Costa Meas 457 Plan

Rachel Fequiere
BFSG
2040 Main Street, Suite 150
Irvine, California 92614

Plan Size: \$50 million

Your Annual Retainer Fee for this plan ♦ \$25,000

The database average for a plan of this size: Mean (average) \$67,333
Median \$62,500

Detailed Fee Comparison

Fees By Advisor/Consultant Business Model

This section compares annual retainer fees by business models for a \$50M Plan.

Business Model	Practices Represented	Fee Range	Fee Mean	Fee Median
Wirehouse or Bank Affiliated	24	\$25,000 to \$125,000	\$75,938	\$75,000
Independent FA/RIA	43	\$21,000 to \$125,000	\$60,930	\$60,000
Fee-Only RIA/Consultant ♦	20	\$45,000 to \$150,000	\$70,775	\$60,000

Fees by Region

This section compares annual retainer fees by region for a \$50M Plan.

Region	Practices Represented	Fee Range	Fee Mean	Fee Median
Northeast	32	\$21,000 to \$150,000	\$65,078	\$73,750
South	14	\$25,000 to \$100,000	\$52,893	\$47,500
Midwest	29	\$22,000 to \$125,000	\$74,293	\$75,000
West ♦	12	\$40,000 to \$125,000	\$73,375	\$68,750

* See Page 4 for list of states assigned to each region

Fees By Advisor/Consultant Practice Size

This section compares annual retainer fees by size of firm, where size is measured by total DC assets under advisement.

Your firm's total DC assets under advisement: ♦ \$8 billion

Total DC plan assets under advisement	Practices Represented	Fee Range	Fee Mean	Fee Median
Up to \$100 million	1	\$75,000 to \$75,000	\$75,000	\$75,000
\$101 to \$500 million	25	\$22,000 to \$150,000	\$81,400	\$75,000
\$501 million to \$1 billion	24	\$21,000 to \$125,000	\$66,250	\$68,750
over \$1 billion ♦	37	\$25,000 to \$115,000	\$58,324	\$60,000

Fee Benchmarker™ Advisor/Consultant Fee Comparison Report for City of Costa Meas 457 Plan

Rachel Fequiere
BFSG
2040 Main Street, Suite 150
Irvine, California 92614

Plan Size:		\$50 million
Your Annual Retainer Fee for this Plan		◆ \$25,000
The database average for a plan of this size:	Mean (average)	\$67,333
	Median	\$62,500

Scope of Services

Annual Retainer Services for a \$50 million DC Plan

Service	% of firms that include service in retainer	% of firms that provide service but charge separately	% of firms that do not offer the service
Investment Policy Development	99 %	0 %	1 %
Fund Menu Design	99 %	0 %	1 %
Act as Investment Fiduciary (3(21)) to the Plan	89 %	7 %	5 %
Act as Discretionary Fiduciary (3(38)) to the Plan	15 %	34 %	51 %
Act as Fiduciary to Company Stock	0 %	3 %	97 %
Act as Investment Fiduciary to Participants	20 %	6 %	75 %
Investment Monitoring/Committee Meetings	100 %	0 %	0 %
Fund Replacements/Fund Manager Search	100 %	0 %	0 %
Asset Allocation Modeling	77 %	2 %	21 %
Plan Design Consulting	87 %	1 %	11 %
Compliance Oversight	76 %	0 %	24 %
Vendor Search	87 %	11 %	1 %
Transition Services to Recordkeeper	84 %	6 %	10 %
Vendor Fee/Service Reviews	98 %	1 %	1 %
Vendor Management/Issue Resolution	99 %	0 %	1 %
Education Program Strategy	99 %	0 %	1 %
Employee Meetings	77 %	10 %	13 %
Annual Investment Reviews	5%		
Semi-Annual Investment Reviews	15%		
Quarterly Investment Reviews	80%		

One-time Consulting Project Fees

This chart displays fee ranges, averages, and medians for the services commonly provided on a project or a la carte basis.

Services	Fee Range	Fee Mean	Fee Median
Vendor Search	\$3,000 to \$55,000	\$15,888	\$13,750
Provider Fee and Service Reviews	\$1,000 to \$25,000	\$7,464	\$5,000
Investment Policy Development	\$350 to \$10,000	\$3,818	\$3,250
Employee Meetings	\$500 to \$3,000 per day	\$1,453/day	\$1,500/day

Hourly Rates	Fee Range	Fee Mean	Fee Median
Principal Rate	\$125 - \$475 per hour	\$289 per hour	\$250 per hour
Non-Principal Rate	\$100 - \$375 per hour	\$201 per hour	\$200 per hour

Fee BenchmarkTM Advisor/Consultant Fee Comparison Report for: City of Costa Meas 457 Plan

Methodology

The Monarch Fee BenchmarkTM database is based on a quantitative study conducted by Ann Schleck & Company, LLC, an independent consulting and market research firm serving the retirement marketplace.

Data contained in the database includes fee schedules from over 182 retirement practices representing over \$280 billion total retirement assets under advisement.

The database is refreshed regularly, with new fee schedules added to the database throughout the year. The data represented in the database represents Advisors' fee schedules and services for 401(k) plans. To ensure the integrity of the data, we restrict the data to include only fees where an advisor has a plan of that asset size. Great care has been taken to ensure the quality of the database.

Regional Division of States:

Northeast

Connecticut
Delaware
District of Columbia
Maine
Maryland
Massachusetts
New Hampshire
New Jersey
New York
Pennsylvania
Rhode Island
Vermont

South

Alabama
Arkansas
Florida
Georgia
Kentucky
Louisiana
Mississippi
North Carolina
Oklahoma
South Carolina
Tennessee
Texas
Virginia
West Virginia

Midwest

Illinois
Indiana
Iowa
Kansas
Michigan
Minnesota
Missouri
Nebraska
North Dakota
Ohio
South Dakota
Wisconsin

West

Alaska
Arizona
California
Colorado
Hawaii
Idaho
Montana
Nevada
New Mexico
Oregon
Utah
Washington
Wyoming

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EXHIBIT D
CERTIFICATES OF INSURANCE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s)	Location(s) Of Covered Operations
The City of Costa Mesa and its elected and appointed boards, officers, agents and employees are additional insureds with respect to the subject project and agreement.	City of Costa Mesa
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or

2. Available under the applicable Limits of Insurance shown in the Declarations;
whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

EXHIBIT E

CITY COUNCIL POLICY 100-5

SUBJECT	POLICY NUMBER	EFFECTIVE DATE	PAGE
DRUG-FREE WORKPLACE	100-5	8-8-89	1 of 3

BACKGROUND

Under the Federal Drug-Free Workplace Act of 1988, passed as part of omnibus drug legislation enacted November 18, 1988, contractors and grantees of Federal funds must certify that they will provide drug-free workplaces. At the present time, the City of Costa Mesa, as a sub-grantee of Federal funds under a variety of programs, is required to abide by this Act. The City Council has expressed its support of the national effort to eradicate drug abuse through the creation of a Substance Abuse Committee, institution of a City-wide D.A.R.E. program in all local schools and other activities in support of a drug-free community. This policy is intended to extend that effort to contractors and grantees of the City of Costa Mesa in the elimination of dangerous drugs in the workplace.

PURPOSE

It is the purpose of this Policy to:

1. Clearly state the City of Costa Mesa's commitment to a drug-free society.
2. Set forth guidelines to ensure that public, private, and nonprofit organizations receiving funds from the City of Costa Mesa share the commitment to a drug-free workplace.

POLICY

The City Manager, under direction by the City Council, shall take the necessary steps to see that the following provisions are included in all contracts and agreements entered into by the City of Costa Mesa involving the disbursement of funds.

1. Contractor or Sub-grantee hereby certifies that it will provide a drug-free workplace by:
 - a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in Contractor's and/or sub-grantee's workplace, specifically the job site or location included in this contract, and specifying the actions that will be taken against the employees for violation of such prohibition;

SUBJECT	POLICY NUMBER	EFFECTIVE DATE	PAGE
DRUG-FREE WORKPLACE	100-5	8-8-89	2 of 3

- b. Establishing a Drug-Free Awareness Program to inform employees about:
 - 1. The dangers of drug abuse in the workplace;
 - 2. Contractor's and/or sub-grantee's policy of maintaining a drug-free workplace;
 - 3. Any available drug counseling, rehabilitation and employee assistance programs; and
 - 4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- c. Making it a requirement that each employee to be engaged in the performance of the contract be given a copy of the statement required by subparagraph A;
- d. Notifying the employee in the statement required by subparagraph 1 A that, as a condition of employment under the contract, the employee will:
 - 1. Abide by the terms of the statement; and
 - 2. Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;
- e. Notifying the City of Costa Mesa within ten (10) days after receiving notice under subparagraph 1 D 2 from an employee or otherwise receiving the actual notice of such conviction;
- f. Taking one of the following actions within thirty (30) days of receiving notice under subparagraph 1 D 2 with respect to an employee who is so convicted:
 - 1. Taking appropriate personnel action against such an employee, up to and including termination; or
 - 2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health agency, law enforcement, or other appropriate agency;

SUBJECT	POLICY NUMBER	EFFECTIVE DATE	PAGE
DRUG-FREE WORKPLACE	100-5	8-8-89	3 of 3

- g. Making a good faith effort to maintain a drug-free workplace through implementation of subparagraphs 1 A through 1 F, inclusive.
2. Contractor and/or sub-grantee shall be deemed to be in violation of this Policy if the City of Costa Mesa determines that:
 - a. Contractor and/or sub-grantee has made a false certification under paragraph 1 above;
 - b. Contractor and/or sub-grantee has violated the certification by failing to carry out the requirements of subparagraphs 1 A through 1 G above;
 - c. Such number of employees of Contractor and/or sub-grantee have been convicted of violations of criminal drug statutes for violations occurring in the workplace as to indicate that the contractor and/or sub-grantee has failed to make a good faith effort to provide a drug-free workplace.
3. Should any contractor and/or sub-grantee be deemed to be in violation of this Policy pursuant to the provisions of 2 A, B, and C, a suspension, termination or debarment proceeding subject to applicable Federal, State, and local laws shall be conducted. Upon issuance of any final decision under this section requiring debarment of a contractor and/or sub-grantee, the contractor and/or sub-grantee shall be ineligible for award of any contract, agreement or grant from the City of Costa Mesa for a period specified in the decision, not to exceed five (5) years. Upon issuance of any final decision recommending against debarment of the contractor and/or sub-grantee, the contractor and/or sub-grantee shall be eligible for compensation as provided by law.