



SACHI A. HAMAJ  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
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(213) 974-1101  
<http://ceo.lacounty.gov>

*"To Enrich Lives Through Effective And Caring Service"*

Board of Supervisors  
HILDA L. SOLIS  
First District

MARK RIDLEY-THOMAS  
Second District

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Third District

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Fourth District

KATHRYN BARGER  
Fifth District

December 18, 2018

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

22 December 18, 2018

CELIA ZAVALA  
EXECUTIVE OFFICER

### **DEFINED CONTRIBUTION PROGRAM THIRD-PARTY ADMINISTRATOR, COMMUNICATIONS AND TRUSTEE CONTRACTS ALL DISTRICTS (3 VOTES)**

#### **SUBJECT**

Recommendation to award the competitively bid contract for third-party administrative (TPA) services, including recordkeeping, marketing, communication and trustee services related to the County's defined contribution plans to Great-West Life & Annuity Insurance Company.

#### **IT IS RECOMMENDED THAT THE BOARD:**

1. Approve and instruct the Chair to sign the contract with Great-West Life & Annuity Insurance Company (Empower) as the third-party administrator (TPA) and communication services provider for the Deferred Compensation and Thrift (Horizons) Plan, Savings Plan, and Pension Savings Plan. The Contract (ATTACHMENT I) is for a five-year term commencing July 1, 2019, with the option to renew up to two additional years (one additional one-year period and up to twelve month-to-month extensions).
2. Delegate authority to the Horizons, Savings, and Pension Savings Plan Administrative Committee (PAC) Chair to extend the contract term for up to one additional one-year period and twelve month-to-month extensions for a maximum total contract term of seven years.
3. Delegate authority to the Chief Executive Officer (CEO), or her designee, to negotiate with the Contractor for any changes in and/or additional unanticipated but necessary services and/or work for the Defined Contribution Program, other than communication

services, provided that (a) the cost, if any, to each Plan for each additional services agreement does not exceed \$75,000 in any one fiscal year, and (b) the aggregate fiscal year cost, if any, to each Plan of all additional services agreements with the Contractor that are authorized by the CEO or designee during each fiscal year does not exceed \$300,000.

4. Delegate authority to the CEO, or her designee, to negotiate with the Contractor for any changes in and/or any additional unanticipated but necessary communication services, provided that (a) the cost, if any, to each Plan for each supplemental communication services agreement does not exceed \$75,000 in any one fiscal year, and (b) the aggregate fiscal year cost, if any, to each Plan of all supplemental communication services agreements with the Contractor that are authorized by the CEO, or her designee, during each fiscal year does not exceed \$300,000.
5. Delegate authority to the CEO, or her designee, to enter into amendments with the Contractor, which affect the scope of work (e.g., implementing changes as required by updates to the Internal Revenue Code), administration (e.g., expanded administration related to domestic relations orders), and/or services under this contract, or to add and/or make updates to comply with the Board of Supervisors (Board) required provisions in this contract.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

TPA and communication services for the Horizons, Savings, and Pension Savings (the three Deferred Compensation (DC) Plans) are currently provided by Empower. The current TPA, trustee and communications contract is a Board contract that covers the three DC Plans and expires on June 30, 2019, with provision for two additional one-year extensions. The purpose of the recommended action is to obtain your Board's approval for a new five-year contract with Empower, commencing on July 1, 2019, based on the results of a competitive Request for Proposal (RFP) process. We are further recommending that the new contract continue to provide for optional contract extensions of up to two additional years for a total potential contract term of seven years.

#### **Need for TPA Expertise**

Empower has provided TPA services for the Horizons and Savings Plans since 1997 when its initial contract was approved by the Board following a competitive solicitation process. Subsequently, another competitive solicitation was conducted in 2008 in which Empower was also selected to provide TPA services for the Pension Savings Plan. In 2013, a competitive solicitation for consolidated TPA and communication services was conducted, and Empower was once again selected to provide the consolidated services for the defined contribution plans.

As of June 30, 2017, Empower provided services in aggregate to nearly 150,000 Horizons Plan, Savings Plan, Pension Savings Plan, and Termination Pay Pick-Up Plan participant accounts with \$12.7 billion in accumulated assets. Attached is the asset value by Plan (Attachment A).

The County utilizes a qualified TPA and communication services provider because of the professional expertise, specialized systems, and experience necessary to perform the services these plans require. Recordkeeping and participant communication services are arguably the most fundamental core functions a TPA can provide. The TPA is responsible for maintaining the accuracy of each participant's investment accounts, as well as processing all of the daily financial transactions,

including investment trading actions by participants, changes in contribution amounts, asset distributions, hardship withdrawals, the administration of loans, plan asset reconciliation, participant website design and support, and other transactions that take place under the plans. Additionally, licensed representatives provide no less than 750 group meetings and education seminars at various County facilities and at least 11,000 one-on-one meetings each year with Plan participants. As the communication services provider, the TPA provides print and web-based communications, targeted marketing materials and the Plans website.

### **Implementation of Strategic Plan Goals**

The recommended actions support and are consistent with the Strategic Plan Goal 3, Realize tomorrow's government today by pursuing operational effectiveness, fiscal responsibility and accountability.

This new contract enhances the operational effectiveness of the County's defined contribution plan by providing additional participant education and counseling services. The current and proposed on-site counselors and staff are outlined in Attachment B. This increased staffing will enable the County to better meet the retirement education and counseling needs of participants. The new contract provides additional services with no increase in TPA fees, and in fact, will slightly reduce the fees to Plan participants.

The new contract continues to integrate the County's defined contribution program by incorporating TPA services, communication services and trustee services under one agreement. Under the contract, the current local office service located in Glendale will be moved to the Los Angeles County Employees Retirement Association (LACERA) building located at 300 North Lake Avenue in Pasadena, California. This is intended to be a benefit to participants since their points of contact for both their DC plan and their County pension will be located in the same building.

### **FISCAL IMPACT/FINANCING**

These recommendations will result in no increase in County cost.

The costs for the Horizons and Savings Plans are paid by administrative fees charged to the accounts of participants. The Pension Savings Plan is a Social Security Replacement Plan. Administration fees for this Plan are currently and will continue to be paid in full by the County to keep the returns paid to participant accounts from being too low.

Under the proposed Empower contract, participants will receive a reduction in TPA fees, as outlined in Attachment C. Loan fees and brokerage window fees will remain unchanged at \$75 for a core loan initiation fee and a \$50 per year brokerage window fee. Modest changes to the communication fees are shown in Attachment D.

TPA compensation is limited to the fees charged to participants. Empower is contractually prohibited from receiving any other revenue from any source in connection with these plans. This requirement will continue under the new contract.

Relative to the TPA fees, communication services fees are a small portion of overall costs, and consist of fees for core communication services and optional communication services. Core fees generally remain relatively constant (although impacted by quantities of materials requested by County), and optional fees will depend on the type of communication services utilized in that fiscal year.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Federal law requires defined contribution plans to be placed under trust with the primary responsibility of safekeeping plan assets for the exclusive benefit of the participant and his or her beneficiaries. Trustee banks, which are federally regulated, work with the TPA to make sure the investment of plan assets is permissible under the terms of the plan and the law, and that the actions necessary to execute investment transactions are performed. It is standard industry practice to have the TPA identify a trustee bank that is familiar with the TPA's internal systems and financial controls.

Wells Fargo is the trustee bank used by Empower under the current contract and that relationship will continue under the proposed contract. There is no County cost for trustee services as those costs are included in the TPA fees charged to plan participants. The cost of these services is \$5,000 per plan per annum.

The proposed contract is in compliance with all Board, CEO and County Counsel requirements.

## **CONTRACTING PROCESS**

CEO retained Mercer Investment Consulting, LLC (Mercer) to assist with industry market analysis, the development of RFP materials and the overall solicitation process. The RFP was released on November 27, 2017. It was posted on the County's website and e-mail notifications were sent to companies known to be active in this market and companies who had previously indicated they wished to receive a copy of the RFP. Notifications of the RFP were also posted on the National Association of Government Defined Contribution Administrators website and via Pensions & Investments website and periodical. A bidders' conference was held on December 15, 2017, via webinar. Six companies participated in the bidders' conference.

Written responses to all submitted questions were issued on December 27, 2017. Proposals were due by January 30, 2018. Three proposals were received timely, and were determined to meet the minimum requirements stated in the RFP.

A four-person joint union/management evaluation committee was established to evaluate the three proposals pursuant to the Board's Informed Averaging Methodology. The evaluation committee conducted a thorough evaluation of the proposals in accordance with the evaluation criteria set out in the RFP document, which included inviting the three proposers to provide demonstrations/presentations. At the conclusion of the evaluation process, Empower was the highest ranked proposer.

### **Pre-RFP Survey of Other Public Entity Practices**

Prior to the release of the RFP, the CEO collaborated with Mercer to conduct a vendor outreach exercise, and to design and conduct a pre-RFP survey (ATTACHMENT II) of five large governmental defined contribution plans. The survey focused on fees and services, and the identification of "best practices" benchmark services.

The Mercer survey illustrates TPA fees can vary due to the level of required services, plan complexity and participant population. However, it should be noted that the TPA fees proposed by Empower are competitive with other large defined contribution plans.

The survey also found that many defined contribution plan best practices are already in place under the current Empower contract. Examples of best practices include utilization of local field and call center representatives that are specifically dedicated only to the County's Plans, and transparency in fees with the use of explicit flat dollar recordkeeping fees.

Based on the results of the survey, the RFP included the following components:

- Roth – Information was requested regarding capabilities to support Roth 457 and 401(k) structures in the event the County adds this feature during the contract term.
- Participant Advice – Information was requested regarding capabilities to offer advice to participants and managed account services in the event the County adds this feature during the contract term.
- Local Office – The RFP was structured to request that bidders consider establishing a local office at a County determined location. During the RFP project, CEO staff and Mercer held discussions with LACERA representatives regarding the perceived benefits of having offices in the same building, and the practical implementation of co-locating the offices.
- On-Site Education Staff – The popularity of retirement education meetings and comprehensive account reviews has increased in recent years. The survey findings also indicated that County on-site education staffing levels presented opportunities for improvement. The RFP requested firms to bid on an increased number of on-site education staff and an increased number of participant meetings.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed contract with Empower for TPA and communication services for the Horizons, Savings and Pension Savings Plans will become effective July 1, 2019. Given that Empower is the current TPA and communication services provider, the existing Wells Fargo contracts for trustee services will remain in full force and effect. Increased staffing will enable County to better meet the retirement education/counseling needs of participants. Participants will be notified of the co-locating of the deferred compensation offices with LACERA in advance of the July 1, 2019 effective date.

The Honorable Board of Supervisors

12/18/2018

Page 6

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sachi A. Hamai". The signature is fluid and cursive, with the first name "Sachi" being more prominent.

SACHI A. HAMAI

Chief Executive Officer

SAH:JJ:MM:MTK

SM:KBG:mst

Enclosures

- c: Executive Office, Board of Supervisors
- County Counsel
- Auditor-Controller
- Human Resources
- Treasurer and Tax Collector
- Horizons Plan Administration Committee
- Pension Savings Plan Administrative Committee
- Savings Plan Administration Committee
- Coalition of County Unions
- SEIU Local 721
- Great West Financial

**ATTACHMENT A****ASSET VALUE BY PLAN  
As of June 30, 2017**

	<b>HORIZONS</b>	<b>SAVINGS</b>	<b>PENSION SAVINGS</b>	<b>TERMINATION PAY PICK-UP</b>
Total Assets	\$9,951,769,875	\$2,636,226,812	\$162,120,430	\$1,182,303
Number of Participants	103,486	15,844	29,569	31

**ATTACHMENT B****CURRENT AND PROPOSED ON-SITE COUNSELORS AND STAFF**

	<b>Current Contract</b>	<b>Empower Proposal</b>
Retirement Plan Counselors	4 Counselors	8 Counselors
Administrative staff	2 staff	3 staff

**ATTACHMENT C****PROPOSED PARTICIPANT FEES**

Plan	Annual Per Participant TPA Fee		Change	Estimated Annual Cost		
	Current Contract	Empower Proposal		Current Contract	Empower Proposal	Annual Difference
Horizons	\$34.44	\$34.20	-1%	\$3,564,058	\$3,539,221	(-\$24,837)
Savings	\$38.64	\$38.28	-1%	\$612,212	\$606,508	(-\$5,704)
Pension Savings	\$23.76	\$23.64	-1%	\$702,559	\$699,011	(-\$3,548)
<b>T O T A L</b>				\$4,878,829	\$4,844,740	(-\$34,089)

**ATTACHMENT D****CORE COMMUNICATION FEES**

Plan	Current Contract	Empower Proposal	Annual Difference
Horizons	\$194,898	\$183,841	(-\$11,057)
Savings	\$73,278	\$84,725	(+\$11,447)
Pension Savings	\$2,361	\$2,952	(+\$591)
<b>T O T A L</b>	\$270,537	\$271,518	(+\$981)





**CONTRACT**

**BY AND BETWEEN**

**COUNTY OF LOS ANGELES**

**AND**

**GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

**FOR**

**THIRD PARTY ADMINISTRATIVE AND  
COMMUNICATION SERVICES**

78871

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- B. Pricing Sheet
- C. Contractor's EEO
- D. Contractor Employee Jury Service Program – Certification Form and Application for Exception
- E. Safely Surrendered Baby Law
- F. Certification of No Conflict of Interest
- G. Familiarity with the County Lobbyist Ordinance Certification
- H. Intentionally Omitted
- I. Attestation of Willingness to Consider Gain/Grow Participants
- J. Intentionally Omitted
- K. Certification of Compliance with the County's Defaulted Property Tax Reduction Program
- L. Charitable Contribution Certification
- M. County's Request for Proposals
- N. Contractor's Proposal
- O. Performance Requirements Summary (PRS) Chart
- P. Determination of Contractor Non-Responsibility & Contractor Debarment

### Forms Required at the Time of Contract Execution

- Q. County's Administration
- R. Contractor's Administration
- S1-S3. Contractor Acknowledgement and Confidentiality Agreement

### Additional Exhibits [Incorporated by Reference]

- T. Great-West Financial Records Retention Standard Policy
- U. Empower Employee Background Checks Description
- V. Empower Information Security

**CONTRACT BETWEEN  
COUNTY OF LOS ANGELES  
AND  
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY FOR  
THIRD PARTY ADMINISTRATIVE AND  
COMMUNICATION SERVICES  
(County of Los Angeles Defined Contribution Program)**

This Contract and Exhibits made and entered into this 1<sup>st</sup> day of July, 2019 ("Effective Date") by and between the County of Los Angeles, hereinafter referred to as County and Great-West Life & Annuity Insurance Company, hereinafter referred to as CONTRACTOR. CONTRACTOR's corporate headquarters is located at 8515 E Orchard Rd, Greenwood Village, CO 80111.

78871

**RECITALS**

WHEREAS, the County may contract with private businesses for third party, administrative ("TPA") and communication services when certain requirements are met; and

WHEREAS, the County has adopted (1) the Termination Pick-Up Plan pursuant to Section 401 (a), of the Internal Revenue Code of the United States (the "Code") (if currently open), (2) the Pension Savings Plan pursuant to Section 457(b) of the Code, (3) the Deferred Compensation and Thrift Plan pursuant to Section 457(b) of the Code, and (4) the Savings Plan pursuant to Section 401(k) of the Code, (wherein each is generically identified as "the Plan" or "a Plan," or cumulatively known as "the

Defined Contribution Program"), under which the County, and various entities whose employees are eligible for the Defined Contribution Program pursuant to State or local law, are authorized to provide deferred compensation to their eligible employees; and

WHEREAS, the County has solicited and evaluated proposals from private firms specializing in third party administrative and communication services for defined contribution plans and has determined CONTRACTOR is able to provide such services under terms and conditions that are most advantageous to the County, the Defined Contribution Program, and Participants; and

WHEREAS, the CONTRACTOR is a private firm specializing in providing third party, administrative and communication services; and

WHEREAS, in accordance with Government Code Sections 23005 and 31000, the County may enter into contracts for specialized services;

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for good and valuable consideration, the parties agree to the following:

## **1.0 APPLICABLE DOCUMENTS/INTERPRETATION**

1.1 Exhibits A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S-1, S-2, S-3, T, U, V are attached to and form a part of this Contract. In the event of any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule, or the contents or description of any task, deliverable, goods, service, or other work, or otherwise between the base Contract, including Amendments, such conflict or inconsistency shall be resolved by giving precedence first to the Contract, including Amendments, and then to the Exhibits, according to the following priority.



**Exhibits:**

EXHIBIT A - Statement of Work

EXHIBIT B - Pricing Sheet

EXHIBIT C - Contractor's EEO Certification

EXHIBIT D - Contractor Employee Jury Service Program – Certification Form and Application for Exception

EXHIBIT E - Safely Surrendered Baby Law

EXHIBIT F - Certification of No Conflict of Interest

EXHIBIT G - Familiarity with the County Lobbyist Ordinance Certification

EXHIBIT H - Intentionally Omitted

EXHIBIT I - Attestation of Willingness to Consider Gain/Grow Participants

EXHIBIT J - Intentionally Omitted

EXHIBIT K – Defaulted Property Tax Reduction Program

EXHIBIT L - Charitable Contribution Certification

EXHIBIT M - County's Request for Proposals [Incorporated by Reference]

EXHIBIT N - Contractor's Proposal [Incorporated by Reference]

EXHIBIT O - Performance Requirements Summary (PRS) Chart

EXHIBIT P – Determination of Contractor Non-Responsibility & Contractor Debarment

EXHIBIT Q – County's Administration

EXHIBIT R – Contractor's Administration

EXHIBIT S1-3 – Contractor Acknowledgement and Confidential Agreement

Additional Exhibits [Incorporated by Reference]

- T. Great-West Financial Records Retention Standard Policy
- U. Empower Employee Background Checks Description
- V. Empower Information Security

This Contract and the Exhibits hereto constitute the complete and exclusive statement of understanding between the parties, and supersedes all previous Contracts, written and oral, and all communications between the parties relating to the subject matter of this Contract. No change to this Contract shall be valid unless prepared pursuant to Sub-paragraph 8.1 (Amendments) and signed by both parties.

1.2 **Interpretation.** In construing the terms of this Contract, the following rules shall apply:

- A. Examples provided by using words and phrases such as "include", "including" or "e.g.," shall not be construed as limiting the term clarified thereby. For example, "include" or "including" shall be construed as "include, but not limited to" or "including, but not limited to", respectively.
- B. References in this Contract to Federal, State and/or other governmental statutes, codes, rules, regulations, ordinances, guidelines, directives and/or policies, including those copies of which are attached to this Contract, shall mean and shall be to such statutes, codes, rules, regulations, ordinances, guidelines, directives and/or policies as amended from time to time.
- C. Unless expressly stated otherwise, all approvals, consents, or determinations by or on behalf of County under this Contract will be in writing, and may be given or withheld in the sole discretion or judgment of the person or entity authorized to provide or make such approval, consent, or determination.

## 2.0 DEFINITIONS

The headings herein contained are for convenience and reference only and are not intended to define the scope of any provision thereof. The following words as used herein shall be construed to have the following meaning, unless otherwise apparent from the context in which they are used.

- a. **Additional Services:** Shall have the meaning as set forth in Sub-paragraph 8.1.5.
- b. **Additional Services Agreement:** Shall have the meaning as set forth in Sub-paragraph 8.1.5.
- b1. **Business Day:** From 7:00 a.m. to 7:00 p.m. Pacific Time, Monday through Friday, excluding County observed holidays.
- c. **Chief Executive Officer:** The Chief Executive Officer (the “CEO”) of the County of Los Angeles or his designee.
- d. **Committee(s):** The body/ies that is/are responsible for the administration of the Plans.
- e. **Committee Chair:** CEO or his designee.
- f. **Communications Budget:** Shall have the meaning as set forth in Sub-paragraph 3.2.2.
- g. **Communication Services :** Core Communication Services, Optional Communication Services, and any Supplemental Communication Services, as set forth in Sub-paragraph 8.1.6 and Exhibit A (Statement of Work).
- h. **Confidential Information:** Shall have the meaning set forth in Sub-paragraph 7.8.1.
- i. **Contract:** The agreement executed between County and CONTRACTOR including the Exhibits, Appendices and Amendments thereto executed.
- j. **CONTRACTOR:** The sole proprietor, partnership, or corporation that has entered into a contract with the County to perform or execute the work covered by the Exhibits, Appendices, and any Amendments.
- k. **CONTRACTOR’s Communication Project Manager:** The individual designated by the CONTRACTOR to ensure Participant website and communication related performance, compliance and deliverables are achieved.

- l. **CONTRACTOR's Project Manager:** The individual designated by the CONTRACTOR to administer the Contract operations after the Contract award.
- m. **Core Communication Services:** Those Communication Services, separate from Optional Communication Services, as set forth in this Contract, Sub-paragraphs 3.2.1, 3.2.2 and in Exhibit A (Statement of Work), Section 2.0. Core Communication Services may also at any time be supplemented by a Supplemental Communication Services Agreement, as set forth in this Contract, Sub-paragraph 8.1.6.
- n. **Core Communication Services Costs:** The annual cost per Plan for Core Communication Services as set forth in Exhibit B (Pricing Sheet). Core Communication Services Costs may at any time be supplemented by a Supplemental Communication Services Agreement, as set forth in this Contract, Sub-paragraph 8.1.6.
- o. **County Administrative Fees:** This fee, which is approved by the Committee, covers the County's direct costs associated with administering the Plans, including Core and Optional Communication Services Costs.
- p. **County's Project Director:** Person designated by County with authority for County on contractual or administrative matters relating to this Contract that cannot be resolved by the County's Project Manager.
- q. **County's Project Manager:** Person designated by County's Project Director to manage the operations under this Contract.
- r. **County's Project Monitor:** Person with responsibility to oversee the day to day activities of this Contract, and responsibility for inspections of any and all tasks, deliverables, goods, services and other work provided by the CONTRACTOR.
- s. **Day(s):** Calendar day(s) unless otherwise specified.
- t. **Directed Trustee:** The financial institution with which the County enters into a Trust Agreement.
- u. **Directed Trustee Services:** Those services as set forth in the applicable Trust Agreements between the County and Trustee which

govern the Defined Contribution Program, and as set forth in Exhibit A (Statement of Work), Paragraph 7.2 (Relationship of CONTRACTOR with respect to the Trustee).

- v. **Directed Trustee Services Cost:** The Trustee's annual cost per Plan to provide Directed Trustee Services, as set forth in Exhibit B (Pricing Sheet). The cost to provide Directed Trustee Services are included in TPA Services Fee as set forth in Exhibit B (Pricing Sheet).
- w. **Fiscal Year:** The twelve (12) month period beginning July 1st and ending the following June 30th.
- x. **Implementation Date:** The date following the Transition Period, as defined in Exhibit A of the Contract (Statement of Work) sub-Paragraph 1.6, on which the CONTRACTOR begins providing TPA Services and Communication Services as defined in Appendix B (Statement of Work) of the RFP.
- y. **Implementing Memoranda:** Shall have the meaning as set forth in Sub-paragraph 8.1.4.
- z. **Optional Communication Services:** Those Communication Services, separate from Core Communication Services, which are described in the Communication Budget, as approved by the Committee and as set forth in Sub-paragraph 3.2.2. Optional Communication Services may at any time be supplemented by a Supplemental Communication Services Agreement, as set forth in Sub-paragraph 8.1.6.
- aa. **Optional Communication Services Costs:** The costs for Optional Communication Services, which are described in the Communication Budget, as approved by the Committee and as set forth in Sub-paragraph 3.2.2. Optional Communication Services Costs may at any time be supplemented by a Supplemental Communication Services Agreement, as set forth in Sub-paragraph 8.1.6.
- bb. **Participant(s):** Employees, former employees, alternate payees, and beneficiaries of the Plan(s) with an account balance in a Plan.
- cc. **Relationship Manager:** The individual designated by the CONTRACTOR to oversee client relations and issue resolution.

- dd. **Supplemental Communication Services:** Shall have the meaning as set forth in Sub-paragraph 8.1.6.
- ee. **Supplemental Communication Services Agreement:** Shall have the meaning as set forth in Sub-paragraph 8.1.6.
- ff. **System(s):** Any electronic or computer based system on which the CONTRACTOR maintains Confidential Information.
- gg. **TPA Services:** All record keeping and administrative services, as well as Directed Trustee Services for the Defined Contribution Program. TPA Services include all services set forth in this Contract and Exhibit A (Statement of Work), except for Communication Services. TPA Services may at any time be supplemented by an Additional Services Agreement, as set forth in Sub-paragraph 8.1.5.
- hh. **TPA Services Fees:** The fees for TPA Services (and Directed Trustee Services) as set forth in Exhibit B (Pricing Sheet).
- ii. **Transition Period:** The period of time during which the CONTRACTOR provides transition services, as set forth in the Exhibit A (Statement of Work), Section 1.0.
- jj. **Trust Agreement:** An Agreement executed by the County and Trustee for the purpose of establishing a trust fund for Defined Contribution Program assets.
- kk. **Trustee:** Shall have the meaning as set forth in Exhibit A (Statement of Work), Sub-paragraph 7.1.k.

### 3.0 SCOPE OF WORK

- 3.1 Pursuant to the provisions of this Contract, the CONTRACTOR shall fully perform, complete and deliver on time, all tasks, deliverables, services and other work as set forth herein, including but not limited to those tasks, deliverables, services and other work set forth in Exhibit A (Statement of Work).
- 3.2 Without limiting the foregoing, CONTRACTOR shall provide Core Communication Services as set forth in Exhibit A (Statement of Work), Section 2.9, with such investigative, analytical, creative, production,

secretarial, and clerical support services as may be necessary to perform the services in a professional manner.

3.2.1 CONTRACTOR shall provide the County's Project Manager drafts of communication deliverables prior to final production. All drafts shall reflect compliance with current Plan provisions, and applicable legal and regulatory requirements (e.g., SEC and NASD disclosure requirements), as well as with the Employee Retirement Income Security Act of 1974 (ERISA) disclosure requirements that would be applicable if the Plans were subject to ERISA (including, but not limited to, the disclosure requirements that must be satisfied in order for fiduciaries to be relieved from liability under ERISA Section (404(c)).

3.2.2 CONTRACTOR shall provide the County's Project Manager an annual communications budget (the "Communications Budget") by the first week of January each year for the upcoming fiscal year for approval. The Communications Budget shall identify (i) the annual Core Communication Services Costs, as set forth in Exhibit B (Pricing Sheet); and (ii) any Optional Communication Services Costs which are anticipated for the upcoming fiscal year, and any corresponding sub-components, number of units to be produced based on enrollment needs and population growth, estimated deliverable cost and unit cost, and the production/delivery schedule. Also, the Communications Budget shall identify expenses allocated to the CONTRACTOR, sub-contractor (if any), production, collation, and postage. The Communications Budget shall provide for the drafting and/or update of materials to reflect current Plan provisions and investments.

Upon Committee approval of each fiscal year's Communications Budget, the CONTRACTOR shall maintain a system of record keeping that will allow the CONTRACTOR to determine when it has incurred fifty percent (50%) of each fiscal year's Communications Budget, as approved by the Committee under this Contract. Upon occurrence of this event, the CONTRACTOR shall send written notification to the County's

Project Manager at the address herein provided in Exhibit Q (County's Administration).

- 3.3 If the CONTRACTOR provides any tasks, deliverables, goods, services, or other work, other than as specified in this Contract, the same shall be deemed to be a gratuitous effort on the part of the CONTRACTOR, and the CONTRACTOR shall have no claim whatsoever against the County.

#### **4.0 TERM OF CONTRACT**

- 4.1 The term of this Contract shall be five (5) years and commence upon execution by County's Board of Supervisors (the "Board"), unless sooner terminated or extended, in whole or in part, as provided in this Contract.
- 4.2 The County shall have the sole option to extend this Contract term for up to one (1) additional one-year period and twelve (12) month-to-month extensions, for a maximum total Contract term of seven (7) years. Each such option and extension shall be exercised at the sole discretion of the Committees, or their designees, as authorized by the Board.
- 4.3 The County maintains databases that track/monitor CONTRACTOR performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option.
- 4.4 As the Contract approaches termination, of whatever kind, the County may determine that it may not be in the best interest of the Defined Contribution Program and the Participants to immediately terminate all services with the CONTRACTOR. The County reserves the right to notify the CONTRACTOR that it is to continue providing an adjusted level of service(s), as determined by the County, in its sole discretion, until transition to a new third-party administrator and/or communication services provider is completed, and the CONTRACTOR agrees to enter into an Amendment with the County to provide such service(s) at the then existing rate(s), prorated accordingly.
- 4.5 The CONTRACTOR shall notify the County when this Contract is within eighteen (18) months from the expiration of the term as



provided for hereinabove. Upon occurrence of this event, the CONTRACTOR shall send written notification to County at the address herein provided in Exhibit Q (County's Administration).

## **5.0 CONTRACT SUM**

5.1 The CONTRACTOR shall be paid according to the schedule reflected in Exhibit B (Pricing Sheet).

5.2 The CONTRACTOR shall not be entitled to payment or reimbursement for any tasks or services performed, nor for any incidental or administrative expenses whatsoever incurred in or incidental to performance hereunder, except as set forth in Exhibit B (Pricing Sheet). Without limiting the foregoing, the CONTRACTOR shall only be paid for direct services to the Plans; consequently, the CONTRACTOR shall not invoice the County and no reimbursement will be made for any overhead expenses, project management services, or travel expenses whatsoever.

### **5.3 No Payment for Services Provided Following Expiration/Termination of Contract**

The CONTRACTOR shall have no claim against County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by the CONTRACTOR after the expiration or other termination of this Contract.

Should the CONTRACTOR receive payments after the expiration or termination of this Contract, except as provided above, the CONTRACTOR shall immediately notify County and shall immediately repay all such funds to County. Payment by County for services rendered after expiration/termination of this Contract shall not constitute a waiver of County's right to recover such payment from the CONTRACTOR. This provision shall survive the expiration or other termination of this Contract.

### **5.4 Invoices and Payments**

5.4.1 The CONTRACTOR shall separately invoice the County monthly for TPA Services and Communication Services, only for providing the tasks, deliverables, goods, services, and

other work specified in Exhibit A (Statement of Work), the Communications Budget, as approved by the Committee each year, and elsewhere hereunder. The CONTRACTOR shall prepare invoices, which shall include the charges owed to the CONTRACTOR by the County under the terms of this Contract. The invoice shall provide a detailed description of the services rendered to the Plans as of the last Business Day of the prior month. The CONTRACTOR's payments shall be as provided in Exhibit B (Pricing Sheet) or as provided elsewhere in this Contract, and the CONTRACTOR shall be paid only for the tasks, deliverables, goods, services, and other work approved in writing by the County. If the County does not approve work in writing no payment shall be due to the CONTRACTOR for that work.

5.4.2 The CONTRACTOR's invoices shall be priced in accordance with Exhibit B (Pricing Sheet).

5.4.3 TPA Services invoices - The County shall authorize payment to the CONTRACTOR as set forth in Section 5.4.6 of this Contract in accordance with Exhibit A (Statement of Work) Section 6 (Administrative Accounts). On the last Business Day of each month, the CONTRACTOR shall deduct from individual Participant accounts (with the exception of Pension Savings Plan fees which are to be invoiced to the County and not deducted from Participant accounts) the per Participant TPA Services Fee established in Exhibit B (Pricing Sheet) and deposit the collected fees into the appropriate Administrative Account for each Plan. The aggregate collected fees should equal the charges reflected on the CONTRACTOR's TPA Services invoice for that corresponding month of service and, in the event of a discrepancy, the CONTRACTOR shall notify the County Project Manager. Collected fees shall remain in the Administrative Account until payment to the CONTRACTOR is authorized by the County.

The CONTRACTOR is solely responsible for deducting the per Participant fees from individual Participant accounts on a monthly basis (with the exception of Pension Savings Plan fees which are to be invoiced to the County and not deducted from Participant accounts). If the CONTRACTOR fails to

collect such TPA Services Fees as provided herein, the CONTRACTOR shall waive any rights to such fees and shall hold harmless the individual Participants, the Plans, the County, the Board, the respective Committee and its members and staff from and against any and all claims for such unpaid fees and interest.

Committee Approved Core and Optional Communication Services invoices - CONTRACTOR shall provide an invoice reflecting actual services provided when completed by the end of each month. Invoices shall itemize each communication deliverable and identify expenses corresponding to the CONTRACTOR, sub-contractor (if any), production, collation, and postage. Itemization of invoices for Core Communication Services Costs shall correspond to the Core Communication Services Costs as set forth in Paragraph 3.2.2.

Should a Plan's communication deliverable exceed its itemized budget but the overall Budget for said Plan has an unused balance at the close of fiscal year-end, or, if later, after the final invoice for said fiscal-year's Communications Budget is received by the County's Project Manager, the excess charges may be payable at the discretion of the County's Project Manager. Total amount paid for communication deliverables shall not exceed the Committee approved fiscal year Communication Budget and/or Supplemental Communication Services Agreement(s).

- 5.4.4 The CONTRACTOR shall submit the monthly invoices to the County by the 15<sup>th</sup> calendar day of the month following the month of service.
- 5.4.5 All invoices under this Contract shall be submitted in two (2) copies; one via e-mail and one hard-copy, to the following address:

County of Los Angeles  
Chief Executive Office  
500 W. Temple Street, Room #784  
Los Angeles, CA 90012

Attention: Kimberly Burch-Garcia

#### 5.4.6 **County Approval of Invoices**

All invoices submitted by the CONTRACTOR for payment must be acceptable to the County in form (i.e., necessary level of detail and be properly allocated among the Plans), in its sole discretion, and have the written approval of the County's Project Director prior to any payment thereof. In no event shall the County be liable or responsible for any payment prior to such written approval.

Upon receipt of an invoice, or further information regarding an invoice, the County's Project Manager may reasonably reject or accept all or any part of invoiced costs. CONTRACTOR shall be notified by the County's Project Manager, in writing, of the invoiced costs rejected, and the reason or reasons for such rejection, and be given an opportunity to provide further information.

Upon the County's written approval for payment, the CONTRACTOR is solely responsible for issuing payment to itself pursuant to the Administrative Account and Banking Services procedures established in Exhibit A (Statement of Work), Sections 6.0 and 7.0. If the CONTRACTOR fails to collect such fees within 90 calendar days of the date the County approved the payment, the CONTRACTOR shall waive any rights to such fees and shall hold harmless the individual Participants, the Plans, the County, the Board, the respective Committee and its members and staff from and against any and all claims for such unpaid fees and interest.

## **6.0 ADMINISTRATION OF CONTRACT - COUNTY**

### **COUNTY ADMINISTRATION**

A listing of all County Administration referenced in the following subparagraphs are designated in Exhibit Q (County's Administration). The County shall notify the CONTRACTOR in writing of any change in the names or addresses shown.

## **6.1 County's Project Director**

Responsibilities of the County's Project Director include:

- ensuring that the objectives of this Contract are met;
- authorizing subcontracting, as applicable, by the CONTRACTOR pursuant to Sub-paragraph 8.40 (Subcontracting);
- authorizing requests for payment;
- reviewing the CONTRACTOR's request to use the name of the County, the County Seal and Defined Contribution Program in publicity, in accordance with Sub-paragraph 8.37 (Publicity);
- notifying the CONTRACTOR of termination of the Contract.

## **6.2 County's Project Manager**

The responsibilities of the County's Project Manager include:

- meeting with the CONTRACTOR's Project Manager on a regular basis;
- reviewing invoices for payment authorization;
- providing direction to the CONTRACTOR in the areas relating to County policy, information requirements, and procedural requirements;
- issuing all notices and demands from the County as provided in Sub-paragraph 8.34 (Notices).
- inspecting any and all tasks, deliverables, goods, services, or other work provided by or on behalf of the CONTRACTOR.

The County's Project Manager shall have the right at all times to inspect any and all work, tasks, deliverables, goods, services, and/or other consideration provided by or on behalf of CONTRACTOR to confirm that any technical standards and/or other requirements of CONTRACTOR's performance under this Contract are met. The County's Project Manager is not authorized to make any changes in any of the terms and conditions of this Contract and is not authorized

to further obligate County in any respect whatsoever. The County's Project Manager reports to the County's Project Director.

### **6.3 County's Project Monitor**

The County's Project Monitor is responsible for overseeing the day-to-day administration of this Contract including, without limitation, inspecting any and all tasks, deliverables, goods, services, or other work provided by or on behalf of the CONTRACTOR. The County's Project Monitor reports to the County's Project Manager.

## **7.0 ADMINISTRATION OF CONTRACT - CONTRACTOR**

### **7.1 Contractor's Project Manager**

7.1.1 CONTRACTOR shall designate one principal, Bruce Dale, as the CONTRACTOR's Project Manager, and said principal shall be the primary contact with the County and its staff.

7.1.2 The CONTRACTOR's Project Manager shall be responsible for the CONTRACTOR's day-to-day activities as related to this Contract and shall coordinate with County's Project Manager and County's Project Monitor on a regular basis.

7.1.3 The CONTRACTOR's Project Manager must have five years of experience as a defined contribution plan Relationship Manager with major clients or seven years of experience in the administration and operation of defined contribution plans.

### **Contractor's Communication Project Manager**

7.1.4 CONTRACTOR shall designate one principal, Lisa Hoxha, as the CONTRACTOR's Communication Project Manager, and said principal shall be the primary contact with the Committee and its staff.

7.1.5 The CONTRACTOR's Communication Project Manager shall be responsible for CONTRACTOR's performance relating to Communication Services, assuring compliance with this Contract and responsible for deliverables including reports and presentations to the Committee.

7.1.6 The CONTRACTOR's Communication Project Manager shall meet with the Committee, CEO or designated staff, and other third parties involved with the Plan, at least quarterly (and as many additional times as required), for the purpose of providing advice on Plan communication policy and strategy, reviewing and deciding upon Plan communication materials, resolving business and communication program issues, and discussing related matters.

## **7.2 Contractor's Staff and Approval by County**

CONTRACTOR shall supply sufficient staff to discharge its responsibilities hereunder in a timely and efficient manner, including, without limitation, as required to comply with Exhibit A (Statement of Work).

In fulfillment of its responsibilities under this Contract, CONTRACTOR shall utilize, and permit utilization of, only staff fully trained and experienced, and as appropriate, licensed or certified in the technology, trades, and tasks required by this Contract.

Unless otherwise approved in writing by County's Project Manager, (i) all of CONTRACTOR's staff, or any Sub-CONTRACTOR's staff, performing work under this Contract shall be adults who are legally eligible to work under the laws of the United States of America and the State of California; and (ii) all of CONTRACTOR's staff, or any Sub-CONTRACTOR's staff performing work under this Contract shall perform such work within the United States of America except for the enrollment, beneficiary and distribution services by the CONTRACTOR's Regina, Saskatchewan, Canada staff on the CONTRACTOR's recordkeeping system's servers located in Colorado as needed for excess volume and inclement weather. All of CONTRACTOR's staff, or any Sub-CONTRACTOR's staff, who have direct contact with County or Participants (either by phone or written correspondence) shall be fully fluent in both spoken and written English.

CONTRACTOR represents and warrants that it shall, to the maximum extent possible, take all necessary steps to assure continuity over time of the membership of the group constituting CONTRACTOR's staff, including, but not limited to, CONTRACTOR's Contract Manager and CONTRACTOR's

Communication Project Manager. Otherwise, CONTRACTOR shall promptly fill any staff vacancy with personnel having qualifications at least equivalent to those of the staff member(s) being replaced.

In the event CONTRACTOR should ever need to remove any staff from performing work under this Contract, CONTRACTOR shall provide the County's Project Manager with notice at least fifteen (15) calendar days in advance, except in circumstances in which such timely notice is not possible, and shall work with the County's Project Manager on a mutually agreeable transition plan so as to provide an acceptable replacement and ensure project continuity.

County has the absolute right to approve or disapprove all of the CONTRACTOR's staff performing work hereunder and any proposed changes in the CONTRACTOR's staff, including, but not limited to, the CONTRACTOR's Project Manager, prior to, and during, their performing any work hereunder, as well as so approving or disapproving any proposed deletions from or other changes in such staff. The County may also require replacement of any member of the CONTRACTOR's staff performing, or offering to perform work hereunder, including, but not limited to, CONTRACTOR's Project Manager and CONTRACTOR's Communication Project Manager. Upon request of the County, the CONTRACTOR shall remove from performing work under this Contract any CONTRACTOR staff of which the County disapproves.

### **7.3 Notice to County of Contractor Organizational/Staffing Changes**

CONTRACTOR shall notify the County Project Director within five (5) Business Days of any changes to the CONTRACTOR's corporate structure, including changes to the executives responsible for third party administrator retirement services and those managers that have material responsibility for the services provided under this Contract. The notice shall include the circumstances surrounding the changes and resumes of any new managers.

CONTRACTOR shall provide the County Project Director an organizational chart reflecting the CONTRACTOR's corporate hierarchy, functional units, and the managers and key staff responsible for Plan services. The organizational chart shall identify changes to the structure or staffing since the last submission.



## **7.4 Contractor's Compensation**

CONTRACTOR acknowledges that compensation for all services provided to or related to the Defined Contribution Program shall be paid solely by the County or the Plans in accordance with provisions set forth in Paragraph 5.0 (Contract Sum).

7.4.1 CONTRACTOR shall not accept for CONTRACTOR's own account or the account of an affiliate, shareholder, employee, director, or agent of the CONTRACTOR, directly or indirectly, any form of compensation, including gratuity or services in-kind, from third parties for services directly or indirectly related to the Defined Contribution Program or individual Plan(s). In the event of a third-party proposition, CONTRACTOR shall notify the County within five (5) Business Days of the proposition and disclose all facts of the proposed compensation arrangement; in no event shall CONTRACTOR accept such compensation from a third party.

7.4.2 CONTRACTOR acknowledges that any earnings generated by Plan assets or monetary savings due to Plan operations are to remain in the Plans for the sole benefit of Participants, except as otherwise provided in this sub-paragraph. In addition to record keeping relating to the investment growth within Participant accounts, the CONTRACTOR shall identify all forms of revenue and interest earnings generated by Plan assets in individual and Plan accounts, including but not limited to 12b-1 fees and other rebates, sub-transfer agent fees, and interest earnings generated from the balances within the Defined Contribution Program's bank accounts and Administrative Accounts. Revenue shall be deposited into the appropriate Plan Administrative Account(s) in accordance with Exhibit A (Statement of Work). If the CONTRACTOR has questions about where the revenue or interest earnings should be credited, the CONTRACTOR shall contact the County Project Manager for deposit instructions. CONTRACTOR shall waive any claim to earnings or savings generated by Plan assets.

7.4.3 To the extent the self-directed brokerage account ("SDBA") provider cannot separately report to the CONTRACTOR the

revenue attributable to the SDBA assets of individual plans, the CONTRACTOR agrees that all revenues generated by the SDBA will be used to reduce the CONTRACTOR's per-Participant linkage fees for providing the SDBA and shall notify County that Plan-level reporting of the revenues directly generated by the SDBA is not available. The CONTRACTOR agrees to work with the County Project Manager to develop a meaningful method of reporting to the County the quarterly revenues earned by CONTRACTOR and attributable to the SDBA assets.

## **7.5 Contractor's Staff Compensation**

7.5.1 Pursuant to Sub-paragraph 8.22 (Independent CONTRACTOR Status), the CONTRACTOR shall be solely responsible for the compensation of the CONTRACTOR's staff providing services pursuant to this Contract, including but not limited to the Defined Contribution Program and Participants.

7.5.2 CONTRACTOR shall provide the CONTRACTOR's staff with a salary and benefits package necessary to retain talent that is competitive within the investment/retirement industry.

7.5.3 CONTRACTOR's staff shall not be compensated by commission nor solicit additional fee(s) for services pursuant to this Contract, including but not limited to the Defined Contribution Program and Participants. The CONTRACTOR shall immediately notify the County's Project Manager of any violation of this provision.

## **7.6 Contractor's Staff Identification**

CONTRACTOR shall provide, at CONTRACTOR's expense, all CONTRACTOR's staff providing services under this Contract at a County facility with a photo identification badge. The badge shall include the name of both the CONTRACTOR and staff. The badge shall not include the County seal.

## **7.7 Background and Security Investigations**

At any time during the term of this Contract, the County may require

that all CONTRACTOR's staff performing work under this Contract undergo and pass, to the satisfaction of CONTRACTOR, a background investigation, in accordance with the Empower's current Employee Background Checks Description, attached as Exhibit U, as a condition of beginning and continuing to work under this Contract. Any background investigation performed by the CONTRACTOR shall comply with applicable federal, state (including, to the extent required by law, California Government Code section 12952), or local employment, labor, or right to privacy laws. In addition, CONTRACTOR shall require CONTRACTOR's Financial Industry Regulatory Authority (FINRA) registered staff performing work under this Contract to complete an annual Form U4 Certification.

7.7.1 All costs associated with the background investigation shall be the expense of the CONTRACTOR, regardless if the CONTRACTOR's staff passes or fails the background investigation.

7.7.2 Without limiting Sub-paragraph 7.2 (CONTRACTOR's Staff and Approval by County), County may require that any of the CONTRACTOR's staff be immediately removed from working on the Contract at any time during the Transition Period, and CONTRACTOR shall remove and replace such staff to County's satisfaction.

7.7.3 County may deny or terminate facility access to the CONTRACTOR's staff whose background or conduct is determined by the County, in its sole discretion, to be incompatible with County facility access.

7.7.4 Disqualification of any member of CONTRACTOR's staff pursuant to this Sub-paragraph 7.7 shall not relieve CONTRACTOR of its obligation to complete all work in accordance with the terms and conditions of this Contract.

## **7.8 CONFIDENTIALITY AND SECURITY**

7.8.1 CONTRACTOR shall maintain the confidentiality of all its records, including but not limited to billing, County records, case records, materials, documents, data, and/or other information received, obtained, transmitted, and/or produced

under the provisions of this Contract ("County's Confidential Information") in accordance with all applicable Federal, State and local laws, regulations, ordinances and directives relating to confidentiality. CONTRACTOR shall not disclose to any person or entity any information identifying, characterizing, or relating to any trait, feature, function, risk, threat, vulnerability, weakness, or problem regarding any data or system security in County's computer system(s) nor any safeguard, counter-measure, contingency plan, policy, or procedure for any data or system security contemplated or implemented by County, without County's prior written approval. The CONTRACTOR shall comply with applicable security procedures and requirements as set forth in this Contract. CONTRACTOR shall inform all of its officers, employees, and agents providing services hereunder of the confidentiality provisions of this Contract.

#### 7.8.2 Information Security Requirements

- a) **Data Encryption.** CONTRACTOR and any approved SUBCONTRACTORS that electronically transmit or store personally identifiable information ("PII"), shall comply with the encryption standards set forth below. PII is defined as any information provided by an individual to get a financial product or service, including (1) any information that can be used to distinguish or trace an individual's identity, such as name, social security number, date and place of birth, mother's maiden name, or biometric records; and (2) any other information that is linked or linkable to an individual, such as medical, educational, financial, and employment information. Notwithstanding the foregoing, PII shall not include publicly available information that is lawfully made available to the general public from federal, state or local government records or widely distributed media.
  
- (i) **Stored Data.** CONTRACTOR's and SUBCONTRACTORS' workstations and portable devices (e.g., mobile, wearables, tablets, thumb drives, external hard drives) require encryption (i.e. software and/or hardware) in accordance with, industry standard and accepted encryption practices, including minimum standards for algorithms and cipher strengths based on Federal Information Processing Standard Publication

(FIPS) 140-2. Additionally, CONTRACTOR's security policies and supporting standards require standard key management practices. Advanced Encryption Standard (AES) with cipher strength of 256-bit, or equivalent, is minimally required. In addition, CONTRACTOR shall comply with the information security procedures set forth in Exhibit V (Empower Information Security).

- (ii) **Transmitted Data.** CONTRACTOR'S documented data transmission processes for County PII meet industry standard (currently ISO) and accepted encryption practices, including minimum standards for algorithms and cipher strengths and key management. Additionally, CONTRACTOR's security policies and supporting standards require standard key management practices. Secure Sockets Layer (SSL) is minimally required with minimum cipher strength of 128-bit.
  - (iii) **Certification.** County must receive within ten (10) Business Days of its request, a certification from CONTRACTOR (for itself and any SUBCONTRACTORS) that certifies and validates compliance with the encryption standards set forth above. Failure on the part of the CONTRACTOR to comply with any of the provisions of this Sub-paragraph 7.8.2 (Data Encryption) shall constitute a material breach of this Contract upon which the County may terminate or suspend this Contract.
- b. **Security Incident.** A "Security Incident" shall mean the successful unauthorized access, use, disclosure, modification or interference with system operations in an information system, that results in an unauthorized disclosure of County Information and/or information related to County Employees.
- (i) CONTRACTOR will promptly notify (but in no event more than three (3) business days after the detection of a Security Incident) the designated County security contact and CEO by telephone and subsequently via written letter of any actual security attacks or Security Incidents.
  - (ii) The notice shall include the approximate date and time of the occurrence and a summary of the relevant facts, including a description of measures being taken to address the

occurrence. A Security Incident includes instances in which internal personnel access systems in excess of their user rights or use the systems inappropriately that results in the unauthorized disclosure of County PII to a third party.

- (iii) Deleted.

### **7.8.3 Return of Confidential Information**

On County's written request or upon expiration or termination of this Contract for any reason, CONTRACTOR will promptly: (a) return all originals and copies of all documents and materials it has received containing COUNTY's Confidential Information; or (b) if return is not permissible under applicable law and CONTRACTOR'S Records Retention Standard Policy, attached hereto as Exhibit T, continue to protect such information in accordance with the terms of this Contract; and provide a notarized written statement to County certifying that all documents and materials referred to in Subsection 8.36.1 have been delivered to County or destroyed, as requested by County.

## **8.0 STANDARD TERMS AND CONDITIONS**

### **8.1 AMENDMENTS**

- 8.1.1 Unless provided elsewhere within this Contract, for any change which affects the scope of work, service, term, Contract Sum, payments, or any term or condition included under this Contract, an amendment ("Amendment") shall be prepared and executed by the CONTRACTOR and by the Chief Executive Officer or his designee.
- 8.1.2 The County's Board of Supervisors or CEO or designee may require the addition and/or change of certain terms and conditions in the Contract during the term of this Contract. The County reserves the right to add and/or change such provisions as required by the County's Board of Supervisors or CEO. To implement such changes, an Amendment to the Contract shall be prepared and executed by the CONTRACTOR and by the CEO.

- 8.1.3 The Committees, or their designees, may at their sole discretion, authorize extensions of time as defined in Paragraph 4.0 (Term of Contract). The CONTRACTOR agrees that such extensions of time shall not change any other term or condition of this Contract during the period of such extensions. To implement an extension of time, an Amendment to the Contract shall be prepared and executed by the CONTRACTOR and by the Committees' Chair.
- 8.1.4 IMPLEMENTING MEMORANDA. The County and CONTRACTOR recognize that a close degree of cooperation will be required to implement the services detailed in this Contract. The parties further recognize that a certain amount of flexibility will be required to adapt to presently unforeseen circumstances and to improve administration of the Defined Contribution Program. To preserve such flexibility, certain items have been covered in this Contract in general terms only with the understanding that details are to be set forth in an implementing memoranda amendment ("Implementing Memoranda") to be executed at a later date. Implementing Memoranda shall also be used to clarify or extrapolate additional details of services already described within this Contract. Each Implementing Memoranda shall be approved and executed by the CEO or designee, and the CONTRACTOR, and shall be attached hereto as an addendum to the Contract and become part of the Contract. The Implementing Memoranda may be changed and amended from time to time as necessary with the approval and execution of the CEO or designee, and the CONTRACTOR.
- 8.1.5 AMENDMENTS FOR ADDITIONAL SERVICES. The CEO or designee is authorized to negotiate with the CONTRACTOR for any additional unanticipated but necessary services and/or work for the Defined Contribution Program, other than Communication Services, that is not reflected in Exhibit A (Statement of Work) ("Additional Services"). CONTRACTOR's hourly billing rate for Additional Services, as set forth in Exhibit B (Pricing Sheet), shall be used as the basis for determining the CONTRACTOR's cost, if any, of the Additional Services. Such Additional Service(s) shall be set forth in writing and

executed as follows: the CEO or designee is authorized to negotiate an additional services agreement ("Additional Services Agreement") provided that (1) the cost, if any, to each Plan for each Additional Services Agreement does not exceed \$75,000 in any one fiscal year, and (2) the aggregate fiscal year cost, if any, to each Plan of all Additional Services Agreements with the CONTRACTOR that are authorized by the CEO or designee during each fiscal year does not exceed \$300,000.

8.1.6 AMENDMENTS FOR SUPPLEMENTAL COMMUNICATION SERVICES. The CEO or designee is authorized to negotiate with the CONTRACTOR and amend the Communications Budget for any additional unanticipated but necessary Communication Services, that may or may not be reflected in the Communications Budget ("Supplemental Communication Services"). CONTRACTOR's hourly billing rate for Supplemental Communication Services, as set forth in Exhibit B (Pricing Sheet), shall be used as the basis for determining the CONTRACTOR's cost, if any, of the Supplemental Communication Services. Such Supplemental Communication Services shall be set forth in writing and executed as follows: the CEO or designee is authorized to negotiate a supplemental Communication Services agreement ("Supplemental Communication Services Agreement") that revises the Communications Budget, provided that (1) the cost, if any, to each Plan for each Supplemental Communication Services Agreement does not exceed \$75,000 in any one fiscal year, and (2) the aggregate fiscal year cost, if any, to each Plan of all Supplemental Communication Services Agreements with the CONTRACTOR that are authorized by the CEO or designee during each fiscal year does not exceed \$300,000.

8.1.7 The Committees, or their designees, will have the authority to revise the content and cost of the Communication Services.

## **8.2 ASSIGNMENT AND DELEGATION**

8.2.1 The CONTRACTOR shall not assign its rights or delegate its



duties under this Contract, or both, whether in whole or in part, without the prior written consent of County, in its discretion, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this sub-paragraph, County consent shall require a written amendment to the Contract, which is formally approved and executed by the parties, and shall not be unreasonably withheld. Any payments by the County to any approved delegate or assignee on any claim under this Contract shall be deductible, at County's sole discretion, against the claims, which the CONTRACTOR may have against the County.

8.2.2 Shareholders, partners, members, or other equity holders of CONTRACTOR may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, or divestment is effected in such a way as to give majority control of CONTRACTOR to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of the Contract, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Contract.

8.2.3 Any assumption, assignment, delegation, or takeover of any of the CONTRACTOR's duties, responsibilities, obligations, or performance of same by any entity other than the CONTRACTOR, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of the Contract which may result in the termination of this Contract. In the event of such termination, County shall be entitled to pursue the same remedies against CONTRACTOR as it could pursue in the event of default by CONTRACTOR.

### **8.3 AUTHORIZATION WARRANTY**

The CONTRACTOR represents and warrants that the person executing this Contract for the CONTRACTOR is an authorized agent who has actual authority to bind the CONTRACTOR to each and

every term, condition, and obligation of this Contract and that all requirements of the CONTRACTOR have been fulfilled to provide such actual authority.

#### **8.4 BUDGET REDUCTIONS**

In the event that the County's Board of Supervisors adopts, in any fiscal year, a County Budget which provides for reductions in the salaries and benefits paid to the majority of County employees and imposes similar reductions with respect to County Contracts, the County reserves the right to reduce its payment obligation under this Contract correspondingly for that fiscal year and any subsequent fiscal year during the term of this Contract (including any extensions), and the services to be provided by the CONTRACTOR under this Contract shall also be reduced correspondingly. The County's notice to the CONTRACTOR regarding said reduction in payment obligation shall be provided within thirty (30) calendar days of the Board's approval of such actions. Except as set forth in the preceding sentence, the CONTRACTOR shall continue to provide all of the services set forth in this Contract.

#### **8.5 COMPLAINTS**

The CONTRACTOR shall develop, maintain and operate procedures for receiving, investigating and responding to complaints.

- 8.5.1 Within thirty (30) Business Days after Contract Effective Date, the CONTRACTOR shall provide the County with the CONTRACTOR's policy for receiving, investigating and responding to user complaints.
- 8.5.2 The County will review the CONTRACTOR's policy and provide the CONTRACTOR with approval of said plan or with requested changes.
- 8.5.3 If the County requests changes in the CONTRACTOR's policy, the CONTRACTOR shall make such changes and resubmit the plan within five (5) Business Days for County approval.
- 8.5.4 If, at any time, the CONTRACTOR wishes to change the CONTRACTOR's policy, the CONTRACTOR shall submit

proposed changes to the County for approval before implementation.

- 8.5.5 The CONTRACTOR shall investigate all complaints and provide a summary within the Quarterly Administrative Report, as specified in Exhibit A (Statement of Work). The complaint summary shall be in a format approved by the County and will include complaints received in-person, by telephone and written correspondence, the number of complaints, the subject matter, and status.
- 8.5.6 When complaints cannot be resolved informally, a system of follow-through shall be instituted which adheres to formal plans for specific actions and strict time deadlines.
- 8.5.7 Copies of all written responses shall be included in the Quarterly Administrative Report with Participant names omitted.

## **8.6 COMPLIANCE WITH APPLICABLE LAW**

- 8.6.1 In the performance of this Contract, CONTRACTOR shall comply with all applicable Federal, State and local laws, rules, regulations, ordinances, directives, guidelines, policies and procedures, and all provisions required thereby to be included in this Contract are hereby incorporated herein by reference. As specified in Exhibit A (Statement of Work), CONTRACTOR also agrees to comply with (i) the disclosure requirements for service providers set forth in 29 C.F.R. Section 2550.408b-2(c) that would apply if the Plans were subject to ERISA; and (ii) the disclosure requirements applicable to plans governed by ERISA, including but not limited to the disclosure requirements that must be satisfied in order for fiduciaries to be relieved from liability under ERISA Section 404(c), as though ERISA applied. The CONTRACTOR also agrees to comply with the ERISA Section 404 to the extent such section would apply to CONTRACTOR if the Plans were subject to ERISA. The foregoing ERISA provisions shall be treated as applicable law for the purposes of this Section 8.6.
- 8.6.2 CONTRACTOR shall indemnify, defend, and hold harmless County, its officers, employees, and agents, from and against

any and all claims, demands, damages, liabilities, losses, costs, and expenses, including, without limitation, defense costs and legal, accounting and other expert, consulting or professional fees, arising from, connected with, or related to any failure by CONTRACTOR, its officers, employees, agents, or subcontractors, to comply with any such laws, rules, regulations, ordinances, directives, guidelines, policies, or procedures, as determined by County in its sole judgment. Any legal defense pursuant to CONTRACTOR's indemnification obligations under this Sub-paragraph 8.6 shall be conducted by CONTRACTOR and performed by counsel selected by CONTRACTOR and approved by County. Notwithstanding the preceding sentence, County shall have the right to participate in any such defense at its sole cost and expense, except that in the event CONTRACTOR fails to provide County with a full and adequate defense, as determined by County in its sole judgment, County shall be entitled to retain its own counsel, including, without limitation, County Counsel, and reimbursement from CONTRACTOR for all such costs and expenses incurred by County in doing so. CONTRACTOR shall not have the right to enter into any settlement, agree to any injunction or other equitable relief, or make any admission, in each case, on behalf of County without County's prior written approval.

## **8.7 COMPLIANCE WITH CIVIL RIGHTS LAWS**

The CONTRACTOR hereby assures that it will comply with Subchapter VI of the Civil Rights Act of 1964, 42 USC Sections 2000 (e) (1) through 2000 (e) (17), to the end that no person shall, on the grounds of race, creed, color, sex, religion, ancestry, age, condition of physical handicap, marital status, political affiliation, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract or under any project, program, or activity supported by this Contract. The CONTRACTOR shall comply with Exhibit C (CONTRACTOR's EEO Certification).

## **8.8 COMPLIANCE WITH THE COUNTY'S JURY SERVICE PROGRAM**

### **8.8.1 Jury Service Program:**

This Contract is subject to the provisions of the County's ordinance entitled CONTRACTOR Employee Jury Service ("Jury Service Program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code, a copy of which is attached as Exhibit D and incorporated by reference into and made a part of this Contract.

#### 8.8.2 **Written Employee Jury Service Policy.**

1. Unless the CONTRACTOR has demonstrated to the County's satisfaction either that the CONTRACTOR is not a "CONTRACTOR" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that the CONTRACTOR qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code), the CONTRACTOR shall have and adhere to a written policy that provides that its Employees shall receive from the CONTRACTOR, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the CONTRACTOR or that the CONTRACTOR deduct from the Employee's regular pay the fees received for jury service.
2. For purposes of this sub-paragraph, "CONTRACTOR" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County CONTRACTOR and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts. "Employee" means any California resident who is a full-time employee of the CONTRACTOR. "Full-time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) CONTRACTOR has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If the CONTRACTOR uses any

Subcontractor to perform services for the County under the Contract, the Subcontractor shall also be subject to the provisions of this sub-paragraph. The provisions of this sub-paragraph shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

3. If the CONTRACTOR is not required to comply with the Jury Service Program when the Contract commences, the CONTRACTOR shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and the CONTRACTOR shall immediately notify the County if the CONTRACTOR at any time either comes within the Jury Service Program's definition of "CONTRACTOR" or if the CONTRACTOR no longer qualifies for an exception to the Jury Service Program. In either event, the CONTRACTOR shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Contract and at its sole discretion, that the CONTRACTOR demonstrate, to the County's satisfaction that the CONTRACTOR either continues to remain outside of the Jury Service Program's definition of "CONTRACTOR" and/or that the CONTRACTOR continues to qualify for an exception to the Program.
4. CONTRACTOR's violation of this sub-paragraph of the Contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract and/or bar the CONTRACTOR from the award of future County contracts for a period of time consistent with the seriousness of the breach.

## **8.9 CONFLICT OF INTEREST**

- 8.9.1 No County employee whose position with the County enables such employee to influence the award of this Contract or any competing Contract, and no spouse or economic dependent of such employee, shall be employed in any capacity by the CONTRACTOR or have any other direct or indirect financial interest in this Contract. No officer or employee of the

CONTRACTOR who may financially benefit from the performance of work hereunder shall in any way participate in the County's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence the County's approval or ongoing evaluation of such work.

- 8.9.2 The CONTRACTOR shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Contract. The CONTRACTOR warrants that it is not now aware of any facts that create a conflict of interest. If the CONTRACTOR hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to the County. Full written disclosure shall include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances. Failure to comply with the provisions of this sub-paragraph shall be a material breach of this Contract.

#### **8.10 CONSIDERATION OF HIRING COUNTY EMPLOYEES TARGETED FOR LAYOFF/OR RE-EMPLOYMENT LIST**

Should the CONTRACTOR require additional or replacement personnel after the Effective Date of this Contract to perform the services set forth herein, the CONTRACTOR shall give first consideration for such employment openings to qualified, permanent County employees who are targeted for layoff or qualified, former County employees who are on a re-employment list during the life of this Contract.

#### **8.11 CONSIDERATION OF HIRING GAIN/GROW PARTICIPANTS**

- 8.11.1 Should the Contractor require additional or replacement personnel after the effective date of this Contract, the Contractor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program, which is attached as Exhibit I who meet the Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that the Contractor will interview qualified candidates. The County will refer GAIN/GROW participants by job category to the Contractor.

Contractors shall report all job openings with job requirements to [GAINGROW@DPSS.LACOUNTY.GOV](mailto:GAINGROW@DPSS.LACOUNTY.GOV) and the Department of Workforce Development, Aging and Community Services at [BSERVICES@WDACS.LACOUNTY.GOV](mailto:BSERVICES@WDACS.LACOUNTY.GOV) and DPSS will refer qualified GAIN/GROW job candidates.

- 8.11.2 In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority as defined in Paragraph 10. CONSIDERATION OF HIRING COUNTY EMPLOYEES TARGETED FOR LAYOFF/OR RE-EMPLOYMENT LIST OR COUNTY EMPLOYEE'S RIGHT OF FIRST REFUSAL AND CONTRACTOR'S OFFERS OF EMPLOYMENT.

## **8.12 CONTRACTOR RESPONSIBILITY AND DEBARMENT**

### **8.12.1 Responsible Contractor**

A responsible CONTRACTOR is a CONTRACTOR who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the County's policy to conduct business only with responsible CONTRACTORS.

### **8.12.2 Chapter 2.202 of the County Code**

The CONTRACTOR is hereby notified that, in accordance with Chapter 2.202 of the County Code, if the County acquires information concerning the performance of the CONTRACTOR on this or other contracts which indicates that the CONTRACTOR is not responsible, the County may, in addition to other remedies provided in the Contract, debar the CONTRACTOR from bidding or proposing on, or being awarded, and/or performing work on County contracts for a specified period of time, which generally will not exceed five years but may exceed five years or be permanent if warranted by the circumstances, and terminate any or all existing Contracts the CONTRACTOR may have with the County.

### **8.12.3 Non-responsible Contractor**

The County may debar a CONTRACTOR if the Board of Supervisors finds, in its discretion, that the CONTRACTOR



has done any of the following: (1) violated a term of a contract with the County or a nonprofit corporation created by the County, (2) committed an act or omission which negatively reflects on the CONTRACTOR's quality, fitness or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County or any other public entity.

#### 8.12.4 **Contractor Hearing Board**

1. If there is evidence that the CONTRACTOR may be subject to debarment, the Chief Executive Office ("Department") will notify the CONTRACTOR in writing of the evidence which is the basis for the proposed debarment and will advise the CONTRACTOR of the scheduled date for a debarment hearing before the CONTRACTOR Hearing Board.
2. The CONTRACTOR Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The CONTRACTOR and/or the CONTRACTOR's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the CONTRACTOR Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether the CONTRACTOR should be debarred, and, if so, the appropriate length of time of the debarment. The CONTRACTOR and the Department shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.
3. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision, and any other recommendation of the CONTRACTOR Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors

shall have the right to modify, deny, or adopt the proposed decision and recommendation of the CONTRACTOR Hearing Board.

4. If a CONTRACTOR has been debarred for a period longer than five (5) years, that CONTRACTOR may after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the CONTRACTOR has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the County.
5. The CONTRACTOR Hearing Board will consider a request for review of a debarment determination only where (1) the CONTRACTOR has been debarred for a period longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the CONTRACTOR Hearing Board will provide notice of the hearing on the request. At the hearing, the CONTRACTOR Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the CONTRACTOR Hearing Board pursuant to the same procedures as for a debarment hearing.
6. The CONTRACTOR Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate

the debarment. The CONTRACTOR Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the CONTRACTOR Hearing Board.

#### **8.12.5 Subcontractors of Contractor**

These terms shall also apply to Subcontractors of County CONTRACTORS.

### **8.13 CONTRACTOR'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW**

8.13.1 The CONTRACTOR acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The CONTRACTOR understands that it is the County's policy to encourage all County contractors to voluntarily post the County's "Safely Surrendered Baby Law" poster, in Exhibit E, in a prominent position at the CONTRACTOR's place of business. The CONTRACTOR will also encourage its subcontractors, if any, to post this poster in a prominent position in the subcontractor's place of business. Information and posters for printing are available at [www.babysafela.org](http://www.babysafela.org).

### **8.14 CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM**

8.14.1 The CONTRACTOR acknowledges that the County has established a goal of ensuring that all individuals who benefit financially from the County through Contract are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the County and its taxpayers.

8.14.2 As required by the County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting the CONTRACTOR's duty under this Contract to comply with all applicable provisions of law, the CONTRACTOR warrants

that it is now in compliance and shall during the term of this Contract maintain in compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child, Family or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

#### **8.15 COUNTY'S QUALITY ASSURANCE PLAN**

The County or its agent(s) will monitor the CONTRACTOR's performance under this Contract on not less than an annual basis. Such monitoring will include assessing the CONTRACTOR's compliance with all Contract terms and conditions and performance standards. CONTRACTOR deficiencies which the County determines are significant or continuing and that may place performance of the Contract in jeopardy if not corrected will be reported to the Board of Supervisors and listed in the appropriate CONTRACTOR performance database. The report to the Board will include improvement/corrective action measures taken by the County and the CONTRACTOR. If improvement does not occur consistent with the corrective action measures, the County may terminate this Contract or impose other penalties as specified in this Contract.

#### **8.16 DAMAGE TO COUNTY FACILITIES, BUILDINGS OR GROUNDS**

8.16.1 The CONTRACTOR shall repair, or cause to be repaired, at its own cost, any and all damage to County facilities, buildings, or grounds caused by the CONTRACTOR or employees or agents of the CONTRACTOR. Such repairs shall be made immediately after the CONTRACTOR has become aware of such damage, but in no event later than thirty (30) days after the occurrence.

8.16.2 If the CONTRACTOR fails to make timely repairs, County may make any necessary repairs. All costs incurred by County, as determined by County, for such repairs shall be

repaid by the CONTRACTOR by cash payment upon demand.

## **8.17 EMPLOYMENT ELIGIBILITY VERIFICATION**

8.17.1 The CONTRACTOR warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens and others and that all its employees performing work under this Contract meet the citizenship or alien status requirements set forth in Federal and State statutes and regulations. The CONTRACTOR shall obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by Federal and State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, (P.L. 99-603), or as they currently exist and as they may be hereafter amended. The CONTRACTOR shall retain all such documentation for all covered employees for the period prescribed by law.

8.17.2 The CONTRACTOR shall indemnify, defend, and hold harmless, the County, its agents, officers, and employees from employer sanctions and any other liability which may be assessed against the CONTRACTOR or the County or both in connection with any alleged violation of any Federal or State statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Contract.

## **8.18 FACSIMILE REPRESENTATIONS**

The County and the CONTRACTOR hereby agree to regard facsimile representations of original signatures of authorized officers of each party, when appearing in appropriate places on Amendments, including but not limited to Implementing Memoranda, Additional Services Agreements, and Supplemental Communication Services Agreements prepared pursuant to Sub-paragraph 8.1 (Amendments), and received via communication facilities, as legally sufficient evidence that such original signatures have been affixed to Amendments to this Contract, such that the parties need not follow up facsimile transmissions of such documents with subsequent (non-facsimile) transmission of "original" versions of such documents.

## **8.19 FAIR LABOR STANDARDS**

The CONTRACTOR shall comply with all applicable provisions of the Federal Fair Labor Standards Act and shall indemnify, defend, and hold harmless the County and its agents, officers, and employees from any and all liability, including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law, including, but not limited to, the Federal Fair Labor Standards Act, for work performed by the CONTRACTOR's employees for which the County may be found jointly or solely liable.

## **8.20 FORCE MAJEURE**

8.20.1 Neither party shall be liable for such party's failure to perform its obligations under and in accordance with this Contract, if such failure arises out of fires, floods, epidemics, quarantine restrictions, other natural occurrences, strikes, lockouts (other than a lockout by such party or any of such party's subcontractors), freight embargoes, or other similar events to those described above, but in every such case the failure to perform must be totally beyond the control and without any fault or negligence of such party (such events are referred to in this sub-paragraph as "force majeure events").

8.20.2 Notwithstanding the foregoing, a default by a subcontractor of CONTRACTOR shall not constitute a force majeure event, unless such default arises out of causes beyond the control of both CONTRACTOR and such subcontractor, and without any fault or negligence of either of them. In such case, CONTRACTOR shall not be liable for failure to perform, unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit CONTRACTOR to meet the required performance schedule. As used in this sub-paragraph, the term "subcontractor" and "subcontractors" mean subcontractors at any tier.

8.20.3 In the event CONTRACTOR's failure to perform arises out of a force majeure event, CONTRACTOR agrees to use commercially reasonable best efforts to obtain goods or services from other sources, if applicable, and to otherwise

mitigate the damages and reduce the delay caused by such force majeure event.

## **8.21 GOVERNING LAW, JURISDICTION, AND VENUE**

This Contract shall be governed by, and construed in accordance with, the laws of the State of California. The CONTRACTOR agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Contract and further agrees and consents that venue of any action brought hereunder shall be exclusively in the County of Los Angeles.

## **8.22 INDEPENDENT CONTRACTOR STATUS**

8.22.1 This Contract is by and between the County and the CONTRACTOR and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between the County and the CONTRACTOR. The employees and agents of one party shall not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever.

8.22.2 The CONTRACTOR shall be solely liable and responsible for providing to, or on behalf of, all persons performing work pursuant to this Contract all compensation and benefits. The County shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, Federal, State, or local taxes, or other compensation, benefits, or taxes for any personnel provided by or on behalf of the CONTRACTOR.

8.22.3 The CONTRACTOR understands and agrees that all persons performing work pursuant to this Contract are, for purposes of Workers' Compensation liability, solely employees of the CONTRACTOR and not employees of the County. The CONTRACTOR shall be solely liable and responsible for furnishing any and all Workers' Compensation benefits to any person as a result of any injuries arising from or connected with any work performed by or on behalf of the CONTRACTOR pursuant to this Contract.

8.22.4 The CONTRACTOR shall adhere to the provisions stated in Sub-paragraph 7.8 (Confidentiality and Security).

### **8.23 INDEMNIFICATION**

The CONTRACTOR shall indemnify, defend and hold harmless each Plan and the respective Committees and members and alternates and staff, the Defined Contribution Program as a whole, the County, its Special Districts, elected and appointed officers, employees, agents and volunteers ("County Indemnitees"), (excluding CONTRACTOR) from and against any and all liability, including but not limited to demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees), arising from and/or relating to the CONTRACTOR's acts and/or omissions, relating to this Contract, except for and to the extent such loss or damage is attributable to County Indemnitees or direction of any third party retained by the County Indemnitees to provide services relating to the Plan, including but not limited to an investment advisor, or any authorized agent thereof.

### **8.24 GENERAL PROVISIONS FOR ALL INSURANCE COVERAGE**

Without limiting CONTRACTOR's indemnification of County, and in the performance of this Contract and until all of its obligations pursuant to this Contract have been met, CONTRACTOR shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in Sub-paragraphs 8.24 and 8.25 of this Contract. These minimum insurance coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon CONTRACTOR pursuant to this Contract. The County in no way warrants that the Required Insurance is sufficient to protect the CONTRACTOR for liabilities which may arise from or relate to this Contract.

#### **8.24.1 Evidence of Coverage and Notice to County**

- Certificate(s) of insurance coverage (Certificate) satisfactory to County, and a copy of an Additional Insured endorsement confirming County and its Agents (defined below) has been given Insured status under the



CONTRACTOR's General Liability policy, shall be delivered to County at the address shown below and provided prior to commencing services under this Contract.

- Renewal Certificates shall be provided to County no later than 30 days after CONTRACTOR's policy expiration dates.
- Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Contract by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of the CONTRACTOR identified as the contracting party in this Contract. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding fifty thousand (\$50,000.00) dollars, and list any County required endorsement forms.
- Neither the County's failure to obtain, nor the County's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the CONTRACTOR, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

Certificates and copies of any required endorsements shall be sent to:

County of Los Angeles  
Chief Executive Office  
500 W. Temple Street, Room #784  
Los Angeles, CA 90012  
Attention: Kimberly Burch-Garcia

CONTRACTOR also shall promptly report to County any injury or property damage accident or incident, including any

injury to a CONTRACTOR employee occurring on County property, and any loss, disappearance, destruction, misuse, or theft of County property, monies or securities entrusted to CONTRACTOR. CONTRACTOR also shall promptly notify County of any third-party claim or suit filed against CONTRACTOR which arises from or relates to this Contract, and could result in the filing of a claim or lawsuit against CONTRACTOR and/or County.

#### **8.24.2 Additional Insured Status and Scope of Coverage**

The County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively County and its Agents) shall be provided additional insured status under CONTRACTOR's General Liability policy with respect to liability arising out of CONTRACTOR's ongoing and completed operations performed on behalf of the County. County and its Agents additional insured status shall apply with respect to liability and defense of suits arising out of the CONTRACTOR's acts or omissions. The full policy limits and scope of protection also shall apply to the County and its Agents as an additional insured, even if they exceed the County's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

#### **8.24.3 Cancellation of or Changes in Insurance**

CONTRACTOR shall provide County with, or CONTRACTOR's insurance policies shall contain a provision that County shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change, except notice to the County shall be provided within thirty (30) days after cancellation if CONTRACTOR does not receive notice prior to the cancellation or change. Failure to provide written notice of

cancellation or any change in Required Insurance may constitute a material breach of the Contract, in the sole discretion of the County, upon which the County may suspend or terminate this Contract.

#### **8.24.4 Failure to Maintain Insurance**

CONTRACTOR's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Contract, upon which County immediately may withhold payments due to CONTRACTOR, and/or suspend or terminate this Contract. County, at its sole discretion, may obtain damages from CONTRACTOR resulting from said breach. Alternatively, the County may purchase the Required Insurance, and without further notice to CONTRACTOR, deduct the premium cost from sums due to CONTRACTOR or pursue CONTRACTOR reimbursement.

#### **8.24.5 Insurer Financial Ratings**

Coverage shall be placed with insurers with A.M. Best ratings of not less than A:VII unless otherwise approved by County.

#### **8.24.6 Contractor's Insurance Shall Be Primary**

CONTRACTOR's insurance policies, with respect to any claims related to this Contract, shall be primary with respect to all other sources of coverage available to CONTRACTOR. Any County maintained insurance or self-insurance coverage shall be in excess of and not contribute to any CONTRACTOR coverage.

#### **8.24.7 Waivers of Subrogation**

To the fullest extent permitted by law, the CONTRACTOR hereby waives its rights and its insurer(s)' rights of recovery against County under the Required Insurance, if the insurance carriers allow, for any loss arising from or relating to this Contract. The CONTRACTOR shall require its insurers to execute any waiver of subrogation

endorsements which may be necessary to effect such waiver, as the insurance carriers allow.

#### **8.24.8 Subcontractor Insurance Coverage Requirements**

CONTRACTOR shall include all Sub-CONTRACTORs as insureds under CONTRACTOR's own policies, or shall provide County with each Sub-CONTRACTOR's separate evidence of insurance coverage. CONTRACTOR shall be responsible for verifying each Sub-Contractor complies with the Required Insurance provisions herein, and shall require that each Sub-CONTRACTOR name the County and CONTRACTOR as additional insureds on the Sub-CONTRACTOR's General Liability policy. CONTRACTOR shall obtain County's prior review and approval of any Sub-Contractor request for modification of the Required Insurance.

#### **8.24.9 Deductibles and Self-Insured Retentions (SIRs)**

CONTRACTOR's policies shall not obligate the County to pay any portion of any CONTRACTOR deductible or SIR. The County retains the right to require CONTRACTOR to reduce or eliminate policy deductibles and SIRs as respects the County, or to provide a bond guaranteeing CONTRACTOR's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

#### **8.24.10 Claims Made Coverage**

If any part of the Required Insurance is written on a claims made basis, any policy retroactive date shall precede the Effective Date of this Contract. CONTRACTOR understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Contract expiration, termination or cancellation.

#### **8.24.11 Application of Excess Liability Coverage**

CONTRACTORS may use a combination of primary, and excess insurance policies which provide coverage as broad as the underlying primary policies, to satisfy the Required Insurance provisions.

#### 8.24.12 **Separation of Insureds**

The commercial general and automobile liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

#### 8.24.13 **Alternative Risk Financing Programs**

The County reserves the right to review, and then approve, CONTRACTOR use of self-insurance, risk retention groups, risk purchasing groups, pooling arrangements and captive insurance to satisfy the Required Insurance provisions. The County and its Agents shall be designated as an Additional Covered Party under any approved program.

#### 8.24.14 **County Review and Approval of Insurance Requirements**

The County reserves the right to review and adjust the Required Insurance provisions, conditioned upon County's determination of changes in risk exposures and as agreed to by CONTRACTOR.

### 8.25 **INSURANCE COVERAGE**

8.25.1 **Commercial General Liability** insurance (providing scope of coverage equivalent to ISO policy form CG 00 01), naming County and its Agents as an additional insured, with limits of not less than:

General Aggregate:	\$2 million
Products/Completed Operations Aggregate:	\$1 million
Personal and Advertising Injury:	\$1 million

Each Occurrence:

\$1 million

8.25.2 **Automobile Liability** insurance (providing scope of coverage equivalent to ISO policy form CA 00 01) with limits of not less than \$1 million for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance shall cover liability arising out of CONTRACTOR's use of autos pursuant to this Contract, including owned, leased, hired, and/or non-owned autos, as each may be applicable.

8.25.3 **Workers Compensation and Employers' Liability** insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident. If CONTRACTOR will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage also shall include an Alternate Employer Endorsement naming the County as the Alternate Employer, and the endorsement form shall be modified to provide that County will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision, except notice to the County shall be provided within thirty (30) days after cancellation if CONTRACTOR does not receive notice prior to the cancellation. If applicable to CONTRACTOR's operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen's

8.25.4 **Professional Liability/Errors and Omissions**

Insurance covering CONTRACTOR's liability arising from or related its services under this Contract, with limits of not less than \$1 million per claim and \$15 million aggregate. Further, CONTRACTOR understands and agrees it shall maintain such coverage for a period of not less than two (2) years following this Contract's expiration, termination or cancellation.

8.25.5 **Crime Coverage**

A Fidelity Bond or Crime Insurance policy with limits of not less than \$30 million per occurrence. Such coverage shall

protect against all loss of money, securities, or other valuable property entrusted by County to CONTRACTOR, and apply to all of CONTRACTOR's directors, officers, agents and employees who regularly handle or have responsibility for such money, securities or property. This insurance shall include property owned, held or for which CONTRACTOR is legally liable for loss due to theft, mysterious disappearance, and computer fraud/theft, and shall not contain a requirement for an arrest and/or conviction.

#### **8.25.6 Privacy/Network Security (Cyber) Liability Coverage**

Insurance providing protection against liability for (1) privacy breaches [liability arising from the loss or disclosure of confidential information, excluding intentional acts]; (2) system breach; (3) denial or loss of service; (4) introduction, implantation, or spread of malicious software code; (5) unauthorized access to or use of computer systems with limits of \$10 million. No exclusion/restriction for unencrypted portable devices/media may be on the policy.

### **8.26 LIQUIDATED DAMAGES**

#### **8.26.1 INTENTIONALLY OMITTED**

8.26.2 If the CEO, or his/her designee, determines that there are deficiencies in the performance of this Contract, as set forth in Exhibit O (Performance Requirements Summary (PRS) Chart), the CEO, or his/her designee, may assess those deductions/fees identified in the PRS Chart as liquidated damages. The parties agree that it will be impracticable or extremely difficult to fix the extent of actual damages resulting from the failure of the CONTRACTOR to correct a deficiency. The parties hereby agree that under the current circumstances a reasonable estimate of such damages is as specified in the PRS Chart, and that the CONTRACTOR shall be liable to the County for liquidated damages in said amounts. Said amounts shall be deducted from the CONTRACTOR's monthly invoice in the month immediately following County's assessment of liquidated damages.

- 8.26.3 The action noted in Sub-paragraph 8.26.2 shall not be construed as a penalty, but as adjustment of payment to the CONTRACTOR to recover the County cost due to the failure of the CONTRACTOR to complete or comply with the provisions of this Contract.
- 8.26.4 This Sub-paragraph shall not, in any manner, restrict or limit the County's right to damages for any breach of this Contract provided by law or as specified in the PRS or Sub-paragraph 8.26.2, and shall not, in any manner, restrict or limit the County's right to terminate this Contract as agreed to herein.

## **8.27 MOST FAVORED PUBLIC ENTITY**

If the CONTRACTOR's prices decline, or should the CONTRACTOR at any time during the term of this Contract provide the same goods or services under similar quantity and delivery conditions to the State of California or any county, municipality, or district of the State of similar size, at prices below those set forth in this Contract, then such lower prices shall be immediately extended to the County.

## **8.28 NONDISCRIMINATION AND AFFIRMATIVE ACTION**

- 8.28.1 The CONTRACTOR certifies and agrees that all persons employed by it, its affiliates, subsidiaries, or holding companies are and shall be treated equally without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations.
- 8.28.2 The CONTRACTOR shall certify to, and comply with, the provisions of Exhibit C (Contractor's EEO Certification).
- 8.28.3 The CONTRACTOR shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations. Such action shall include, but is not limited



to: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

- 8.28.4 The CONTRACTOR certifies and agrees that it will deal with its subcontractors, bidders, or vendors without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation.
- 8.28.5 The CONTRACTOR certifies and agrees that it, its affiliates, subsidiaries, or holding companies shall comply with all applicable Federal and State laws and regulations to the end that no person shall, on the grounds of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract or under any project, program, or activity supported by this Contract.
- 8.28.6 Except where prohibited by law, the CONTRACTOR shall allow County representatives access to the CONTRACTOR's employment records during regular business hours to verify compliance with the provisions of this Sub-paragraph 8.28 when so requested by the County.
- 8.28.7 If the County finds that any provisions of this Sub-paragraph 8.28 have been violated, such violation shall constitute a material breach of this Contract upon which the County may terminate or suspend this Contract. While

the County reserves the right to determine independently that the anti-discrimination provisions of this Contract have been violated, in addition, a determination by the California Fair Employment and Housing Commission or the Federal Equal Employment Opportunity Commission that the CONTRACTOR has violated Federal or State anti-discrimination laws or regulations shall constitute a finding by the County that the CONTRACTOR has violated the anti-discrimination provisions of this Contract.

8.28.8 The parties agree that in the event the CONTRACTOR violates any of the anti-discrimination provisions of this Contract, the County shall, at its sole option, be entitled to the sum of Five Hundred Dollars (\$500) for each such violation pursuant to California Civil Code Section 1671 as liquidated damages in lieu of terminating or suspending this Contract.

### **8.29 NON EXCLUSIVITY**

Nothing herein is intended nor shall be construed as creating any exclusive arrangement with the CONTRACTOR. This Contract shall not restrict the County from acquiring similar, equal or like goods and/or services from other entities or sources.

### **8.30 NOTICE OF DELAYS**

Except as otherwise provided under this Contract, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Contract, that party shall, within three (3) Business Days, give notice thereof, including all relevant information with respect thereto, to the other party.

### **8.31 NOTICE OF DISPUTES**

The CONTRACTOR shall bring to the attention of the County's Project Manager and/or County's Project Director any dispute between the County and the CONTRACTOR regarding the performance of services as stated in this Contract. If the County's Project Manager or County's Project Director is not able to resolve the dispute, the Chief Executive Officer, or designee shall resolve it.

### **8.32 NOTICE TO EMPLOYEES REGARDING THE FEDERAL EARNED INCOME CREDIT**

The CONTRACTOR shall notify its employees, and shall require each Subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice No. 1015.

### **8.33 NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW**

The CONTRACTOR shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, information regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The information is set forth in Exhibit E, Safely Surrendered Baby Law of this Contract. Additional information is available at [www.babysafela.org](http://www.babysafela.org).

#### **8.34 NOTICES**

All notices or demands required or permitted to be given or made under this Contract shall be in writing and shall be hand delivered with signed receipt or mailed by first-class registered or certified mail, postage prepaid, addressed to the parties as identified in Exhibit Q (County's Administration) and Exhibit R (CONTRACTOR's Administration). Addresses may be changed by either party giving ten (10) days' prior written notice thereof to the other party. The CEO, or his/her designee shall have the authority to issue all notices or demands required or permitted by the County under this Contract.

#### **8.35 PROHIBITION AGAINST INDUCEMENT OR PERSUASION**

Notwithstanding the above, the CONTRACTOR and the County agree that, during the term of this Contract and for a period of one year thereafter, neither party shall in any way intentionally induce or persuade any employee of one party to become an employee or agent of the other party. No bar exists against any hiring action initiated through a public announcement.

#### **8.36 PUBLIC RECORDS ACT**

8.36.1 Any documents submitted by the CONTRACTOR; all information obtained in connection with the County's right to audit and inspect the CONTRACTOR's documents, books, and accounting records pursuant to Sub-paragraph 8.38 (Record Retention and Inspection/Audit Settlement) of this Contract; as well as those documents which were required to be submitted in response to the Request for Proposals (RFP) used in the solicitation process for this Contract, become the exclusive property of the County. All such documents become a matter of public record and shall be regarded as public records. Exceptions will be those elements in the

California Government Code Section 6250 et seq. (Public Records Act) and which are marked "trade secret", "confidential", or "proprietary". The County shall not in any way be liable or responsible for the disclosure of any such records including, without limitation, those so marked, if disclosure is required by law, or by an order issued by a court of competent jurisdiction.

- 8.36.2 In the event the County is required to defend an action on a Public Records Act request for any of the aforementioned documents, information, books, records, and/or contents of a proposal marked "trade secret", "confidential", or "proprietary", the CONTRACTOR agrees to defend and indemnify the County from all costs and expenses, including reasonable attorney's fees, in action or liability arising under the Public Records Act.

### **8.37 PUBLICITY**

- 8.37.1 The CONTRACTOR shall not disclose any details in connection with this Contract to any person or entity except as may be otherwise provided hereunder or required by law. However, in recognizing the CONTRACTOR's need to identify its services and related clients to sustain itself, the County shall not inhibit the CONTRACTOR from publishing its role under this Contract within the following conditions:

- The CONTRACTOR shall develop all publicity material in a professional manner; and
- During the term of this Contract, the CONTRACTOR shall not, and shall not authorize another to, publish or disseminate any commercial advertisements, press releases, feature articles, or other materials using the name of the County or County Seal without the prior written consent of the County's Project Director. The County shall not unreasonably withhold written consent.

- 8.37.2 The CONTRACTOR may, without the prior written consent of County, indicate in its proposals and sales materials that it has been awarded this Contract with the County of Los Angeles, provided that the requirements of this Sub-

paragraph 8.37 shall apply.

### **8.38 RECORD RETENTION AND INSPECTION/AUDIT SETTLEMENT**

The CONTRACTOR shall maintain accurate and complete records (including financial records) of its activities and operations relating to this Contract in accordance with generally accepted accounting principles. The CONTRACTOR shall also maintain accurate and complete employment and other records relating to its performance of this Contract. The CONTRACTOR agrees that the County, or its authorized representatives, shall have access to and the right to examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or record relating to this Contract. All such material, including, but not limited to, all financial records, bank statements, cancelled checks or other proof of payment, timecards, sign-in/sign-out sheets and other time and employment records, and proprietary data and information, shall be kept and maintained by the CONTRACTOR and shall be made available to the County during the term of this Contract and for a period of five (5) years thereafter unless the County's written permission is given to dispose of any such material prior to such time. All such material shall be maintained by the CONTRACTOR at a location in Los Angeles County, provided that if any such material is located outside Los Angeles County, then, material shall be provided electronically by CONTRACTOR.

8.38.1 In the event that an audit of the CONTRACTOR is conducted specifically regarding this Contract by any Federal or State auditor, or by any auditor or accountant employed by the CONTRACTOR or otherwise, then the CONTRACTOR shall file a copy of such audit report with the County's Auditor-Controller within thirty (30) days of the CONTRACTOR's receipt thereof, unless otherwise provided by applicable Federal or State law or under this Contract. Subject to applicable law, the County shall make a reasonable effort to maintain the confidentiality of such audit report(s).

8.38.2 Failure on the part of the CONTRACTOR to comply with any of the provisions of this Sub-paragraph 8.38 shall constitute a material breach of this Contract upon which the County may terminate or suspend this Contract.

8.38.3 If, at any time during the term of this Contract or within five (5) years after the expiration or termination of this Contract, representatives of the County conduct an audit of the CONTRACTOR regarding the work performed under this Contract, and if such audit finds that the County's dollar liability for any such work is less than payments made by the County to the CONTRACTOR, then the difference shall be either: a) repaid by the CONTRACTOR to the County by cash payment upon demand or b) at the sole option of the County's Auditor-Controller, deducted from any amounts due to the CONTRACTOR from the County, whether under this Contract or otherwise. If such audit finds that the County's dollar liability for such work is more than the payments made by the County to the CONTRACTOR, then the difference shall be paid to the CONTRACTOR by the County by cash payment, provided that in no event shall the County's maximum obligation for this Contract exceed the funds appropriated by the County for the purpose of this Contract.

### **8.39 RECYCLED BOND PAPER**

Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at the County landfills, the CONTRACTOR agrees to use recycled-content paper to the maximum extent possible on this Contract.

### **8.40 SUBCONTRACTING**

8.40.1 The requirements of this Contract may not be subcontracted by the CONTRACTOR **without the advance approval of the County**. Any attempt by the CONTRACTOR to subcontract without the prior consent of the County may be deemed a material breach of this Contract.

8.40.2 If the CONTRACTOR desires to subcontract, the CONTRACTOR shall provide the following information promptly at the County's request:

- A description of the work to be performed by the Subcontractor;
- A draft copy of the proposed subcontract; and

- Other pertinent information and/or certifications requested by the County.
- 8.40.3 The CONTRACTOR shall indemnify and hold the County harmless with respect to the activities of each and every Subcontractor in the same manner and to the same degree as if such Subcontractor(s) were the CONTRACTOR employees.
- 8.40.4 The CONTRACTOR shall remain fully responsible for all performances required of it under this Contract, including those that the CONTRACTOR has determined to subcontract, notwithstanding the County's approval of the CONTRACTOR's proposed subcontract.
- 8.40.5 The County's consent to subcontract shall not waive the County's right to prior and continuing approval of any and all personnel, including Subcontractor employees, providing services under this Contract. The CONTRACTOR is responsible to notify its Subcontractors of this County right.
- 8.40.6 The County's Project Director is authorized to act for and on behalf of the County with respect to approval of any subcontract and Subcontractor employees. After approval of the subcontract by the County, CONTRACTOR shall forward a fully executed subcontract to the County for their files.
- 8.40.7 The CONTRACTOR shall be solely liable and responsible for all payments or other compensation to all Subcontractors and their officers, employees, agents, and successors in interest arising through services performed hereunder, notwithstanding the County's consent to subcontract.
- 8.40.8 The CONTRACTOR shall obtain certificates of insurance, which establish that the Subcontractor maintains all the programs of insurance required by the County from each approved Subcontractor. The CONTRACTOR shall ensure delivery of all such documents to:

County of Los Angeles  
Chief Executive Office  
500 W. Temple Street, Room #784

Los Angeles, CA 90012  
Attention: Kimberly Burch-Garcia

before any Subcontractor employee may perform any work hereunder.

**8.41 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM**

Failure of the CONTRACTOR to maintain compliance with the requirements set forth in Sub-paragraph 8.14 (CONTRACTOR's Warranty of Adherence to County's Child Support Compliance Program), shall constitute default under this Contract. Without limiting the rights and remedies available to the County under any other provision of this Contract, failure of the CONTRACTOR to cure such default within ninety (90) calendar days of written notice shall be grounds upon which the County may terminate this Contract pursuant to Sub-paragraph 8.43 (Termination for Default) and pursue debarment of the CONTRACTOR, pursuant to County Code Chapter 2.202.

**8.42 TERMINATION FOR CONVENIENCE**

8.42.1 This Contract may be terminated, in whole or in part, from time to time, when such action is deemed by the County, in its sole discretion, to be in its best interest. Termination of work hereunder shall be effected by notice of termination to the CONTRACTOR specifying the extent to which performance of work is terminated and the date upon which such termination becomes effective. The date upon which such termination becomes effective shall be no less than ten (10) days after the notice is sent. Without limiting the foregoing, if County terminates the Communication Services component of the Contract, or a part thereof, CONTRACTOR will receive the TPA Services Fees as set forth in Exhibit B (Pricing Sheet), with any applicable Core Communication Services Costs and Optional Communication Services Costs for the services performed for the County and accepted by the County's Project Manager.

8.42.2 After receipt of a notice of termination and except as



otherwise directed by the County, the CONTRACTOR shall:

- Stop work under this Contract on the date and to the extent specified in such notice, and
- Complete performance of such part of the work as shall not have been terminated by such notice.

8.42.3 All material including books, records, documents, or other evidence bearing on the costs and expenses of the CONTRACTOR under this Contract shall be maintained by the CONTRACTOR in accordance with Sub-paragraph 8.38 (Record Retention and Inspection/Audit Settlement).

#### **8.43 TERMINATION FOR DEFAULT**

8.43.1 The County may, by written notice to the CONTRACTOR, terminate the whole or any part of this Contract, if, in the judgment of County's Project Director:

- CONTRACTOR has materially breached this Contract; or
- CONTRACTOR fails to timely provide and/or satisfactorily perform any task, deliverable, service, or other work required either under this Contract; or
- CONTRACTOR fails to demonstrate a high probability of timely fulfillment of performance requirements under this Contract, or of any obligations of this Contract and in either case, fails to demonstrate convincing progress toward a cure within five (5) working days (or such longer period as the County may authorize in writing) after receipt of written notice from the County specifying such failure.

8.43.2 In the event that the County terminates this Contract in whole or in part as provided in Sub-paragraph 8.43.1, the County may procure, upon such terms and in such manner as the County may deem appropriate, goods and services similar to those so terminated. The CONTRACTOR shall be liable to the County for any and all excess costs incurred by the County, as determined by the County, for such similar goods and services. The CONTRACTOR shall continue the

performance of this Contract to the extent not terminated under the provisions of this Sub-paragraph.

- 8.43.3 Except with respect to defaults of any Subcontractor, the CONTRACTOR shall not be liable for any such excess costs of the type identified in Sub-paragraph 8.43.2 if its failure to perform this Contract arises out of causes beyond the control and without the fault or negligence of the CONTRACTOR. Such causes may include, but are not limited to: acts of God or of the public enemy, acts of the County in either its sovereign or contractual capacity, acts of Federal or State governments in their sovereign capacities, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; but in every case, the failure to perform must be beyond the control and without the fault or negligence of the CONTRACTOR. If the failure to perform is caused by the default of a Subcontractor, and if such default arises out of causes beyond the control of both the CONTRACTOR and Subcontractor, and without the fault or negligence of either of them, the CONTRACTOR shall not be liable for any such excess costs for failure to perform, unless the goods or services to be furnished by the Subcontractor were obtainable from other sources in sufficient time to permit the CONTRACTOR to meet the required performance schedule. As used in this Sub-paragraph, the term "Subcontractor(s)" means Subcontractor(s) at any tier.
- 8.43.4 If, after the County has given notice of termination under the provisions of this Sub-paragraph 8.43, it is determined by the County that the CONTRACTOR was not in default under the provisions of this Sub-paragraph 8.43, or that the default was excusable under the provisions of Sub-paragraph 8.43.3, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to Sub-paragraph 8.42 - Termination for Convenience.
- 8.43.5 The rights and remedies of the County provided in this Sub-paragraph 8.43 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

#### **8.44 TERMINATION FOR IMPROPER CONSIDERATION**

- 8.44.1 The County may, by written notice to the CONTRACTOR, immediately terminate the right of the CONTRACTOR to proceed under this Contract if it is found that consideration, in any form, was offered or given by the CONTRACTOR, either directly or through an intermediary, to any County officer, employee, or agent with the intent of securing this Contract or securing favorable treatment with respect to the award, amendment, or extension of this Contract or the making of any determinations with respect to the CONTRACTOR's performance pursuant to this Contract. In the event of such termination, the County shall be entitled to pursue the same remedies against the CONTRACTOR as it could pursue in the event of default by the CONTRACTOR.
- 8.44.2 The CONTRACTOR shall immediately report any attempt by a County officer or employee to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (800) 544-6861.
- 8.44.3 Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

#### **8.45 TERMINATION FOR INSOLVENCY**

- 8.45.1 The County may terminate this Contract forthwith in the event of the occurrence of any of the following:
- Insolvency of the CONTRACTOR. The CONTRACTOR shall be deemed to be insolvent if it has ceased to pay its debts for at least sixty (60) days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the Federal Bankruptcy Code and whether or not the CONTRACTOR is insolvent within the meaning of the Federal Bankruptcy Code;
  - The filing of a voluntary or involuntary petition regarding

the CONTRACTOR under the Federal Bankruptcy Code;

- The appointment of a Receiver or Trustee for the CONTRACTOR; or
- The execution by the CONTRACTOR of a general assignment for the benefit of creditors.

8.45.2 The rights and remedies of the County provided in this Sub-paragraph 8.45 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

#### **8.46 TERMINATION FOR NON-ADHERENCE OF COUNTY LOBBYIST ORDINANCE**

The CONTRACTOR, and each County Lobbyist or County Lobbying firm as defined in County Code Section 2.160.010 retained by the CONTRACTOR, shall fully comply with the County's Lobbyist Ordinance, County Code Chapter 2.160. Failure on the part of the CONTRACTOR or any County Lobbyist or County Lobbying firm retained by the CONTRACTOR to fully comply with the County's Lobbyist Ordinance shall constitute a material breach of this Contract, upon which the County may in its sole discretion, immediately terminate or suspend this Contract.

#### **8.47 TERMINATION FOR NON-APPROPRIATION OF FUNDS**

Notwithstanding any other provision of this Contract, the County shall not be obligated for the CONTRACTOR's performance hereunder or by any provision of this Contract during any of the County's future fiscal years unless and until the County's Board of Supervisors appropriates funds for this Contract in the County's Budget for each such future fiscal year. In the event that funds are not appropriated for this Contract, then this Contract shall terminate as of June 30 of the last fiscal year for which funds were appropriated. The County shall notify the CONTRACTOR in writing of any such non-allocation of funds at the earliest possible date.

#### **8.48 VALIDITY**

If any provision of this Contract or the application thereof to any person or circumstance is held invalid, the remainder of this Contract and the

application of such provision to other persons or circumstances shall not be affected thereby.

#### **8.49 WAIVER**

No waiver by the County of any breach of any provision of this Contract shall constitute a waiver of any other breach or of such provision. Failure of the County to enforce at any time, or from time to time, any provision of this Contract shall not be construed as a waiver thereof. The rights and remedies set forth in this Sub-paragraph 8.49 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

#### **8.50 WARRANTY AGAINST CONTINGENT FEES**

8.50.1 The CONTRACTOR warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon any Contract or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the CONTRACTOR for the purpose of securing business.

8.50.2 For breach of this warranty, the County shall have the right to terminate this Contract and, at its sole discretion, deduct from the Contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

#### **8.51 WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM**

CONTRACTOR acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

Unless CONTRACTOR qualifies for an exemption or exclusion, CONTRACTOR warrants and certifies that to the best of its

knowledge it is now in compliance, and during the term of this contract will maintain compliance, with Los Angeles County Code Chapter 2.206.

**8.52 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM**

Failure of CONTRACTOR to maintain compliance with the requirements set forth in Sub-paragraph 8.51 (Warranty of Compliance with County's Defaulted Property Tax Reduction Program) shall constitute default under this contract. Without limiting the rights and remedies available to County under any other provision of this contract, failure of CONTRACTOR to cure such default within 10 days of notice shall be grounds upon which County may terminate this contract and/or pursue debarment of CONTRACTOR, pursuant to County Code Chapter 2.206.

**8.53 WARRANTY OF NO ADDITIONAL COMPENSATION/REVENUES**

CONTRACTOR warrants that, other than the compensation set forth in this Contract, including Exhibit B (Pricing Sheet), CONTRACTOR will not receive any compensation or revenue, of any kind whatsoever, for performing the services described in this Contract.

**8.54 WARRANTY OF COMPLIANCE WITH COUNTY'S ADMINISTRATIVE CORRECTION PROTOCOLS**

CONTRACTOR warrants and agrees that it will fully comply with County's Administrative Correction Protocols, as set forth in Appendix C, Attachment I (Administrative Correction Protocols), and any updates County makes thereto, in its sole discretion.

**8.55 TIME OFF FOR VOTING**

The CONTRACTOR shall notify its employees, and shall require each subcontractor to notify and provide to its employees, information regarding the time off for voting law (Elections Code Section 14000). Not less than ten (10) days before every statewide election, every CONTRACTOR and subcontractors shall keep posted conspicuously at the place of work, if practicable, or elsewhere where it can be seen as employees come or go to their place of work, a notice setting forth the provisions of Section 14000.

## **8.56 COMPLIANCE WITH COUNTY'S ZERO TOLERANCE POLICY ON HUMAN TRAFFICKING**

CONTRACTOR acknowledges that the County has established a Zero Tolerance Policy on Human Trafficking prohibiting CONTRACTORS from engaging in human trafficking.

If CONTRACTOR or member of CONTRACTOR's staff is convicted of a human trafficking offense, the County shall require that the CONTRACTOR or member of CONTRACTOR's staff be removed immediately from performing services under the Contract. County will not be under any obligation to disclose confidential information regarding the offenses other than those required by law.

Disqualification of any member of CONTRACTOR's staff pursuant to this paragraph shall not relieve CONTRACTOR of its obligation to complete all work in accordance with the terms and conditions of this Contract.

## **8.57 CHANGES TO CONTRACTOR'S POLICIES**

CONTRACTOR agrees that it shall not diminish the standards and protections set forth in Exhibit T (Records Retention Standard Policy), Exhibit U (Empower Employee Background Checks Description), and Exhibit V (Empower Information Security).

## **9.0 UNIQUE TERMS AND CONDITIONS**

### **9.1 OWNERSHIP OF MATERIALS, SOFTWARE AND COPYRIGHT**

9.1.1 County shall be the sole owner of all right, title and interest, including copyright, in and to all records, documents, diagrams, videos and materials (hereafter "County Materials") which are created exclusively for the County through the CONTRACTOR's work pursuant to this Contract and any amendments thereto, and as set forth in Exhibit A (Statement of Work), including but not limited to characters used for communication purposes (for example, the Retirement Rex character and the custom calculator, each created pursuant to a previous contract). Without limiting the foregoing, CONTRACTOR shall retain the right to

develop similar materials for other clients. CONTRACTOR, for valuable consideration herein provided, does hereby assign, grant, convey and transfer to the County all of CONTRACTOR's right, title and interest, of every kind and nature, in and to all such County Materials, and shall execute all documents as may be necessary to assign and transfer to, and vest in the County, all of the CONTRACTOR's right, title and interest in and to such County Materials.

Subject to the foregoing, County acknowledges and affirms that it gains no rights in or to the CONTRACTOR Materials. The "CONTRACTOR Materials" include any tapes, discs, software, proprietary systems, applications, computing environments, underlying data, materials, information, technology, documentation or communications that are not created exclusively for County, user guides, forms, templates, business methods, trademarks, service marks, trade names, emblems, logos, websites, CONTRACTOR software, technology, computer codes, domain names, text, graphics, photographs, artwork, interfaces, other intellectual property, and other information or material provided by CONTRACTOR or its affiliates hereunder, whether specific to the County or not, generally used by CONTRACTOR to perform this Contract and provide services to its clients. County further recognizes that it gains no rights to any CONTRACTOR trademarks, service marks, emblems or logos specific to CONTRACTOR or CONTRACTOR's other clients.

Each party hereby grants the other party a nonexclusive, nontransferable license to use its intellectual property, which is subject to this Contract, during the term of this Contract solely for purposes of providing or receiving Services hereunder.

- 9.1.2 During the term of this Contract and for five (5) years thereafter, the CONTRACTOR shall maintain and provide security for all of the CONTRACTOR's working papers prepared under this Contract. County shall have the right to inspect, copy and use at any time during and subsequent to



the term of this Contract, any and all such working papers and all information contained therein.

- 9.1.3 Specific to a request pursuant to California Public Records Act (Cal. Gov. Code section 6250, et seq.), any and all Contractor Materials which are used by CONTRACTOR to perform the Services hereunder, , and which the CONTRACTOR considers to be proprietary or confidential, must be specifically identified by the CONTRACTOR to the County's Project Manager as proprietary or confidential, and shall be plainly and prominently marked by the CONTRACTOR as "Proprietary" or "Confidential" on each appropriate page of any document containing such material.
- 9.1.4 The County will use reasonable means to ensure that the CONTRACTOR Materials are safeguarded and held in confidence. The County agrees not to reproduce, distribute or disclose to non-County entities any such CONTRACTOR Materials without the prior written consent of the CONTRACTOR.
- 9.1.5 Notwithstanding any other provision of this Contract, the County will not be obligated to the CONTRACTOR in any way under Sub-paragraph 9.1.4 for any of the CONTRACTOR Materials which are not plainly and prominently marked with restrictive legends as required by Sub-paragraph 9.1.3 or for any disclosure which the County is required to make under any state or federal law or order of court. In the event of such a required disclosure, County shall (a) notify CONTRACTOR prior to making any such disclosure (where such notice is not prohibited by law); (b) afford CONTRACTOR a reasonable opportunity to object to such disclosure; and (c) consult with CONTRACTOR, in order to disclose only those portions of the CONTRACTOR Materials that are legally required to be disclosed. In the event the County is required to defend an action on a Public Records Act request for any of the CONTRACTOR Materials, the CONTRACTOR agrees to defend and indemnify the County from all costs and expenses, including reasonable attorney's fees, in action or liability arising under the Public Records Act.

9.1.6 All the rights and obligations of this Paragraph 9.1 shall survive the expiration or termination of this Contract.

## **9.2 PATENT, COPYRIGHT AND TRADE SECRET INDEMNIFICATION**

9.2.1 The CONTRACTOR shall indemnify, hold harmless and defend County from and against any and all liability, damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, for or by reason of any actual or alleged infringement of any third party's patent or copyright, or any actual or alleged unauthorized trade secret disclosure, arising from or related to the operation and utilization of the CONTRACTOR's work under this Contract. County shall inform the CONTRACTOR as soon as practicable of any claim or action alleging such infringement or unauthorized disclosure, and shall support the CONTRACTOR's defense and settlement thereof.

9.2.2 In the event any equipment, part thereof, or software product becomes the subject of any complaint, claim, or proceeding alleging infringement or unauthorized disclosure, such that County's continued use of such item is formally restrained, enjoined, or subjected to a risk of damages, the CONTRACTOR, at its sole expense, and providing that County's continued use of the system is not materially impeded, shall either:

- Procure for County all rights to continued use of the questioned equipment, part, or software product; or
- Replace the questioned equipment, part, or software product with a non-questioned item; or
- Modify the questioned equipment, part, or software so that it is free of claims.

9.2.3 The CONTRACTOR shall have no liability if the alleged infringement or unauthorized disclosure is based upon a use of the questioned product, either alone or in combination with other items not supplied by the CONTRACTOR, in a manner for which the questioned product was not designed nor intended.

### **9.3 CONTRACTOR'S CHARITABLE ACTIVITIES COMPLIANCE**

The Supervision of Trustees and Fundraisers for Charitable Purposes Act regulates entities receiving or raising charitable contributions. The "Nonprofit Integrity Act of 2004" (SB 1262, Chapter 919) increased Charitable Purposes Act requirements. By requiring CONTRACTORS to complete the Charitable Contributions Certification, Exhibit O, the County seeks to ensure that all County CONTRACTORS which receive or raise charitable contributions comply with California law in order to protect the County and its taxpayers. A CONTRACTOR which receives or raises charitable contributions without complying with its obligations under California law commits a material breach subjecting it to either contract termination or debarment proceedings or both. (County Code Chapter 2.202)

### **9.4 DATA DESTRUCTION**

Contractor(s) that have maintained, processed, or stored the County data and/or information, implied or expressed, have the sole responsibility to certify that the data and information have been appropriately destroyed consistent with the National Institute of Standards and Technology (NIST) Special Publication SP 800-88 titled *Guidelines for Media Sanitization*. Available at:

<http://csrc.nist.gov/publications/PubsDrafts.html#SP-800-88 Rev.%201>

The data and/or information may be stored on purchased, leased, or rented electronic storage equipment (e.g., printers, hard drives) and electronic devices (e.g., servers, workstations) that are geographically located within the County, or external to the County's boundaries. The County must receive within ten (10) Business Days, a signed document from Contractor(s) and Vendor(s) that certifies and validates the data and information were placed in one or more of the following stored states: unusable, unreadable, and indecipherable.

Vendor shall certify that any County data stored on purchased, leased, or rented electronic storage equipment and electronic devices, including, but not limited to printers, hard drives, servers, and/or workstations are destroyed consistent with the current National Institute of Standard and Technology (NIST) Special

Publication SP-800-88, *Guidelines for Media Sanitization*. Vendor shall provide County with written certification, within ten (10) Business Days of removal of any electronic storage equipment and devices that validates that any and all County data was destroyed and is unusable, unreadable, and/or undecipherable.

**9.5** Deleted

**9.6 DEFAULT METHOD OF PAYMENT; DIRECT DEPOSIT OR ELECTRONIC FUNDS TRANSFER**

9.6.1 The County, at its sole discretion, has determined that the most efficient and secure default form of payment for goods and/or services provided under an agreement/ contract with the County shall be Electronic Funds Transfer (EFT) or direct deposit, unless an alternative method of payment is deemed appropriate by the Auditor-Controller (A-C).

9.6.2 The CONTRACTOR shall submit a direct deposit authorization request via the website <https://directdeposit.lacounty.gov> with banking and vendor information, and any other information that the A-C determines is reasonably necessary to process the payment and comply with all accounting, record keeping, and tax reporting requirements.

9.6.3 Any provision of law, grant, or funding agreement requiring a specific form or method of payment other than EFT or direct deposit shall supersede this requirement with respect to those payments.

9.6.4 At any time during the duration of the agreement/contract, CONTRACTOR may submit a written request for an exemption to this requirement. Such request must be based on specific legal, business or operational needs and explain why the payment method designated by the A-C is not feasible and an alternative is necessary. The A-C, in consultation with the contracting department(s), shall decide whether to approve exemption requests.

**9.7 COMPLIANCE WITH FAIR CHANCE EMPLOYMENT PRACTICES**

To the extent applicable by law, CONTRACTOR shall comply with fair chance employment hiring practices set forth in California

Government Code Section 12952, Employment Discrimination: Conviction History. CONTRACTOR's violation of this paragraph of the Contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract.

## **9.8 COMPLIANCE WITH THE COUNTY POLICY OF EQUITY**

The CONTRACTOR acknowledges that the County takes its commitment to preserving the dignity and professionalism of the workplace very seriously, as set forth in the County Policy of Equity (CPOE) (<https://ceop.bos.lacounty.gov/pdf/PolicyOfEquity.pdf>). The CONTRACTOR further acknowledges that the County strives to provide a workplace free from discrimination, harassment, retaliation and inappropriate conduct based on a protected characteristic, and which may violate the CPOE. The CONTRACTOR, its employees and subcontractors acknowledge and certify receipt and understanding of the CPOE and will endeavor to maintain a workplace free from harassment and discrimination, including inappropriate conduct based on a protected characteristic, in accordance with applicable law.

## **9.9 SURVIVAL**

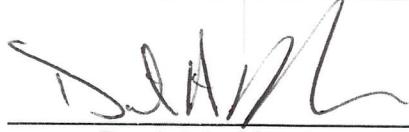
The provisions in the following Paragraphs shall survive the expiration or termination of this Contract for any reason:

- 3.3 Gratuitous Effort
- 5.3 No Payment for Services Provided Following Expiration/ Termination of Contract
- 7.8 Confidentiality and Security
- 8.3 Authorization Warranty
- 8.6 Compliance with Applicable Law
- 8.12 Contractor Responsibility and Debarment
- 8.16 Damage to County Facilities, Buildings or Grounds
- 8.17 Employment Eligibility Verification
- 8.19 Fair Labor Standards
- 8.20 Force Majeure
- 8.21 Governing Law, Jurisdiction, and Venue
- 8.23 Indemnification
- 8.24 General Provisions for all Insurance Coverage
- 8.25 Insurance Coverage
- 8.26 Liquidated Damages
- 8.28 Nondiscrimination and Affirmative Action
- 8.30 Notice of Delays

- 8.31 Notice of Disputes
- 8.34 Notices
- 8.35 Prohibition Against Inducement or Persuasion
- 8.36 Public Records Act
- 8.38 Record Retention and Inspection/Audit Settlement
- 8.40 Subcontracting
- 8.42 Termination for Convenience
- 8.43 Termination for Default
- 8.44 Termination for Improper Consideration
- 8.45 Termination for Insolvency
- 8.48 Validity
- 8.49 Waiver
- 8.53 Warranty of No Additional Compensation/Revenues
- 8.54 Warranty of Compliance with County's Administrative Correction Protocols
- 9.1 Ownership of Materials, Software and Copyright
- 9.2 Patent, Copyright and Trade Secret Indemnification
- 9.4 Data Destruction

IN WITNESS WHEREOF, CONTRACTOR has executed this Contract, or caused it to be duly executed and the County of Los Angeles, by order of its Board of Supervisors has caused this Contract to be executed on its behalf by the Chair of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof, the day and year first above written.

CONTRACTOR: Great-West Life & Annuity Insurance Company

By:   
Daniel A. Morrison



COUNTY OF LOS ANGELES

By:   
Chair, Board of Supervisors

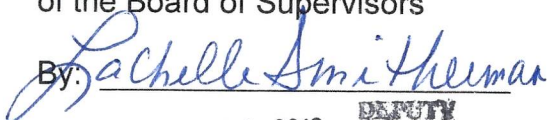
**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

22

DEC 18 2018

ATTEST:

CELIA ZAVALA, Executive Officer  
of the Board of Supervisors

By:   
DEC 18 2018 **DEPUTY**

APPROVED AS TO FORM:

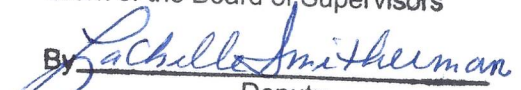
MARY C. WICKHAM  
County Counsel

By:   
Principal Deputy County Counsel

  
CELIA ZAVALA  
EXECUTIVE OFFICER

I hereby certify that pursuant to  
Section 25103 of the Government Code,  
delivery of this document has been made.

CELIA ZAVALA  
Executive Officer  
Clerk of the Board of Supervisors

By:   
Deputy

78871

# EXHIBIT A – STATEMENT OF WORK

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### Attachments

- A - General Payroll Processing Business Requirements
- B - Deduction Code Listing
- C - Benefits Enrollment (ENRL) File
- D1 - Daily Employee Information File
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- D4- Daily and Semi-Monthly Employee Information File Sample Data
- D5- Data Interpretation Examples
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- H - Annual Audit & Agreed Upon Procedures
- I - UBTI Protocols
- J - Empower’s Sample Payroll Portal Procedures
- K - Custodian System Specifications
- L1 through L3 – Communication Budgets (FY 17-18)
- M1- Earnings Credit Rate Monthly Analysis – Sweep vs ECR
- M2- Earnings Credit Rate Monthly Analysis - Charges
- Y1 and Y2 – Horizons and Savings Investment Policies
- Z1 through Z15 – Communication Materials



# **EXHIBIT A – STATEMENT OF WORK**

## **TABLE OF CONTENTS**

The contents of the attachments listed above, which are referenced in the Contract and this Exhibit A (Statement of Work) may be updated by the County from time to time in order to accurately maintain current administration and policy documentation.

# STATEMENT OF WORK

This Statement of Work is attached to the Contract for Third Party Administrative and Communication Services for the County of Los Angeles Defined Contribution Program dated July 1, 2018 (the "Contract"), between the County of Los Angeles (the "County") and [successful Proposer] (the "Contractor"). Capitalized terms that are not defined in this Statement of Work are used as defined in the Contract.

Contractor shall provide all the work detailed below for the administration, recordkeeping, communications education and marketing/enrollment services for each of the respective retirement plans of the County of Los Angeles Defined Contribution Program pursuant to the terms of the Contract, and in accordance with the applicable provisions of Sections 401(a), 401(k), and 457(b) of the Internal Revenue Code of the United States, as set forth below:

## 1.0 TRANSITION PLAN FOR ASSUMING TPA, TRUSTEE AND COMMUNICATION SERVICES

The Contractor shall, if deemed applicable by the County:

- 1.1 Provide transition services prior to the Implementation Date as set forth in this Exhibit A (Statement of Work) Section 1.0 at the Contractor's expense; wherein, the County will not be charged for any transition services. The Contractor shall not assess any charges or receive any fees or compensation pursuant to the Contract until the Contract term begins **AND** upon the County's receipt of the signed Certification described in sub-Paragraph 1.6. The "Implementation Date" shall be July 1, 2019, unless otherwise agreed to by the County in writing. The period of time during which the Contractor provides transition services prior to the Implementation Date will be July 1, 2018 to June 30, 2019, unless otherwise agreed to by the County in writing, which period shall be referred to as the "Transition Period."
- 1.2 Provide the County and each respective Plan's Administrative Committee with ongoing progress reports. The Contractor shall apprise the County Project Manager and the County's TPA RFP consultant of the status of current projects. The Contractor shall confer with the County's TPA RFP consultant on transition issues and to resolve any conflicts with the outgoing TPA.
- 1.3 Accomplish the following tasks during the Transition Period:
  - a. Prepare a Manual of Tasks, Rules and Procedures documenting all the steps necessary and taken to transition employee records, account and investment records, historic data, including microfiche, CD-ROM and data obtained from past TPAs, Plan-specific business rules, and new protocols for the movement of money between the County, Contractor, Participant accounts, banking institutions, self-directed

brokerage option window and among the various investment managers and custodian(s).

- b. Establish and maintain formal relationships with the selected Trustee, banking institution(s), investment managers, self-directed brokerage option provider and custodian(s).

Contractor shall cooperate with Defined Contribution Program vendors/consultants, as directed by the County or respective Plan Administrative Committee. To the extent that the Contractor determines that separate contracts or agency agreements between the Contractor and other vendors and service providers to the Defined Contribution Program are necessary to facilitate its performance under the Contract, Contractor will provide notice to the County Project Manager of Contractor's intent to enter into any such contract or agreements. Such notice shall be provided for County review and approval at least 30 days prior to the execution of such contract or agreement and shall include a copy of the most recent version of such contract or agreement, including any exhibits, attachments and website information, and a description of any consideration directly or indirectly received by, or paid by, the Contractor under such contract or agreement.

- c. Establish and maintain contacts with appropriate County officials and designated staff which include the Chief Executive Office, Auditor-Controller, Department of Human Resources, Treasurer and Tax Collector, County Counsel, and the Members/Alternates of the respective Plan Administrative Committees.
- d. Hire, train and assign necessary staff on the specific benefits and protocols of the County's Defined Contribution Program and payroll system. Local service representatives should fully understand the County's payroll process and how the Defined Contribution Program operates in conjunction with the benefits provided by the Los Angeles County Employees Retirement Association (LACERA). Contractor's technical staff and other representatives assigned to handling the County's payroll file feeds must thoroughly understand the County's payroll process, including inbound and outbound file feeds and the payroll portal process.
- e. Establish and maintain Participant master files and take receipt of former TPA's complete file/historical records, including microfiche, CD-ROM and data obtained from past TPAs, as applicable, on each Participant account. Volumes of data include 23 boxes of microfiche (Participant statements)

currently at the Glendale local office and a 3-door cabinet of microfiche (enrollment forms) at Iron Mountain in Denver. Contractor shall provide copies of historical records from microfiche and CD-ROM during the contract term, when requested. Contractor shall validate the files contain complete records on each Participant from the adoption of the Plan to the date the Contractor has assumed full contractual responsibilities. In the event there are incomplete records, Contractor shall work with the former TPA to identify the incomplete data, determine the cause, and notify the County of the deficient documentation and impact to services (if any).

- f. Provide local and call center service representatives and the County with seamless secure online access to all of the former TPA's electronic records for each Participant.
- g. Operate administrative, banking, ledger and recordkeeping systems in full parallel with that of the former TPA, except where specifically provided otherwise in the Contract. Conduct testing of the systems to general and County-specific defined contribution rules and test a sampling of transactions, to the full satisfaction of the County, to ensure that the Contractor's systems can independently administer the Defined Contribution Program with a high degree of accuracy and timeliness necessary to guarantee the integrity of the Plans.
- h. Conduct end to end testing of the payroll, demographic and loan payoff file feed transmissions to and from the County, including transactions and exceptions entered via the County's eHR portal entry process, to ensure timely and accurate processing to the full satisfaction of the County that the Contractor can fully comply with the County's eHR payroll system requirements as described in this Exhibit A (Statement of Work) and in the related Statement of Work attachments.

1.4 Establish and maintain a "Transition Journal" that shall:

- a. Document how the Manual of Tasks, Rules and Procedures is actually implemented during the Transition Period.
- b. Include the transition schedule with the target dates that Contractor would receive records and begin to parallel specified operations/services.
- c. Describe how the Contractor adopted the procedural rules provided by the former TPA for the handling of all Participant transactions (deferrals, transfers, loans, hardship withdrawals,

Catch-up calculations, RMD deferrals, termination/withdrawals, general inquiries, complaints, account corrections, etc.).

- d. Include procedural rules established with the County.
- e. Identify and describe systems or procedural issues encountered, including the County approved resolution.
- f. Cooperate with the County in a comprehensive review of the Transition Journal's procedural rules for assimilation into the Contractor's administration and operation of the Defined Contribution Program and the respective Plans. Contractor shall document the mutually agreed procedural rules in the "Administrative Manual," see Section 5.0 – ADMINISTRATIVE SERVICES.

1.5 Cooperate with the independent auditor hired by the County who, at the County's direction, shall evaluate the Contractor's transition records transfer and reconciliation methodology, confirmation of asset balances transferred, proper implementation of Plan-specific provisions, banking structure, wire instructions, ACH instructions and trustee relationships, and the timely and accurate processing of voice response system, internet, mobile applications, payroll and demographic transactions. The independent auditor shall compile its findings in a "Transition Evaluation Report" that will be made available to the County and Contractor. Within 30-calendar days after the release date of the Transition Evaluation Report, Contractor shall provide a response to the County that will include a summary and project plan that describes the correction to each deficiency that was identified by the independent auditor.

1.6 Provide the County with a written and signed "Certification" for the County's approval, which states that Contractor (i) has received a copy of the Transition Evaluation Report, if required by the County, and has resolved any deficiencies identified by the independent auditor to the County's satisfaction, and (ii) is able to assume all Third Party Administrative Services and Communication Services and responsibilities described hereunder this Contract, including this Exhibit A (Statement of Work); thereby, signifying the end of the Transition Period (and the beginning of the County approved Implementation Date).

If for any reason the Contractor is not able to provide the Certification and assume its responsibilities as TPA under the Contract, the Contract will be deemed immediately terminated and Contractor shall immediately return to the County, or to a party named by the County, all data and documents transferred to the Contractor during the Transition Period.

1.7 Develop and implement an approved marketing strategy to introduce the TPA change and County approved new and/or modified services for each Plan to the Participants and stakeholders.

## **2.0 MARKETING AND COMMUNICATION SERVICES**

The Contractor shall:

- 2.1 Meet with the County at least quarterly in Los Angeles to discuss communication deliverables and develop a comprehensive enrollment, education and outreach marketing strategy that can be sustained for the duration of the Contract and can adjust to meet current employee and market trends. The Contractor shall maintain the marketing theme throughout its County-dedicated local service center, call center, telephone voice response system, website, email/text communication, mobile application and Plan materials.

### Communication Content, Development, and Compliance

- 2.2 Draft content for communication materials that describe each respective Plan and the investment options each Plan offers to Participants. The communication materials shall be in a format that is consistent with (i) the disclosure requirements for the Summary Plan Description and summaries of material modifications under Sections 102 and 104 of the Employee Retirement Income Security Act of 1976 (ERISA), and the regulations issued thereunder, (ii) disclosure requirements for Participant-directed accounts under ERISA Section 404(c) and regulations issued thereunder, and (iii) Americans with Disabilities Act and regulations issued thereunder. The Contractor's legal department shall review the final draft for compliance with Plan provisions and consistency with ERISA disclosure requirements. The communication materials shall be subject to County review and approval. Examples of the current communication materials are provided in Attachments Z1-Z15 – Communication Materials.

### General Communication Services

- 2.3 Produce ad-hoc Participant listings using Plan Sponsor defined criteria for Participant outreach, including, but not limited to, e-mail/text, targeted messaging, and website messaging. Be responsible for the distribution of communication materials.
- 2.4 Provide standard notices and other administrative forms as described in Section 3.0 – PARTICIPANT SERVICES.
- 2.5 Provide special notification to Participants of new procedures, benefits and other Plan(s) changes.
- 2.6 Conduct at least three (3) Participant satisfaction surveys for each Plan to elicit Participant opinion on, but not limited to, the current level of Plan services, tools, education, investment menu selection, suggestions to improve the Plan, and satisfaction with the Participant website, mobile app, Contractor, etc. Contractor shall collaborate with the County in developing the surveys, whether in the form of an online survey and/or focus groups, etc.

- 2.7 Produce annual beneficiary notifications in a form approved by the County, for every Participant for each Plan to promote current beneficiary election.

### Communication Services

- 2.8 Develop and manage a comprehensive educational communication program for the Horizons and Savings Plans, including advising the Plan Administrative Committees and their staff of retirement and investment communication education policy and effective Participant outreach strategies. The Contractor shall take all necessary steps to design, produce and distribute Plan communication materials which are attractive, educational and meet current legal and regulatory requirements for disclosure. Such communication materials will include electronic versions, written booklets and guides describing the Horizons and Savings Plans, including newsletters, Summary Plan Descriptions, Plan highlights, fund data sheets, enrollment kits, investment overview and other communication materials or media required to operate a successful communications program that is compliant with applicable laws, and with the ERISA disclosure requirements that would be applicable if the Plans were subject to ERISA (including, but not limited to, the disclosure requirements that must be satisfied in order for fiduciaries to be relieved from liability under ERISA Section 404(c)).

The principal objectives are to produce:

- Informative materials for eligible employees considering Plan enrollment;
- General and Plan-specific retirement education materials for Plan Participants;
- General and Plan-specific investment education materials for Plan Participants; and
- A comprehensive plan to serve as a framework for the timely delivery of Plan communication and education materials to Participants.

The Contractor is expected to provide all services described, from design through production and delivery for each communication project.

### Core Communication Services

- 2.9 Core Communication Services include hard copy and electronic versions and custom artwork. All electronic versions will be posted on the website, except for any exceptions, as determined by the County. Details about the annual hard-copy distribution include the following (Artwork and size/color/pages will be added following negotiations of the Contract):

Core Communications Service	Yearly Hard Copy Estimates	Horizons	Savings	PSP	Size, Color, Pages of current materials
Enrollment Kit: <ul style="list-style-type: none"> <li>• Summary Plan Description</li> <li>• Features and Highlights</li> <li>• Investment Overview</li> <li>• Enrollment Forms</li> <li>• Location Flyer</li> </ul> All components of the kit are updated no less than annually.	Horizons: Summary Plan Description = 14,000 Investment Overview Brochure = 19,000 Plan Highlights = 19,000  Savings: Summary Plan Description = 1,000 Investment Overview Brochure = 1,200 Plan Highlights = 1,200	X	X		8.75 x 11.25 4-color 12 pages including cover
Quarterly Newsletters	Only for e-statement opt-outs	X	X		4-color 6 pages
Features and Highlights Updated twice per year	See Enrollment Kit			X	PSP 8.5 x 11 Black/White 2 pages
Monthly Investment Option Performance>Returns Updated monthly	N/A	X	X	X	8.5 x 11 4-color 2 pages
Fund Data Sheets Updated no less frequently than semi-annually	N/A	X	X	X	
Investment Overview Brochure Updated annually or as needed at the County's discretion	See Enrollment Kit	X	X		4 pages 11x17 folded Page count 4 Text wt 70# Unisource White Velvet text, Ink 4/4 Bleeds 4 sides, Finish size 8 ½ x 11 bindery none
Summary Plan Description Updated no less frequently than annually	N/A	X	X	X	8.5 x 11 4-color 40 Pages  PSP 8.5 x 11 Black Pages TBD
Summary of Material Modifications Developed, distributed and updated as required by ERISA	TBD based on County needs, as required by regulation	X	X	X	8.5 x 11 2-color Pages TBD



Core Communications Service	Yearly Hard Copy Estimates	Horizons	Savings	PSP	Size, Color, Pages of current materials
Special Three Year Catch Up Flyer Updated as needed at the County's discretion	Horizons 6,000  PSP TBD	X		X	8.5 x 11 4-color 2 Pages
Termination Pay Contribution Flyer Updated as needed at the County's discretion	Horizons 5,625  Savings 1,875	X	X		8.5 x 11 4-color 1 Page
GAP Flyer for LACERA Plans Updated as needed at the County's discretion	TBD based on County needs	X	X		8.5 x 11 4-color 2 Pages
Seven Custom Power Point Presentations <ul style="list-style-type: none"> <li>• Horizons Enrollment</li> <li>• Horizons/Savings Enrollment</li> <li>• Pre-Retirement</li> <li>• Mid-Career Planning</li> <li>• Retirement GAP</li> <li>• Steps to Building an Investment Strategy</li> <li>• Target Date Funds</li> </ul> Updated no less frequently than annually.	N/A	X	X		N/A
Customer On-Site Location Flyer Updated as locations added	Horizons 19,000  Savings 1,000	X	X		8.5 x 11 4-color 2 Pages
Broker Compare Flyer Updated each fiscal year	Horizons 5,250  Savings 1,750	X	X		8.5 x 11 4-color 2 Pages
Pre-Retirement Checklist Flyer Updated as needed at the County's discretion	Horizons 5,250  Savings 1,750	X	X		8.5 x 11 4-color 2 Pages
Custom Website to include, at the Plan and Participant level: <ul style="list-style-type: none"> <li>• Targeted Messaging</li> <li>• Web Bulletins</li> <li>• What's New Section</li> </ul>	N/A	X	X	X	N/A
Award write-ups and submissions for communication pieces	N/A	X	X	X	N/A
Loan Brochures Updated no less than annually	N/A	X	X		8.5 x 11 4-color 12 Pages

Core Communications Service	Yearly Hard Copy Estimates	Horizons	Savings	PSP	Size, Color, Pages of current materials
Custom online contribution calculator with professional summary print capabilities for different scenarios: <ul style="list-style-type: none"> <li>Contribute a certain percentage</li> <li>Contribute for Match Only</li> <li>Contribute for Maximum Deferral Limit</li> <li>Other scenarios as determined by the County</li> </ul>	N/A	X	X	X	
On-line Target Date Fund Calculator  Updated as needed at the County's discretion	N/A	X	X		N/A
Distribution Brochure  Updated as needed at the County's discretion	Horizons 5,250  Savings 1,750	X	X		8.5 x 11 4-color 12 Pages
Distribution Notice and Flyer  Updated as needed at the County's discretion	Horizons 7,000  Savings 800	X	X		8.5 x 11 4-color 2 Pages
Participant Satisfaction Surveys	N/A	X	X	X	N/A
Outreach, Enrollment and Education (group, one-on-one meetings, site visits, seminars, table service, County and labor sponsored events, retirement calculations, catch-up calculations, termination pay calculations, military leave calculations, research, etc.)	N/A	X	X	X	N/A
Annual National Retirement Security Week Posters, email notification, flyers, site visits, seminars, email blasts, etc.	TBD based on approved outreach plan	X	X		TBD each year
Annual Retiree Advocate Seminars at various County locations	Provided by our local retirement plan counselors	X	X	X	N/A

2.10 Perform the following specified tasks:

- Meetings – meet with Committee and/or designated County staff and other companies involved with the Defined Contribution Program, at least quarterly (and as many additional times as required by the County) in Los Angeles, for the purpose of providing advice on Plan communication policy and strategy, reviewing and deciding upon Plan communication materials, resolving business and communication program issues, and discussing related matters. Meet with the County's Project Manager at least monthly to review the status of communication projects and marketing strategies.

- Program Theme – develop a unique theme for the Horizons and Savings Plans that will stimulate enrollment, increase contributions, and facilitate Participant education in areas including, but not limited to, solving retirement income shortfalls and asset allocation.
- Marketing Strategy – provide a comprehensive marketing strategy that integrates all communication deliverables. Conversely, each deliverable should be able to function as a stand-alone marketing instrument.
- Measurement – develop quantitative measure(s) to evaluate the effectiveness of specific communication and educational deliverables and the communication program as a whole, and provide the County and Committees with regular updates on the same.
- Deliverables – design, compose, edit and print or otherwise reproduce communication materials approved by the Committee. Such materials shall educate employees and reflect in an accurate and clear manner all Plan features, expenses, and other necessary disclosures, both positive and negative, so that eligible employees may determine whether to participate (and the extent of such participation), and current Participants can make informed decisions concerning the use of Plan services (including but not limited to deferral, allocation, fund transfer, withdrawal and distribution options). Prepare project timelines for each communication deliverable and submit to County Project Manager for review and approval.
- Newsletters – develop and produce quarterly newsletters for Horizons and Savings Plans and investment performance reports for all Plans. Newsletter articles should provide pertinent general education and Plan-specific articles, to be coordinated with the distribution/mailing of quarterly statements. First draft of newsletter articles is due to the County Project manager by the fifth business day following the quarterly communications meetings.
- Investment Disclosure and Performance Materials – draft and produce investment disclosure materials, fund profiles and investment performance materials for Plan investment options that are compliant with applicable laws. As the Committee may add or replace a fund manager(s) or investment options, the Contractor is to draft and produce new fund announcements to Participants.
- As Needed – develop literature as necessary to communicate Defined Contribution Program changes and distribute it, subject to County Project Manager approval, to each County department or

other party with a request that it be distributed to eligible employees. Develop and distribute literature as necessary to communicate any corrections to Participant accounts that are made pursuant to the terms of the Contract, as updated from time to time, or Revenue Procedure 2013-12 or any successor thereto), or that are otherwise made to remedy an error or comply with applicable law.

- Electronic Documents – convert all communication materials into an electronic format (i.e. PDF) for online access/archive on the Participant website.
- Disclosure Material Compliance – Confirm all communication deliverables comply with current legal and regulatory requirements and with ERISA disclosure requirements that would be applicable if the Plans were subject to ERISA (including, but not limited to ERISA fee disclosure requirements and the disclosure requirements that must be satisfied in order for fiduciaries to be relieved from liability under ERISA Section 404(c)).

2.11 Design and produce communication materials for the Pension Savings Plan as set forth in this Statement of Work, Section 2.0 – MARKETING AND COMMUNICATION SERVICES.

Level of Performance

2.12 Provide the Committee Communication Services and communication and education materials with such investigative, analytical, creative, production, secretarial, and clerical support services as may be necessary to perform the services in a professional manner.

a. Compliance

Contractor shall provide the County’s Project Manager drafts of communication deliverables prior to the final production. All drafts shall reflect compliance with current Plan provisions, and applicable legal and regulatory requirements (e.g. SEC and FINRA disclosure requirements), as well as with the ERISA disclosure requirements that would be applicable if the Plans were subject to ERISA (including, but not limited to, the disclosure requirements that must be satisfied in order for fiduciaries to be relieved from liability under ERISA Section 404(c)).

b. Communications Budget

Contractor shall provide the County’s Project Manager an annual Communications Budget (the “Communication Budget”) as set forth in the Contract, Paragraph 3.2.2. Attachments L1 through L2 reflect the Core Communication Services and Optional

Communication Services Budgets for the year prior to the effective date of this Contract. If applicable, the actual first Fiscal Year budget will be prorated to reflect actual services provided after the Transition Period (e.g., prorated for six months if the Implementation Date is January 1, 2019). At the Committee's discretion, budget adjustments may be considered during the Budget approval process to accommodate changes in postage and printing costs.

c. Additional Services and Supplemental Communication Services

Amendments for communication services beyond those described in this Exhibit A (Statement of Work) shall be as set forth in Contract, sub-Paragraph 8.1.5 (Amendments for Additional Services) and 8.1.6 (Amendments for Supplemental Communication Services).

d. Payment

The Contractor shall be paid for Core Communication Services as set forth in Exhibit B (Pricing Sheet). Optional Communication Services are presented to the Committee for review and approval. The cost of approved optional services will be included in the annual Communications Budget.

e. Invoice and Payment

Contractor shall provide a monthly invoice for TPA Services Fees and a separate invoice for Core Communication Services Costs. Any Optional Communication Services Costs shall be invoiced within 30 days of completion of the Optional Communication Services deliverable, and shall be paid for said invoices as set forth in the Contract, Paragraph 5.4 (Invoices and Payments).

f. Performance Review

Contractor shall provide the Committee a quarterly report identifying completed projects and the status of in-progress and scheduled projects.

Contractor shall produce communication deliverables according to material specifications and delivered within the time-frame identified in the Communications Budget or executed Supplemental Communication Services Agreement. Services and materials not delivered by the last day of the delivery period will be subject to a liquidated damages/financial credit as set forth in Exhibit O (Performance Requirements Summary (PRS) Chart).

g. Disclosure Material Compliance

Contractor shall provide the County's Project Manager drafts of communication deliverables as set forth in Contract, subparagraph 3.2.1.

Contractor Oversight

Contractor oversight shall be as set forth in Contract, including Paragraph 7.2 (Contractor's Staff and Approval by County).

### 3.0 PARTICIPANT SERVICES

The Contractor shall:

- 3.1 Establish and maintain necessary security precautions to verify a Participant's identity prior to providing or disseminating account information to and conducting any account transactions for a Participant. Contractor shall treat Participant's information, including Participant's social security numbers, as confidential in accordance with Contract Sub-Paragraph 7.8 (Confidentiality and Security) of the Contract and will publish a statement on the call center, voice response system, website and mobile app that informs Participants that Contractor does not use or publish social security numbers in correspondences in order to protect a Participant's personal and financial information.

#### Service Representatives

- 3.2 Establish and maintain a written Customer Service Standard containing the etiquette to be used with Participants and eligible employees, protocols for responding to specific benefit requests, training for dealing with difficult individuals, and a formal complaint procedure. The Customer Service Standard is subject to County review and approval.
- 3.3 Establish and maintain an office in the County of Los Angeles within a 15-mile radius of the Kenneth Hahn Hall of Administration with the appropriate support staff (the "local service representatives") and facilities, dedicated exclusively to the purpose of servicing the Plans and Participant accounts. Note that the Pricing Sheet included in Appendix D requires the identification of any applicable cost savings associated with the County providing office space at a County facility, either at the Implementation Date or during the Contract.
- 3.4 Provide eleven (11) full time local service representatives dedicated solely to the County. In conjunction with the marketing and education strategy, local service representatives are to actively promote the Defined Contribution Program and respective Plans, enroll eligible employees, educate Participants on Defined Contribution Program rules and the importance of saving for retirement to bridge income gaps, the distribution options available to them, distribute and/or display communication materials, and answer questions regarding the Plan(s) and retirement planning at the various County facilities and County and labor sponsored events throughout Los Angeles County. Contractor shall require local service representatives to obtain and maintain the necessary training and licenses to provide Participants with information about available Plan investments and general investment and retirement education. Contractor shall enable Participants to make appointments with local service representatives via phone and on-line. Local service representatives generally will work typical business hours but may occasionally be required to work non-traditional hours (e.g. Saturdays or evenings) in order to service County Participants.

- 3.5 Provide twenty to twenty-five (20 to 25) full time call center service representatives Monday through Friday from 7:00 a.m. to 5:00 p.m. and Saturday from 6:00 a.m. to 2:30 p.m. Pacific Time. Representatives shall be dedicated primarily to the County's Defined Contribution Program to respond to Participant inquiries and conduct permissible account transactions as directed by the Participant. Contractor shall require call center service representatives to obtain and maintain the necessary training and licenses to provide Participants with information about available Plan investments, distribution options and education and general investment and retirement education. In addition, Contractor shall provide:
- a. An "overflow" contingent of five (5) call center service representatives that have been fully trained and are fully conversant on the County's Defined Contribution Program.
  - b. An integrated electronic system to direct Participant calls to the next available call center service representative that is trained on the County's Plans, thereby minimizing speed of answer and wait times.
  - c. A monthly average wait-time of 45 seconds or less for transfer to call center representatives.
  - d. Automatic recording of all Participant calls that will be marked with the Participant's employee identification number and stored in accordance with the record retention provisions of this Contract. Contractor shall sample calls received during the week for quality assurance and training purposes. Appropriate notice must be given to Participant prior to the recording of calls.
  - e. An integrated electronic system to have Contractor follow up with a Participant's specific inquiry, if the call center representative had to conduct additional research to provide a complete answer to the inquiry. The system will also capture the call's subject matter to assist in identifying trends or major issues in the Participant population. As requested by the County, the Contractor shall provide more detailed research regarding call's subject matter and content.
  - f. Ability via call center representatives to provide Participants with a verbal statement that they are required to make loan payments when loan requests are initiated using language approved by the County. This capability shall be made available by the Implementation Date of the Contract.
- 3.6 Require local and call center service representatives to be well versed with the retirement Plans applicable to County employees and the laws to which the plans are subject. The local service representatives will work closely with the Los Angeles County Employees Retirement Association (the County's Defined Benefit Plan



administrator) and participate in retirement planning presentations no less frequently than weekly.

- 3.7 Conduct formal training, at least annually, to local and call center service representatives to review specific provisions in the Plans and current laws, regulations and issues and trends relating to defined contribution plans.
- 3.8 Provide eligible employees and Participants with information about the Plan(s) and the investment options available, general investment and retirement education, and any new procedures, benefits, distribution options and/or other Plan(s) changes. Service representatives shall also assist Participants in calculating the deferral rates for various contribution objectives, e.g., rate to receive full matching contribution, rate to reach annual contribution limit while still receiving full matching contributions throughout the year, rate needed to “front load” contributions over a specified period of time such as three months, six months or other scenarios, as requested by the Participant.
- 3.9 Establish and maintain a local service center schedule Monday through Friday from 7:00 a.m. to 5:00 p.m. Pacific Time, that allows Participants and eligible employees to meet in-person with a local service representative by:
  - a. Visiting a regularly scheduled information table at various County facilities;
  - b. Scheduling an individual appointment at the local service center;
  - c. Attending a scheduled group presentation at a County facility/event; or
  - d. Attending a group presentation at their worksite that has been arranged between their supervisor and a local service representative. A minimum of 10 individuals must be scheduled to attend this type of group presentation.
- 3.10 Prohibit local office and call center service representatives from providing investment advice which includes discussing proprietary products and services not offered by the County.
- 3.11 Explain to Participants the annual contribution limits for each Plan and, to those eligible Participants, the option to utilize coordinated 457 and 401(k) contribution limits.
- 3.12 Explain to Participants the catch-up options available for each Plan. If the Participant’s maximum contribution limit is capped at \$8,500 (referred to as the “aggregate low limit” or “low limit”), explain the benefits of electing the high contribution limit. If the Participant is already on the high contribution limit, the Contractor shall automatically explain the higher contribution limit for age-50 catch-up and inform the Participant that he/she may elect to establish a personal deferral rate that will meet the higher contribution limit.

Upon a Participant's request, perform the research required to determine the amount of catch-up available to a Participant under the 457's three year from normal retirement age catch-up provision. A Participant must affirmatively elect to participate in this catch-up program. Upon receipt of affirmative election, Contractor shall process the election accordingly. Note: A portion of the Participant files needed to perform three-year catch-up research may be stored on microfiche or CD-ROM. Contractor must supply and maintain the necessary equipment to read microfiche or CD-ROM information.

Upon notification from the County or Participant that the Participant returned to work from military leave, send notice to Participant of Participant's rights to make-up contributions to 457 and 401(k) accounts as permitted under the Uniformed Services Employment and Reemployment Rights Act (USERRA) and the Heroes Earnings Assistance and Relief Tax Act (HEART), and conforming to other applicable legislation during the term of the contract and the appropriate annual limits. Contractor shall perform the research required to determine the amount of military leave make up contributions and County match available to the Participant. A Participant must affirmatively elect to participate in military leave make up contributions. Upon receipt of affirmative election, Contractor shall process the election accordingly.

- 3.13 For years in which contribution limits are increased, the Contractor shall notify Participants exercising a catch-up of the new contribution limit and the possible effect on the Participant's catch-up provision deferral amounts. Contractor shall notify Participant via telephone of the increased limits and determine if Participant would like to increase his/her deferral amounts. Contractor shall provide updated calculations to the Participant in writing. Contractor to require annual cyber security awareness training for all employees, which includes but is not limited to social engineering techniques and scams such as phishing (email-based), smishing (sms text-based), and vishing (voice-calling-based)
- 3.14 Contractor shall have a process in place to communicate relevant cyber risks to participants, such as threats/risks against participant accounts and personal information posed by social engineering techniques and scams such as phishing (email-based), smishing (SMS text-based), and vishing (voice-calling-based)

#### Voice Response System, Website and Mobile Application

- 3.15 Establish a dedicated toll-free telephone number dedicated to the County's Defined Contribution Program:
  - a. The telephone system will provide Participants the option to use the voice response system or speak directly with a call center service representative or local office representative.
  - b. Contractor shall provide an adequate number of lines dedicated to answer Participant calls to meet the terms of the speed of answer, wait times and other applicable performance standards.

- 3.16 Provide a secure voice response system for the Defined Contribution Program that will provide Participants with:
- a. The latest information about their Plan(s) and related news, subject to County approval.
  - b. Access to review account information including but not limited to Participant's self-directed brokerage account balance, and conduct transactions for each Plan.
  - c. Access to make unlimited changes to their contribution rate and investment allocation.
- 3.17 Provide a secure and customized Participant website for the Defined Contribution Program that is coordinated with the marketing strategy. Online resources shall include, but not be limited to:
- a. Access to review account information and conduct approved transactions for each Plan.
  - b. Current news (general retirement, investment and Plan-specific news), subject to County approval.
  - c. Plan information (Summary Plan Description, highlights, current and past newsletters, certain forms, special announcements, and other communication materials).
  - d. Investment option details (fund data sheets, investment overview, and graphic historical performance of investment options).
  - e. Online calculators (County redacted pay register sample as updated from time to time, customized contribution calculator as updated from time to time and which shall support various contribution scenarios such as minimum contribution percentage to receive full County match, contribution percentage required to reach IRS contribution limit while still receiving full County match throughout the year, "front load" contribution scenarios of three to nine months and other scenarios, paycheck comparison that reflects the effect on take home pay, portfolio expense calculator, retirement savings and income gaps, investment compounding, etc.). Calculators shall be formatted to facilitate a County approved professional looking print-out if a Participant wishes to print.
  - f. Plan Administrative Committee information (which may include meeting schedules, agendas, minutes).

- g. Option to receive electronic notices in lieu of United States Postal Service delivered Plan communications.
- h. Ability to make unlimited contribution rate changes for the Horizons, Savings and Pension Savings Plans, including ability for Participants to make changes above the required contribution rates for the Pension Savings Plan.
- i. Ability to make unlimited investment allocation changes and periodic payment changes.
- j. Online tools including but not limited to dollar cost averaging and Participant investment rebalancing with multiple frequency options as approved by the Plan Administrative Committee (e.g. one-time, monthly, quarterly, semi-annually, annually).
- k. Ability for Contractor to accept Defined Benefit Plan information which can be incorporated into the retirement income projection tool.
- l. Ability for Contractor to accept salary information which can be incorporated into the Participant website for purposes of identifying a Participant's savings goals, income replacement, and plan data, trends, reporting, marketing, education, etc.
- m. Ability for Contractor to provide the County with a Mobile Optimized Site. This capability shall be made available by the Implementation Date of the Contract.
- n. Ability via the Participant website to prompt Participants to read and acknowledge that they accept the County's loan policy and attest at the time of loan initiation that they will make the loan payments, using language approved by the County. This capability shall be made available by the Implementation Date of the Contract.
- o. Ability via the Participant website to prompt Participants to read and acknowledge that they accept and understand the terms of the Fact Sheet and Release Disclosure at the time of enrolling in the Self-Directed Brokerage Option. This capability shall be made available by the Implementation Date of the Contract.
- p. Ability via the Participant website to automatically enforce the Trade Restriction Policy, as set forth in Attachments Y1 and Y2 (Horizons and Savings Investment Policies) as updated from time to time and approved by the Plan Administrative Committee. This capability shall be made available by the Implementation Date of the Contract.

- 3.18 Provide a secure and customized Participant mobile (Android and iOS) application for the Defined Contribution Program that is coordinated with the marketing strategy. The mobile application resources shall include, but not be limited to:
- a. Access to review account information such as balance and history for each Plan.
  - b. Access to contribution amounts.
  - c. Access to the current rate of return on Participants' investments.
  - d. Provide a link to the full Participant website, which shall use responsive web design, unless transaction capability is otherwise accessible on the application.
- 3.19 The County and Contractor agree that it is the intent of the parties to this Contract that Participant transactions conducted by electronic means, including, without limitation, enrolling in the Plans, deferral elections, loan applications, loan payments, distribution option elections, beneficiary designations, investment decisions, be enforceable. The County and Contractor also agree that it is the intent of the parties to this Contract that any notices or disclosures made electronically be made in accordance with applicable law. Consequently, Contractor agrees that any electronic voice response system, website and mobile application Participant transaction services required by this Contract, as well as any disclosures made or consents obtained through such system or website, shall be designed and implemented to comply with the California Uniform Electronic Transactions Act ("UETA"), the Electronic Signatures in Global and National Commerce Act ("E-SIGN") and 26 C.F.R. Section 1.401(a)-21, each as applicable, and with 29 C.F.R. Section 2520.104b-1(c) (or any superseding regulations or guidance) with regard to disclosures required in order for fiduciaries to be relieved from liability under ERISA Section 404(c) (applied as though ERISA applied).
- 3.20 Provide access to the Participant website, Plan Sponsor website, mobile application, and voice response system 24 hours a day and 365 days a year (non-leap year). Downtime for Participant website, Plan Sponsor website, mobile application and voice response system maintenance is each restricted to 1.0% of the time available each month and shall only occur during non-business hours.

### Enrollment Services

- 3.21 Act as the County's enrollment agent for defined contribution plan(s).
- 3.22 Develop a "Participation Agreement" that contains the required entry fields for employee demographics, participation date, deferral percentage and allocation, auto deferral escalation (as approved by the County), beneficiary information, and for the Savings Plan, aggregate (low) or separate (high) contribution election, necessary to establish a Participant account. The Participation Agreement content and format is subject to the County's approval.

- 3.23 Issue an enrollment invitation to eligible non-participating employees:
- a. Annually on the last business day of June; and
  - b. Within 6 months of eligibility, if they have not already established a Participant account with an active ongoing contribution.

Such enrollment invitation shall contain multifaceted security measures to protect and confirm the eligible employee's identity to secure online enrollment (e.g., Personal Identification Number (PIN) and other information that can be used to properly authenticate the individual).

- 3.24 Provide eligible employees with at least two enrollment venues: i) secure online enrollment that can certify eligible employee's identity, e.g., PIN provided in the enrollment invitation, and ii) submission of a completed and signed Participation Agreement by mail, secure email, fax or in-person.
- 3.25 Provide the eligible employee, prior to completing a Participation Agreement, the opportunity to receive general investment and retirement education, an overview of the Plan(s) and the County-specific benefits including information about available Plan investments, the County's matching contribution, including how the pour-over matching contribution works, and corresponding current communication materials. Materials can be provided through the local/call center service representative, mail, telephone voice response system or website.
- 3.26 Offer eligible employees a toll-free telephone consultation with a call center service representative for the completion of the Participation Agreement.
- 3.27 Process the Participation Agreement. Contractor shall cooperate with the County to establish processing guidelines and timeframes for the accurate and timely execution of the Participation Agreement, including:
- a. Confirming the Participation Agreement is complete. Contractor is to contact eligible employee to complete the missing entry fields and document Participant's file regarding said contact;
  - b. Protocols to identify and resolve enrollment errors and omissions including by making Participants and/or the Plans whole, as applicable, in accordance with correction protocols established by the Plan Administrative Committee, applicable IRS guidance and other governing legal principles;
  - c. Verifying employee eligibility to participate in the Plan(s); and
  - d. Providing written confirmation of enrollment.

- 3.28 Provide written notice to the Participant if he or she is no longer eligible to participate in the Plan(s) after the Contractor has received current eligibility data from the County.
- 3.29 Distribution Services
- a. Provide distribution education seminars and one-on-one services to Participants and beneficiaries.
  - b. Explain the distribution options available (different options are available for each Plan), implications of each option and advantages of staying in the Plan (typically lower fees than retail, professionally managed investments, etc.) to facilitate Participants in making informed decisions regarding distributions;
  - c. Gain an understanding of the Participant's/beneficiary's needs and objectives;
  - d. Provide Participants/beneficiaries the necessary forms and assist them with completing and submitting the forms for processing;
  - e. Call Center representatives should be fully trained on the distribution options available under each County Plan and how to complete the forms.
  - f. Call center representatives are to provide distribution education and assist Participant/beneficiary with form completion in the event Participant/beneficiary is not able to attend a seminar or one-on-one meeting.
  - g. The Contractor shall not be permitted to market financial products, including but not limited to IRA products outside of the Plan to Participants or beneficiaries without the expressed written approval of the County.

#### Other Forms and Disclosures

- 3.30 Develop, produce and maintain other standardized administrative forms that are compliant with the Plan rules and IRS regulations, necessary to conduct Participant directed transactions, including deferral and distribution forms. The content and format of such materials may require updates from time to time and are subject to the County's approval. Several forms are available on the County website [www.CountyLA.com](http://www.CountyLA.com).
- 3.31 Maintain current and necessary disclosure statements on the Participation Agreement, administrative forms, and Participant account statements as required to establish and maintain the Plan's status as a qualified Plan or eligible deferred compensation plan, as applicable.
- 3.32 Make available the Participation Agreement and other administrative forms approved by the County through the various County departmental human resource offices, local and call center service representatives, mail, telephone voice response system, mobile app or Participant and Plan Sponsor website.

## 4.0 RECORD KEEPING SERVICES

The Contractor shall:

- 4.1 Establish and maintain a system to provide seamless access to Participant records received from the former TPA as described in Section 1.0 – TRANSITION PLAN FOR ASSUMING TPA, TRUSTEE AND COMMUNICATION SERVICES.
- 4.2 Establish and maintain a separate ledger exclusively for the Defined Contribution Program that will serve as the financial control for cash flow between Contractor's recordkeeping system, Participant and Administrative Accounts, and any and all Bank Accounts. Contractor shall reconcile all accounts and activity daily.

### Payroll

- 4.3 Support the County's business rules for processing employees' elections and changes in eligibility as provided in Attachments A (Payroll Requirements) and B (Deduction Code Listing), and ensure that proper coding and pairing of codes are stored on Contractor's system and accurately enforced between plans based on the Deduction Code Listing.
- 4.4 Establish and maintain a Benefits Enrollment (ENRL) file that conforms to the data input specifications as shown in Attachment C (Benefits Enrollment ENRL File). The data file must be transmitted to the County's Managed File Transfer Protocol (MFTP) server environment.
- 4.5 Update Participant contribution elections and loan deductions on a semi-monthly frequency in adherence to the County's payroll schedule. See Attachment F (Countywide Payroll Division Procedures). Updates to deductions may require the Contractor to log into the payroll system via the County's portal. See description of sample Portal Procedures in Attachment J (Sample Payroll Portal Procedures).
- 4.6 Provide staffing adequate to support timely and accurate processing. The current team is five (5) employees providing the equivalent of three (3) full-time employees based on responsibilities, but shall be revised as required in order to support timely and accurate processing.

### Payroll Errors and Exceptions

- 4.7 Establish and maintain procedures with the County to identify and immediately correct payroll errors and exceptions. The correction of payroll errors/rejected and/or exception transactions must be completed promptly within the timeframe set forth on the County's payroll schedule and as set forth in the Performance Requirements Summary Chart.
  - a. Upon receipt of the ENRL data file from the Contractor, the County will interface the file into the payroll system. The Contractor must log into the payroll system via the County's portal to view rejected transactions.



Rejected transactions must be corrected through an online manual correction process or data file submission.

- b. Employees whose active deduction enrollment is not in sync with eligibility requirements will be reported on Contractor's Payroll Exception Report for Contractor's correction prior to payroll processing. Exceptions must be corrected through an online manual correction process. A sample of this report is shown in Attachment D2 (DCPLANS Exception Report).

#### Outbound Payroll Files

- 4.8 The Contractor must have the ability to process and store the Daily Employee Information (demographic) files into its record keeping system. The Daily Employee Information file contains records for employees along with information used to determine eligibility. The files include both current active employees *and* employees who have separated from County service within the last 90 days. Data specifications for this file are shown in Attachment D1 (Daily Employee Information file). This is the County's current demographic information and should be the sole source for updates to this demographic file.
- 4.9 Upon completion of payroll processing, the Contractor shall receive two files from the County.
  - a. Semi-Monthly Post Payroll Employee Information file. This semi-monthly file contains records for employees used to confirm pay period enrollment activity by the Contractor. This file includes both current active employees and employees who have separated from County service. Data specifications for this file are shown in Attachment D3 (Semi-Monthly Post Payroll Employee Information File).
  - b. Semi-Monthly Post Payroll Deduction Activity file. This deduction activity file contains employee deduction and employer contribution activities processed for the current payroll; employee deduction and employer contribution activities from the supplemental (off-cycle) payrolls; and cancellation of prior payroll employee deduction and employer contribution activities. Data specifications for this file are provided in Attachment E (Semi-Monthly Post Payroll Deduction Activity File).

#### County Payroll System Changes

- 4.10 Cooperate with the County for changes to payroll system processing requirements. This may include required changes to the processing and format of the input file as well as some or all of the outbound payroll files. The County reserves the right to eliminate or modify the aforementioned files or make other formatting and

procedural changes. Testing of modifications shall be provided if requested by the County.

#### Payment Schedule

- 4.11 For the mid-month payroll which occurs on or before the 15<sup>th</sup> of each month, by 8:00 a.m. Pacific Time on or before the 18<sup>th</sup> of each month (or first business day prior when the 18<sup>th</sup> is a weekend or holiday), notify the Auditor-Controller, Accounting Division of the amounts to be transferred two (2) business days after the notification.
- 4.12 For the end-of-month payroll which occurs on or before the 30<sup>th</sup> of each month, or before if there are less than 30 days in a month, by 8:00 a.m. Pacific Time on or before the 3<sup>rd</sup> of each month (or first business day prior when the 3<sup>rd</sup> is a weekend or holiday), notify the Auditor-Controller, Accounting Division of the amounts to be transferred two (2) business days after the notification.
- 4.13 The transfer of funds will be sent via wire or Automated Clearing House (ACH), at the County's discretion, to the Depository Account for each Plan, as defined in Section 7.0 - BANKING SERVICES and immediately thereafter from each Depository Account to the individual investment providers; provided that the payroll activity file is provided to Contractor by the 15<sup>th</sup> for the mid-month payroll and 30<sup>th</sup> of the month for the end-of-month payroll.

#### Suspense Accounts

- 4.14 Establish and maintain a subsidiary record of all suspense items and research and resolve them within five (5) business days. Suspense items may occur when a Participant has requested a transaction but, due to the lack of sufficient information or other causes, it is unclear how it should be processed or processing is delayed. In the event:
  - a. The value of the securities to be purchased and/or redeemed changes during the suspense period, Contractor shall apply the Delayed Transaction Settlement protocol described in Section 8.0 - INVESTMENT RELATED SERVICES.
  - b. A suspense item is due to incomplete or inaccurate information provided by the Participant, such amount shall remain in the Plan's Depository Account and Contractor shall contact the Participant to obtain accurate and complete information. The transaction will be completed and amounts moved out of the suspense account as of the date when complete information is received by the Contractor. Complete information shall be defined as name, amount of the deferral, and 100% allocation instructions which are clear.

## Participant Accounts

- 4.15 Ensure that each Participant's account complies with the applicable Plan terms and that all forms, correspondence sent to or received from Participant, and authorizations are complete and on file.
- 4.16 Establish and maintain records providing daily information associated with a Participant's account, including but not limited to investment balances, deferral election, deferral contribution balance, matching contribution balance, after-tax contributions, earnings, vesting, rollover accounts, loan accounts, administrative costs, transaction authorizations, address, beneficiary designation(s), and any other information determined by the County from time to time to be necessary for the proper administration of a Participant's account.

Subject to direction received from time to time from the County Project Manager, create and maintain separate accounts and separate subaccounts, and segregate Participant's assets by Plan and money-type. Such accounts and subaccounts shall include, but not be limited to:

Deferred Compensation and Thrift Plan (Horizons) - Deferred compensation contributions, catch-up contributions, matching contributions made prior to January 1, 2004 that have not been treated as wages for purposes of the hospital insurance ("HI") tax, grandfathered matching contributions made prior to January 1, 2004 [contributions that are not subject to HI tax], matching contributions made on or after January 1, 2004, rollover contributions (including subaccounts for amounts rolled over from certain sources), Pension Savings Plan transfer contributions, loan accounts.

Pension Savings Plan - Deferred compensation contributions, employer contributions made prior to July 1, 2004 that have not been treated as wages for purposes of the HI tax, grandfathered matching contributions made prior to July 1, 2004 that are not subject to HI tax, matching contributions made on or after October 1, 2008.

401(k) Savings Plan - Tax deferral contributions, catch-up contributions, termination pay contributions, after-tax contributions, matching contributions (including sub-accounts for vested and non-vested matching contributions), rollover contributions, Deferred Earnings transfer contributions, loan accounts.

- 4.17 Establish and maintain a system for the Deferred Compensation and Thrift Plan and the Pension Savings Plan that is designed to track, withhold, pay over and report [the employee's share of] HI taxes from matching contribution accounts (including earnings accrued thereon), to the extent that the matching contributions were not taken into account as wages for purposes of assessing HI taxes when the matching contributions were made to the Plans. Matching contributions not previously taken into account as wages for HI tax purposes (and any earnings

thereon) shall be taken into account as wages for HI tax purposes when actually or constructively paid in accordance with Treasury Regulation Sections 31.3121(v)(2)-1(d) and 31.2121(a)-2. Upon request from County, Contractor shall promptly notify the County of any amount taken into account as wages for HI tax purposes and the HI tax amount owed for an affected Participant, and shall also pay over and report the employer's share of the HI tax owed with regard to such Participant.

- 4.18 Identify, implement, and maintain the annual contribution limits provided by the respective Plans. Contractor shall request, upon enrollment, those Participants that are contributing to both the Horizons and Savings Plan to elect either the separate 457 and 401(k) annual contribution limits (the high limit) or the coordinated pre-EGTRRA annual contribution limit \$8,500 (the low limit); whereupon, Contractor shall inform the County of the current Participant election or change thereof, as provided by the Plans. Contractor shall track low limit as well as high limit Participants and ensure compliance with the Plan document and IRS contribution limits.
- 4.19 Accept Participant contribution rate elections and provide the Participant confirmation. Participants shall not be limited on the number of periodic payment changes they can make to their account(s). Contractor shall allow for Participants to pre-elect their contribution election (auto escalation) on an annual basis in increments as low as 0.1% with a maximum contribution percentage cap selected by the Participant. Contractor shall further provide confirmation to Participant upon election of auto escalation and two months prior to the next scheduled increase of the contribution rate.
- 4.20 Track the date of entry, years of participation, and vesting of employer matching contributions for each Participant by Plan, as applicable.
- 4.21 Enforce the Defined Contribution Program's core minimum balance requirement, as updated from time to time, as it pertains to the self-directed brokerage option.
- 4.22 Perform all County required functions relating to transfer of Participant's payroll deferral and contributions from the depository bank accounts to the allocated investment providers.
- 4.23 Perform all County required functions relating to Participant directed transfers between investment options, including implementing transfer restriction policies and monitoring Participants' monthly trade activity in accordance to the Plan's Trade Restriction Policy, as set forth in Attachments Y1 and Y2 (Horizons and Savings Investment Policies) as updated from time to time and approved by the Plan Administrative Committee.
- 4.24 Perform all County required functions relating to Participant directed benefit disbursements, including issuing the check or electronic direct deposit and following up with Participants on any uncashed stale dated checks no less frequently than annually. Contractor shall comply with the terms of the respective Plan's guidelines established by the respective Plan Administrative Committee and tax laws and regulations.

- 4.25 Perform all County required functions relating to Participant death benefits, including verification, notifying current beneficiaries on file, and processing the account distribution in accordance with Plan provisions, probate orders, court orders, etc. Contractor shall flag Participant accounts to secure assets and request guidance from the Plan Administrative Committee in disputed cases. Contractor shall further conduct annual comparison of Participant accounts against the Social Security Death Index. If a date of death is found on the Social Security Death Index but not on the TPA records, Contractor shall enter the date of death if applicable, and stop any distributions. In addition, the Contractor shall mail a letter to the deceased Participant's address asking for official notification of the death.
- 4.26 Perform all required functions relating to the County's loan program including loan originations, approvals, disbursements, repayments (temporary or restart), repayment suspensions (e.g., unpaid leaves and military leaves), re-amortizations, auto-offsets and defaults. Auto-offsets are to be applied as outlined in the Loan Policy and approved by the County. Defaults occur for loans that have an outstanding balance owed at the end of the calendar quarter following the calendar quarter that the Participant separates from County service. Contractor shall send loan payment notices in accordance with loan policy. No less than two late notices shall be sent to the Participant prior to the month that the loan would default.

Loan appeals shall be determined by the Plan Administrative Committee following its review of the request and the thorough analysis and review performed by the Contractor for the initial determination.

- 4.27 Perform all County required functions relating to Section 457 Emergency Withdrawals and Section 401(k) requests for Hardship Withdrawals, including notification of approvals and denials as specified in the Plan documents and procedures established and approved by the respective Plan Administrative Committee. Each Plan Administrative Committee shall have sole discretion and authority within their respective Plan to set the criteria and establish the parameters of what constitutes an approved emergency or hardship benefit and the procedures for handling such benefits through written guidelines. Contractor shall thoroughly and accurately handle and process such benefits on behalf of the Plan Administrative Committee and shall report on the processing of such benefits as part of the Quarterly Administrative Report. Appeals shall be determined by the Plan Administrative Committee following its review of the request and the thorough analysis and review performed by the Contractor for the initial determination.
- 4.28 Adhere to County protocol to notify Participants when liquidation of an investment is required because it is determined that an existing fund held through the self-directed brokerage account could generate Unrelated Business Tax Income (UBTI) (e.g., where an ETF is restructured or recharacterized as a partnership). A summary of the protocols and history is included as Attachment I (UBTI Protocols).
- 4.29 Prepare and provide confirmation of any transaction initiated by a Participant online or through the voice response system within two (2) business days after the transaction is completed; prepare and provide confirmation of Participant transaction

executed through a non-automated system, such as a service representative or paper form, within five (5) business days after receipt of complete information. The content and format of such confirmation shall be subject to County review and approval. Confirmations may be delivered to the Participant electronically for transactions completed on the Participant website.

- 4.30 Perform all required functions relating to Domestic Relations Orders (DRO) including placing distribution restrictions on the Participant's account, sufficient to preserve the Alternate Payee's interest, until the DRO is determined to be qualified and a separate DRO Alternate Payee account is established. Distribution from DRO Alternate Payee accounts shall conform to guidelines approved by the County.
- 4.31 Perform all required functions relating to Lost Participants, as provided in the respective Plans and consistent with tax law requirements. Perform Lost Participant due diligence and address research no less frequently than annually.
- 4.32 Perform all required tax withholding and reporting for Participant distributions. Nothing in this section shall limit Contractor's obligations under Section 4.17.
- 4.33 Establish and implement a system to provide written notice and "Reasons to Stay in the Plan" flyer to terminated Horizons and Savings Plan Participants who are not subject to required minimum distributions. Notice and flyer should be provided as set forth in Exhibit O (Performance Requirements Summary (PRS) Chart).
- 4.34 Establish and implement a system to provide advance written notice to Participants that meet or will meet the minimum distribution requirements, providing instructions and the necessary forms to complete in order to help Participants fulfill this annual requirement and avoid the IRS penalty. Notice should include 402(f) disclosure requirement.
- 4.35 Maintain a Participant's account until all amounts in the account have been distributed to the Participant, Beneficiaries, or it is moved to the lost Participant account; whereupon, the Participant account shall then be closed. Although the Participant account is closed, Contractor shall retain all records for each Participant and make them accessible in case those records are required at a later date, e.g., Verification of a Participant or Beneficiary claim on a lost Participant account.

#### Computer Services

- 4.36 Provide the County with secure online access to Participant and Plan information, including the ability to view Participant's file (e.g., images of forms, RMD or other letters, including a copy of the actual letter sent to Participant, correspondence, communications relative to outreach efforts, communications relative to corrective actions, call log, etc.), generate standard reports and a comprehensive search engine for ad-hoc queries that will allow the County to confirm Participant records and conduct Plan activity, trends and demographic research. The County shall provide a current list of County employees authorized to access Contractor's online

Participant and Plan records, including identifying the read and/or write privileges of each individual. Contractor shall provide training to County employees, as needed or requested.

- 4.37 Establish physical and electronic security procedures that are acceptable to protect Participant and Plan information from unauthorized access. Contractor shall conduct ongoing exercises to ensure electronic access to Defined Contribution Program records and transactions are secure and make available the most current executive summary of Contractor's security report, upon County request. If making such security report available to the County is deemed to be a security concern by the Contractor, the County would be willing to sign a non-disclosure agreement associated with providing the security report.
- 4.38 Provide the County with viewing access to the Contractor's written Emergency Plan in the event Contractor's corporate headquarters, call center, and/or local service center are made inoperative. The Emergency Plan shall ensure a minimal level of service continuity including, but not limited to, providing an alternate work site, off-site backup and storage of all Defined Contribution Program data, and a disaster recovery plan. The Emergency Plan shall be subject to supervised County review and shall be updated annually and more frequently if circumstances warrant.
- 4.39 Acknowledge that all Participant and Defined Contribution Program records within computer data files, maintained by the Contractor, shall at all times remain the property of the County notwithstanding the fact that such records may be stored upon or within one or more computer or data retention systems owned, operated or leased by the Contractor. The County shall, at all reasonable times, have access to the above stated information. To the extent that any such records are to be maintained upon a computer system or any other data retention system which is not owned by the Contractor, the Contractor shall provide the County with assurances from the owner of such computer facilities, satisfactory to the County, of the continued availability and security of such records at all times.
- 4.40 Maintain duplicate or back-up data files of current Participant and Defined Contribution Program records in a place of safekeeping.
- 4.41 Provide access to the County, upon request, to all reports, books, records, and all other information and documentation relating to each Plan, as reasonably required, including so that the County and/or its designated officers, agents and accountants, can conduct a financial examination and/or audit of the Plans. Any third parties conducting the audit shall sign a reasonable confidentiality agreement before accessing such information.

#### Quarterly Participant Statements

- 4.42 Develop a Quarterly Participant Account Statement (Participant Statement) in a format approved by the respective Plan Administrative Committees that includes:

- a. Participant's name and address. Social Security Numbers are strictly to be omitted.
- b. Account beginning and ending balance, accumulated deferral and matching contributions since enrollment, and calendar year-to-date, deferral percentage for each pay period, deferral and matching contributions per pay period, after-tax contributions, distributions, loan information, rollovers, and change in value for the quarter. The County may also want to include a retirement income estimate on the quarterly statements.
- c. A detailed breakdown by investment options of the account beginning and ending balance, deferral and matching contributions, and earnings or losses.
- d. The detailed identification of Participant fees and charges, as required by ERISA and DOL fee disclosure regulations.
- e. All Participant investment offsets, allowances and rebates under a heading, such as "Misc. Credits," which is mutually agreeable to Contractor and the County and compliant with ERISA and DOL disclosure regulations.
- f. The date and type of the last Participant initiated transaction during the service period (excluding payroll contributions and automated rebalance).
- g. The current designated beneficiary. In the absence of a designated beneficiary, supply notification on the statement that no beneficiary is on file with directions to submit a beneficiary designation.

4.43 Cooperate with the County to develop the monthly investment options performance sheet and insert in the quarterly newsletters with the Participant Statements and post on the website.

4.44 Deliver or mail the Participant Statements to the last mailing address provided to the Contractor for each Participant no later than fifteen (15) business days following the last calendar day of the calendar quarter, or within ten (10) business days after receipt of required information from the County and/or all third-party sources. The Contractor shall provide and utilize electronic statements as approved by the Committee. Statements shall be posted to the Participant website within one week following the last calendar day of the quarter and at that time, said Participants shall be notified that their statement is ready for viewing on the Participant website.



- 4.45 Include a statement pertaining to the Participant's responsibility to review the accuracy of the Participant Statement and to report any corrections or discrepancies to the County and Contractor within 90 days following the close of the statement period.
- 4.46 Provide the County designated staff with access to view electronic copies of the quarterly Participant statements on-line. The Contractor shall provide electronic copies of Participant statements to the County on an electronic medium agreeable to the County.
- 4.47 Coordinate with County Project Manager to draft notices to be included from time to time on the Participant Statement.

Monthly Recordkeeping/Financial Report

- 4.48 Within 20 calendar days following the last business day of the month, Contractor shall compile the various monthly reports detailed within this Contract for each Plan and provide the County with a "Monthly Recordkeeping/Financial Report." Unless otherwise stated, the reports should reflect the activity during the current service period and the year-to-date.

Contractor shall:

- 4.49 Report the exceptions to the current service period payroll contributions. Contractor shall categorize the exceptions and identify the number of processed and outstanding cases, including the average turnaround time.
- 4.50 Report and categorize suspense accounts on the last business day of the month that includes all unpaid and uncleared transactions. Contractor shall identify and comment on cases that are older than 5 business days. Contractor shall also report on amounts that have not cleared since the last reporting period.
- 4.51 Report Participant account activity, including:
  - a. Plan participation analysis (total Participants (employed and terminated with an account balance and Participants with a zero balance), contributions, allocations, distributions by type, etc.)
  - b. Recordkeeping-ledger-banking systems reconciliation, as described in 9.0 ACCOUNTING AND FINANCIAL CONTROLS.
  - c. Investment account reconciliation/analysis, as described in 9.0 ACCOUNTING AND FINANCIAL CONTROLS.
  - d. Loan summary (new, outstanding, repayments, defaulted, auto offset, etc)
  - e. Age 70 report (Participants currently receiving required minimum distributions and Participants turning age 70 ½ in the

current year, to be reported by plan, and in aggregate; County shall have access to Participant detail for audit and other purposes)

- f. Matching contribution forfeitures
- g. Excess contributions
- h. Monthly Plan asset totals
- i. TPA and County fee reconciliation/analysis
- j. Stale dated check account reconciliation/analysis
- k. Lost Participant account reconciliation/analysis

4.52 Report and reconcile the recordkeeping system, ledger, Administrative Accounts, bank accounts, investment accounts, and other financial documents as described in 6.0 ADMINISTRATIVE ACCOUNTS, 7.0 BANKING SERVICES, and 9.0 ACCOUNTING AND FINANCIAL CONTROLS.

4.53 Cooperate with the County to format an acceptable comprehensive monthly report.

4.54 Provide an annual report for each Plan within twenty (20) business days after the end of each calendar year, as well as reports for each Plan at the end of the fiscal year.

#### Excess Contributions

4.55 Perform all required functions relating to identifying, reporting and correcting contributions in excess of annual limits.

#### Military Leave Make-Up Contributions

4.56 Perform all required functions relating to missed contributions due to a military leave of absence, including determining Participant's eligibility, performing calculations, providing written documentation of eligibility and confirmation of elections to the Participant and accurately tracking and reporting contribution limits for contributions made during the current year that were for a previous year.

#### Returned Mail

4.57 Perform all required functions relating to researching for a current address and processing address validation for returned mail, lost Participants and stale dated checks and flagging account if a current address is not found. If it is determined that the returned mail belongs to a Participant who the Contractor has determined is deceased, Contractor shall update records to reflect the date of death and cease mailings to deceased Participant.

### Small Account Distributions

- 4.58 Perform all required functions relating to automated distributions for small accounts (e.g., account balance of \$1,000 or less), including mailing letter, distribution form, and 402(f) Notice. Adhere to the Pension Savings Plan's waiting period (currently 24 months) for small account distributions prior to processing. Such distributions are not currently performed for the Horizons or Savings Plans, but may be added during the term of the Contract at no additional cost.

### Error Correction

- 4.59 In the event that the Contractor is responsible for an error that impacts a Participant account value, the Contractor shall make the Participant account whole by adjusting the Participant account to reflect the value had the error not been made by the Contractor. The Participant account shall be made whole at no cost to the Participant, the Plan or the County.
- 4.60 In the event that an error occurs that has an impact to Participants, which may include non-financial impacts (e.g. incorrect communications, etc.), the Contractor shall promptly notify the County of such errors within two (2) Business Days of the error being discovered by the Contractor. Concurrent with or following the notification, the Contractor shall provide a description of the steps being taken to correct the error and avoid future occurrences.

### Data Analytics

- 4.61 Contractor shall provide web-based data analytics services to County staff without requiring the adoption of managed account services. Data analytics reporting filters are anticipated to include:
- Age and gender
  - Annual salary
  - Level of contributions
  - Allocation to certain funds
  - Retirement income projection
  - Alternate allocation comparisons

## 5.0 ADMINISTRATIVE SERVICES

The Contractor shall:

- 5.1 Meet with the County and any other company or service provider involved with the Defined Contribution Program, at least monthly in Los Angeles at a County office designated by the County Project Manager, for the purpose of reviewing the Plan's operational status, projects, resolving any problems, and discussing any relevant issues.
- 5.2 Agree to comply with the Defined Contribution Program's Participant Account Correction Protocol (the "Correction Protocol") as may be revised from time to time. To the extent Contractor is responsible for the error requiring correction, agree to make Participants and/or the Plans whole, as applicable, in accordance with the Correction Protocols, and, to the extent the error is not covered by the Correction Protocols, with IRS guidance, including but not limited to the IRS Employee Plans Compliance Resolution System (Revenue Procedure 2016-51 or any successor thereto), and other governing legal principles.
- 5.3 Provide services to the County as requested on special projects and provide ad-hoc reports for said projects (e.g., a project in the event a Plan is determined to be not qualified, etc. or actions required pursuant to a compliance statement, closing agreement or similar agreement with the IRS). For purposes of setting delivery times for ad-hoc reports, the County and Contractor shall agree on the targeted delivery time following the request for an ad-hoc report by the County. Timing for such ad-hoc reports is generally expected to be approximately two weeks. For ad-hoc reporting which the County identifies as "urgent," the Contractor shall provide reporting in one week.
- 5.4 Prepare and maintain special purpose reports as determined by the Plan Administrative Committees to be necessary for the proper administration of the Plans.
- 5.5 At least quarterly, provide the County with a written briefing on proposed and pending State or Federal legislation, regulations, or other changes in the retirement and investment industries that may have an impact on the record-keeping, investments, and administration of the Defined Contribution Program.
- 5.6 Inform the County within 30 calendar days of recently enacted Federal or State tax laws and regulations. Contractor shall explain how the changes will affect the benefits, record-keeping, and administration of the Plan(s). Contractor and Contractor's legal counsel shall also cooperate with the County and County legal counsel in making the corresponding necessary amendments to the Plan(s) that provide Participants the most advantageous benefits. Contractor shall not charge the Defined Contribution Program for any changes to Contractor's systems or services that are needed to administer changes to the Plans that are required by State or Federal law or regulations.

- 5.7 Review and inform the County of existing Plan(s) limitations and administrative structures subject to improvement.
- 5.8 Provide the County, at no additional cost, with standard upgrades to the financial systems, voice response system, mobile application, Participant website and Plan Sponsor website that are made available to other institutional clients.
- 5.9 Support and automatically enforce the adopted Investment Policy Statement, which may be updated from time to time by the County. This may include, but is not limited to, policies regarding frequent trading restrictions, equity wash restrictions, redemption fees, and other policies determined by the County. The current Investment Policy Statements are attached hereto as Attachments Y1 and Y2.
- 5.10 Promptly notify the County of changes in Contractor staff, in accordance with the Contract paragraph 7.4.

#### Administrative Manual

- 5.11 Establish written policies and procedures to maintain the secure financial integrity of the Defined Contribution Program and efficiently streamline the processing of Participant transactions and other administrative functions.
- 5.12 Establish and maintain a current “Administrative Manual” containing procedural rules for the handling of all Participant transactions, including enrollment (hardcopy and electronic), deferrals, transfers, loans, hardship withdrawals, termination/withdrawals, general inquiries, complaints, stale-dated-checks, lost Participants and any other administrative function that County may request be documented from time to time. At least once every year, Contractor shall review the Administrative Manual, update as necessary, and submit changes to the County for review and approval.
- 5.13 Include in the Administrative Manual a description of the structure and inter-relationship of the recordkeeping, ledger and banking systems. The description shall include the processing, financial controls and reconciliation of Participant initiated cash flow through the system.

#### Establishing and Terminating Defined Contribution Plans

- 5.14 Provide full cooperation for the establishment of a new qualified defined contribution plan or eligible deferred compensation plan (the “new Plan”), or money type (e.g., 457 Roth and 401(k) Roth), as directed by the County. The County may, at some future date, make the business decision to introduce a new defined contribution plan or money type(s) to benefit employees. In the event a new Plan or money type is sponsored by the County, Contractor shall negotiate, in good faith with the County, in accordance with the Contract, sub-Paragraph 8.1.5 (Amendments for Additional Services), and an amendment to Exhibit B (Pricing

Sheet). The terms, services, and conditions detailed in this Contract shall apply to the new Plan or money type(s).

- 5.15 Provide full cooperation in the termination of a County defined contribution plan, as directed by the County. Contractor shall establish the logistics necessary to efficiently close the Plan, including:
- a. Establishing and maintaining a Plan Termination Journal documenting the activities planned and taken to terminate the Plan;
  - b. Notifying Participants of the termination schedule, any required action they must take, and providing distribution election forms and required disclosures. The content and format of all notices are subject to County review and approval; and
  - c. Filing any required forms with the IRS, Trustee and/or regulatory agencies.

#### Annual Site Visit

- 5.16 Coordinate with County the annual site visit to Contractor's corporate headquarters, as well as a separate site visit to the local office. During the annual site visit, Contractor shall provide the County access to:
- a. Facilities including call service center, data center and recordkeeping and financial systems.
  - b. Contractor's specialists, who will provide the County with a walk-through in their area of responsibility (i.e. Call service center, data center, financial controls, banking systems, recordkeeping systems, etc.)
  - c. Contractor's local and call center service representatives and operations areas for a group discussion of issues encountered during the year, a sampling of handled cases that include death benefit claims, DRO's, distributions, loan processing, excessive trading and hardship file review.
  - d. Contractor's operations representatives who will provide a walk-through of their area of responsibility (i.e., distributions, hardships, DROs, loan payment suspensions, etc.)
  - e. The annual site visit shall also provide a forum to discuss current contractual requirements, new Plan services or functionality, policy, training and operational issues between the County and Contractor.

- f. Contractor is not responsible for travel and expenses associated with County attendance at annual site visit.
- g. Separate from the home office site visit, the Contractor shall provide the County access to the local office for an annual site visit, or other frequency as determined by the County.

#### Quarterly Administrative Report

5.17 Provide a written and in-person quarterly “Administrative Report” to the respective Plan Administrative Committees, no later than 40-calendar days following the end of the service period being reported, unless otherwise directed by the County. The Administrative Report shall:

- a. Include a compliance statement from the Contractor that all required services in this Contract have been met during the quarterly service period. The Contractor shall identify and thoroughly explain the circumstances of any discrepancy, including measures to minimize future repetition.
- b. Include basic Participant and Plan statistics for the quarter and year-to-date, including the number of new Participants, Plan asset balances, amount of contributions broken out by Participant contributions, employer contributions and aggregate contributions, the number of Participants enrolled in auto-escalation, and the number and amount of distributions, hardships approved/pending/denied (and denied reason(s)), transfers between investment options, transfers between the County’s DC Plans, delayed transactions, loans, annuity quotes, conversion to annuities, rollovers, number of Participants opting out of electronic quarterly account statements, number of Participants enrolled in the 457 Plan special three year catch-up, the number of Participants making military leave make up contributions, etc. Contractor shall provide statistics based on demographic information, such as average contribution by age range, and average account balance by age range, gender, bargaining unit, etc. Contractor shall modify the age range at the discretion of the County. Contractor shall also report any defaults or Plan or procedural violations such as, deemed distributions, etc.
- c. Identify Plan-level investment option statistics, such as allocations, contributions, and demographic distribution of assets and redemption fee statistics. Contractor shall perform minor analysis of Participant investment statistics to identify trends and potential investment education issues, i.e. diversification, asset allocation, time horizon to retirement, risk aversion, etc.

- d. Analyze Participant transactions, demographics and other significant measurements of Participant usage of Plan benefits, investments, and services. The transaction analysis shall reflect whether services were provided by local or call center service representatives, Participant website, mobile application or voice response system.
- e. Include enrollment, counseling, and marketing/outreach statistics of the local service center.
- f. Include call center, voice response system, mobile application and Participant website and Plan Sponsor website operational access and down-time statistics.
- g. Report any recurrent issues posed to service representatives.
- h. Summarize the status of current administrative and operational projects directed by the County and Plan Administrative Committee(s).
- i. Include formal complaint statistics. Contractor shall identify any common issues that Participants have raised concerning the Plan(s) or service provided by the Contractor.
- j. Include a summary section of terminated Participants to include the number of Participants and asset value that leave the Plan. The report shall also include the number of Participants and asset value that stay in the Plan following termination (retention statistics).
- k. Include a summary of electronic statement usage, including, but not limited to, number of Participants utilizing electronic statements compared to number of Participants opting out to paper statements. Also compare the number of Participants notified that their quarterly electronic statement is available and the number of Participants that access/view their electronic statement.
- l. For quarterly statistics provided, the report shall generally provide prior time periods for comparison (e.g. prior quarter, prior year, etc.)

5.18 Provide an annual report for each Plan within twenty (20) business days after the close of each calendar year. In addition, although the Plans are not governed by ERISA, Contractor agrees that it will furnish the same information, in the same time and same manner, as it would consistent with 29 C.F.R. Section 2550.408b-2(c) if the Plans were subject to ERISA.



- 5.19 The County may elect to develop an annual retirement income benefit projection statement to include both the defined benefit (“DB”) and defined contribution (“DC”) projections at retirement (“Statement”), in conjunction with Los Angeles County Employees Retirement Association (“LACERA”), or other designee. The County anticipates that LACERA will prepare and distribute the Statement. It will contain separate sections for DB benefits and projected DC income. The Contractor shall work with the County and LACERA to prepare retirement income projections for the DC plans’ Participants and to transmit this data in a form and format acceptable to LACERA, or other County designee, for inclusion in the Statement.

## 6.0 ADMINISTRATIVE ACCOUNTS

The Contractor shall establish a series of “Administrative Accounts” comprised of one or more record-keeping sub-accounts within each Plan established from time to time by Contractor at the request of the County for the administration and accounting of Plan expenses and contingencies. Administrative Accounts may include accounts established to hold forfeitures of matching contributions due to the operation of the Plan’s vesting schedule, administrative fees debited from the Participant accounts, funds attributable to stale checks and lost Participants, float interest earnings from the Investment Sweep Account and the other Administrative Accounts, earmarked investment manager and custodial fees and unprocessed gains. The Administrative Accounts are invested at the direction of the County and credited with earnings in accordance with the terms of the investment vehicle selected by the Plan Administrative Committee from time to time. The Contractor shall provide information regarding all available investment vehicles to assist the County in making an appropriate selection and notify the County of any more favorable investment vehicle that may be available to the Plans.

The Contractor shall tie the Administrative Accounts to the record-keeping system and the separate ledger established exclusively for the Defined Contribution Program.

### 6.1 Deposits into Administrative Accounts

- a. The Contractor shall deposit TPA Services Fees and County Administrative Fees, collected from Horizons and Savings Participant accounts, on the business day following the date collected, into the corresponding Administrative Account.
- b. On any business day, Contractor is authorized to accept ACH transfers of investment management and related fees from the Defined Contribution Program’s investment firms, custodians, and consultants. Contractor shall deposit these fees within one (1) business day into the Administrative Account specified in the ACH transfer directions, as provided by either the County or custodian, and provide a report of the account balances after the deposit.
- c. Contractor shall deposit interest earnings from the banking structure’s Concentration Account into the appropriate Administrative Account within ten (10) business days of receipt of written notification from the Bank of the amount of monthly interest to be credited.
- d. Upon the County’s case-by-case authorization, Contractor shall transfer funds from a Participant’s account pursuant to each Plan’s provision for lost Participants.

- e. On any business day, Contractor shall transfer funds from a Participant's account pursuant to each Plan's provision for the vesting and forfeiture of matching contributions.
- f. On any business day, Contractor shall transfer funds from the Concentration Account pursuant to administrative procedures for stale dated checks.
- g. Deposits into the Administrative Accounts shall remain until such time a Participant or his/her beneficiary claims a lost Participant account, a Participant or his/her beneficiary requests a stale dated check to be reissued, the County authorizes disbursement to pay for specified Defined Contribution Program expenses, the County directs the Contractor to offset incoming matching contributions with the forfeited matching contributions or as otherwise instructed by the County.
- h. Any errors in processing by the Contractor in moving funds within an administrative account will be reported to the Auditor-Controller in writing in a manner that describes in detail the errors that occurred and describes the steps taken to correct the error and to avoid future occurrences.

## 6.2 Disbursements from Administrative Accounts

- a. Contractor shall maintain a current list of authorized County signatories approved by the County to pay Defined Contribution Program expenses from the Administrative Accounts.
- b. The County shall provide an "authorization to pay" specific invoices received and approved for payment. The authorization to pay shall identify the form of payment (either by check or ACH) the Contractor shall use to pay Defined Contribution Program expenses.
- c. Within five (5) business days of receiving the County's authorization to pay, Contractor is authorized to initiate a transfer from the appropriate Administrative Account to the Concentration Account for purposes of funding the payment of Plan expenses that the County has approved for payment.
- d. Contractor shall cause disbursements for the payment of approved Plan expenses to be issued against the Controlled Disbursement Account. Contractor shall establish commercially reasonable banking control procedures for disbursements issued from the Controlled Disbursement Account.

- e. On any business day, Contractor is authorized to initiate a transfer from the Concentration Account to the Funding Account for purposes of funding checks presented for payment against the Controlled Disbursement Account.
- f. When total check presentations are made against the Controlled Disbursement Account, the Bank that maintains the Funding Account and the Controlled Disbursement Account will transfer funds from the Funding Account to honor the check presentations.
- g. On any business day, Contractor is authorized to initiate transfers from the Concentration Account to the Funding Account for purposes of funding the payment of Plan expenses that the County has approved for payment via ACH.
- h. Any errors in processing by the Contractor in moving funds within an administrative account will be reported to the Auditor-Controller in writing in a manner that describes in detail the errors that occurred and describes the steps taken to correct the error and to avoid future occurrences.

### 6.3 Allocation of Administrative Account Interest Earnings

Contractor agrees to notify County in writing on a monthly basis of the amount of interest earned on each of the Administrative Accounts within each Plan on a business day each month that is mutually agreeable.

On a business day each month that is mutually agreeable, Contractor is authorized to withdraw the amount of such interest earnings from selected Administrative Accounts within the respective Plans, as directed by the County, and deposit the funds in the Administrative Account that holds that Plan's float interest earnings.

### 6.4 Reporting

Within twenty (20) business days after the end of each month, Contractor shall provide a financial reconciliation report of the Administrative Accounts against vendor invoices, administrative fees charged to Participant accounts, fees collected/received and deposited, interest sweeps, other deposits, and disbursements from the Administrative Accounts. The report shall include copies of the cancelled checks issued or ACH disbursement information for the Administrative Accounts, a listing of all Administrative Account transactions during the month with identifying information, and confirmation that funds were processed correctly through the Defined Contribution Program's ledger and banking structure. The Contractor shall identify any discrepancies and notify the County for additional direction.

## 7.0 BANKING SERVICES

The County, Contractor and Trustee shall establish a series of depository and securities clearing accounts and cash management procedures to facilitate the efficient administration of the Plans, the timely execution of investment directions from Participants, Plan Administrative Committees and the County, and the correct disbursement of funds in cash from the Plans. The procedures set forth herein are designed to create security controls with respect to the transfer of Plan assets, control bank charges and other expenses of the Plans, adequately document the disbursements of Plan funds and corresponding accounts that have been debited, minimize idle funds and maximize interest earnings on funds held pending long-term investment or disbursement. This banking arrangement will be established exclusively for the County of Los Angeles Defined Contribution Program, at the request of the County, in lieu of the omnibus client banking arrangements customarily offered by Contractor. Contractor and the County agree to negotiate in good faith to ensure commercially reasonable price protections for the Plans with respect to the banking arrangements that are the subject of this Contract. Such protections shall be consistent with Sections 401(a) and 457(g) of the Internal Revenue Code.

Notwithstanding the foregoing, at any time during the term of the Contract, the County may direct the Trustee to contract with Contractor for inclusion in one or more of the commingled banking accounts that Contractor makes available to other governmental customers who maintain retirement and deferred compensation plans held in trust.

The Contractor shall tie Banking Services to the record-keeping system and the separate ledger established exclusively for the Defined Contribution Program.

**BANKING STRUCTURE:** Contractor shall provide banking services as described in this Section.

### 7.1 Terms and Description of Accounts

- a. "Bank" means one or more banks or similar financial institutions supervised by agencies of the United States or a State at which the Trustee(s) of the Plans, at the direction of the County or the Plan Administrative Committee, have established accounts for the ordinary administration of the Plans and for the disbursement and collection of funds in cash under the terms of the Plans. The Bank may be, but is not required to be, the same financial institution as the Trustee or another fiduciary to the Plans. The banking arrangement is illustrated in the attached schematic, which may be changed from time to time as mutually agreed between the County, Contractor, and Trustee.
- b. "Business Day" means any calendar day except for Saturdays, Sundays and days that the New York Stock Exchange is closed or a Bank is closed.

- c. "Concentration Account" means a Demand Deposit Account established and maintained at a Bank for the purposes of efficient administration of the Plans and effective control over all disbursements from and transactions in the Plans. All collected balances will be transferred daily to the Concentration Account which is funded by daily transfers from the Depository Accounts, the Trading Account, investment providers for the fixed investment options and by periodic deposits of subtransfer agent fees and custodial fees from the investment vehicles made available under the Plans. All funds required for Plan distributions, loans, Plan expense payments and investments flow through the Concentration Account. The Concentration Account is intended to have a zero collected balance whereby balances may be transferred daily for overnight deposit in the Investment Sweep Account.
- d. "Controlled Disbursement Account" means a non-interest bearing account established at a Bank for the purpose of making Plan distributions, loans, and Plan expense payments via check. The Controlled Disbursement Account is intended to have a zero collected balance.
- e. "Demand Deposit Account" (DDA) means a non-interest bearing demand deposit account established at a Bank.
- f. "Depository Account" (DA) means a Demand Deposit Account established and maintained at a Bank for purposes of receiving Plan contributions, including, without limitation, salary deferrals, matching contributions, rollover contributions and plan to plan transfers, and Plan loan repayments and payoffs. All deposits into a Depository Account, including Participant-directed rollovers or plan-to-plan transfers, must be authorized by the County or the appropriate Plan Administrative Committee. A separate Depository Account is established and maintained with respect to each Plan. All Depository Accounts are intended as Zero Balance Accounts whereby all collected balances are transferred daily to the Concentration Account.
- g. "Funding Account" means a non-interest-bearing account established at a Bank for the purpose of funding ACH transactions presented for payment against the Controlled Disbursement Account. The Funding Account receives funds from the Concentration Account and remits them to the Controlled Disbursement Account upon receipt of ACH presentment totals.
- h. "Investment Sweep Account" means an interest-bearing account established and maintained at a Bank for the purpose

of crediting interest earnings on funds which are held overnight or longer for any purpose under any of the Plans.

- i. "Lockbox" means a wholesale lockbox service attached to each of the Depository Accounts.
- j. "Trading Account," "Trading Platform," or "Clearing Account" means a non-interest bearing account established by Contractor for use solely in connection with clearing securities transactions with respect to the Plans. The Trading Account is established pursuant to sub-Section (k)(2)(i) of Rule 15c3-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.
- k. "Trustee" means one or more successor trustees appointed by the County. The Trustee for the Defined Contribution Program shall maintain ownership and the respective account agreement for each of the bank accounts. The bank accounts will be individually labeled "[Account Type] – [Trustee Name] as Trustee for the County of Los Angeles Defined Contribution Program" and each account shall be assigned a County Taxpayer Identification Number.
- l. "Wire Transfer Controls" means commercially reasonable wire/electronic fund transfer procedures with pre-established and authorized fund transfer limits approved by the County from time to time for all of the Plans' Bank accounts.
- m. "Zero Balance Account" (ZBA) means that balances in the account are maintained at zero via a nightly Bank-initiated transfer.

## 7.2 Relationship of Contractor with respect to the Trustee

Contractor shall establish and maintain agency agreements with the Trustee for purposes of administering the Defined Contribution Program. The agency agreement shall provide the Contractor with certain record-keeping and administrative duties set forth in the applicable trust agreements governing the Plans, including, without limitation, authority to transfer Plan assets as required to execute Participant, Plan Administrative Committee or County directions with respect to investments and disposition of Plan assets as set forth in this Contract. Contractor acknowledges that the County's decision, with respect to the appointment of the Trustee of the Plans, will be based, in part, on Contractor's relationship with Trustee. Contractor agrees to notify the County if Contractor's agreement with Trustee has a material change that will affect the Defined Contribution Program, is terminated, or expires. Contractor shall provide evidence of the

Trustee agency agreement that is applicable to the Plans as is reasonably requested by the County from time to time.

Furthermore, Contractor agrees the agency agreement between the Contractor and Trustee shall prohibit any compensation to be exchanged between Contractor and Trustee for activities and services related to the Defined Contribution Program.

### 7.3 Financial Controls

Contractor shall establish Wire Transfer and/or ACH Controls for all funds transferred between each of the bank accounts and each investment provider and/or plan custodian.

### 7.4 Deposits

Contributions The County agrees to make all contributions to any of the Plans through the Depository Account assigned to each Plan. Contractor shall deposit any payments and rollovers received from Participants through a general Defined Contribution Program Depository Account.

Concentration account On any Business Day, Contractor shall instruct the Bank to transfer collected balances in the Depository Accounts, Funding Account, Trading Account, and Investment Sweep Account to the Concentration Account to fund activity described in Disbursements and Directed Investments.

Overnight sweep At the close of each Business Day, Contractor may instruct the Bank to transfer any collected balance in the Concentration Account to the Investment Sweep Account. Contractor shall perform a monthly analysis to determine the advantage of using the Investment sweep account versus earning service credits or other incentives by not using the Sweep account. Contractor shall send a monthly analysis report to the County with recommended action.

Contractor shall provide the County with a monthly update of the interest rate applied to the Investment Sweep Account and notify the County of any more favorable bank interest rates that may be available to the Plans through other Contractor banking arrangements. See Attachment M1 (Earnings Credit Rate Monthly Analysis – Sweep vs ECR) and Attachment M2 (Earnings Credit Rate Monthly Analysis – Charges).

### 7.5 Disbursements

Funding a disbursement On any Business Day, Contractor is authorized to initiate a transfer from the Trading Account and transfers from the investment providers of the fixed investment options to the Concentration Account for purposes of funding benefit payments, loans and withdrawals



("Benefit Payments") to Participants, Plan expenses, and any corresponding tax payments.

Check disbursement On any Business Day, Contractor is authorized to initiate a transfer from the Concentration Account to the Controlled Disbursement Account for the amount pending check presentment. Contractor is authorized to initiate transfer from the Funding Account to the Controlled Disbursement Account for purposes of funding ACH settlements against the Controlled Disbursement Account. Contractor shall establish commercially reasonable banking control procedures for checks issued from the Controlled Disbursement Account.

ACH disbursement On any Business Day, Contractor is authorized to initiate transfers from the Concentration Account to the Funding Account for purposes of funding tax payments, Benefit Payments for Participants who have elected ACH distribution(s) and, upon written direction from the County, at a later date, the payment of Plan expenses.

## 7.6 Directed Investments

Sub-transfer agency agreements Securities purchases and redemptions are governed by the terms of the sub-transfer agent agreement between the investment providers, custodian(s), and Contractor and the terms of the investment contract between the County, the Plans, the Trustee or the Plan Administrative Committee and the investment provider and custodian. Contractor agrees to conform the processing of securities purchases and redemptions through the bank accounts within the terms of the respective sub-transfer agency agreements and to provide the County with prompt notice of any amendments to or changes in the sub-transfer agency agreements which may impact the trading of securities under the Plans. Furthermore, Contractor agrees the sub-transfer agency agreement between the Contractor and the investment providers and custodian(s) shall prohibit any compensation to be exchanged between Contractor and the investment providers and custodian(s) for activities and services related to the Defined Contribution Program.

General securities transactions On any Business Day, Contractor is authorized to initiate electronic transfers between the Concentration Account, Trading Account and the investment provider(s) for the fixed interest investment options for purposes of making securities purchases and redemptions in accordance with instructions of Participants, the Plan Administrative Committee or the County. Investment instructions received by Contractor by 1:00 p.m. Pacific Time shall be executed pursuant to the Late Day Trading protocol described in Section 8.0 INVESTMENT RELATED SERVICES. Investment instructions received after 1:00 p.m. Pacific Time shall be executed as if the instructions were received the following Business Day.

## 7.7 Allocation of Interest

Contractor agrees to calculate the amount of monthly interest paid, to be credited to each Plan based on Plan transaction activity during that month. On the last Business Day of each month, Contractor is authorized to record the interest earnings calculated for each Plan to the appropriate Administrative Accounts for each Plan.

## 7.8 Bank Overdraft Protection

Contractor shall establish and maintain financial controls designed to avoid a negative Bank account balance. Contractor shall not be responsible for funding overdrafts and any related bank charges except to the extent the overdraft is due to Contractor's failure to comply with such financial controls.

## 7.9 Bank Charges

Within ten (10) Business Days of receiving the monthly invoice from the Bank, Contractor shall:

- a. Review and reconcile all bank charges and fees (collectively referred to herein as "Bank Charges") corresponding to the banking services requested and rendered and the applicable fee schedule that has been agreed to with the Bank.  
  
Identify, research, and explain any extraordinary bank activity, fees, volume, charges, etc.
- b. Identify and exclude any overdraft protection costs from being charged to the Plan(s) or County. Such costs shall be the exclusive responsibility of the Contractor.
- c. Calculate the portion of the Bank Charges (less any applicable credits issued by the Bank) that are attributable to each Plan.
- d. Provide the County with a payment request that includes the bank invoice, applicable Bank client analysis statements and reports that are reasonably required to support Contractor's calculations. Whereupon, the County shall review the payment request and authorize payment pursuant to the Disbursements from Administrative Accounts protocol described in Section 6.0 - ADMINISTRATIVE ACCOUNTS.
- e. Contractor shall provide the County with an annual update of the applicable Bank fee, credit, and interest rate schedules and notify the County of any more favorable bank terms that may be available to the Plans through other Contractor banking arrangements.

## 7.10 Reports

Within twenty (20) Business Days after the end of each month, Contractor shall:

- a. Identify and categorize the outstanding amounts remaining in the bank accounts on the last Business Day of the month. Contractor shall also reconcile the outstanding amounts with the Participant and/or Plan Administrative Committee directed transaction on the ledger and recordkeeping system. Contractor shall comment on outstanding amounts older than five (5) Business Days.
- b. Reconcile disbursements from the bank accounts to Participant directed distributions, payments from the Administrative Accounts, and tax withholding.
- c. Calculate the amount of interest earned during the month that is to be allocated to each Plan and credited to the appropriate Administrative Account for float interest earnings. Contractor shall also report the interest that was deposited for the prior month.

## 7.11 Banking Arrangements/Agreements and Changes

In the event of any discrepancy between this Contract and the banking agreements entered into between the Trustee and any of the Banks used for the benefit of the Plans, the banking agreements will control.

Banking arrangements or agreements and any change to them requires the prior approval of Contractor and the County.

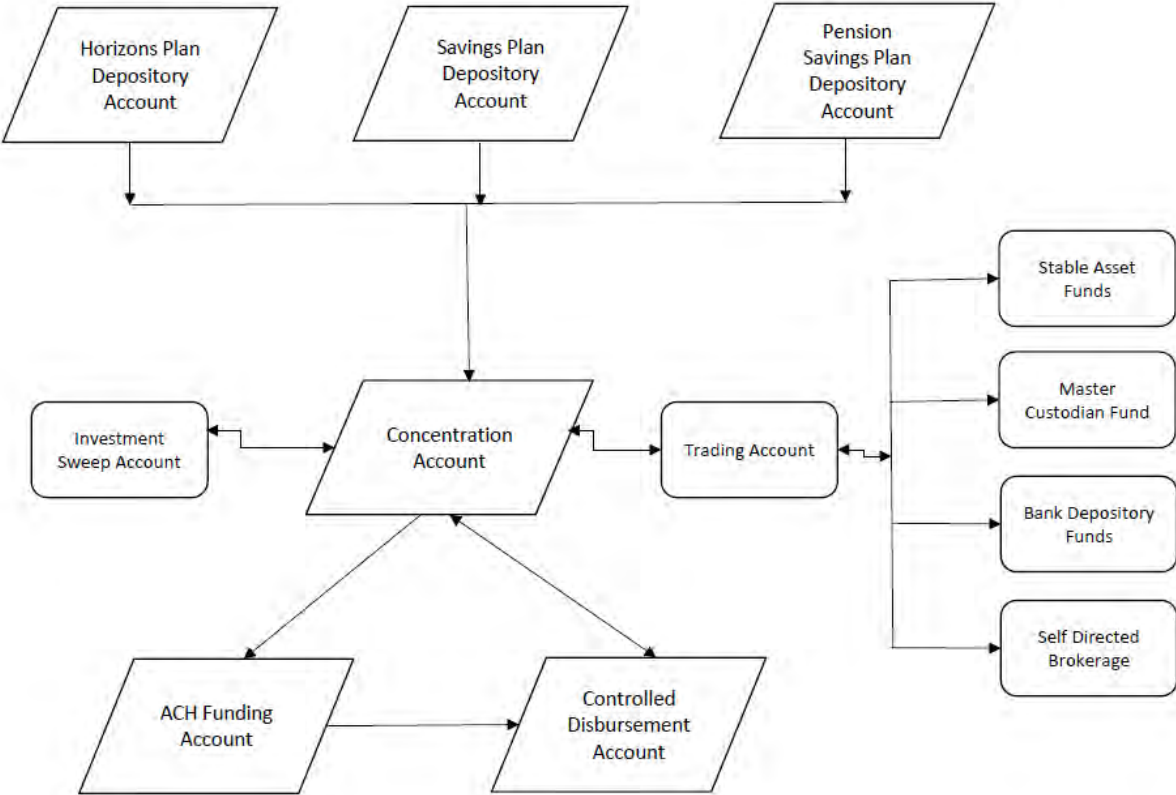
In the event that any of the Banks utilized in connection with performing services under this Contract terminate the relevant deposit account or change their procedures or the types of bank accounts or services they make available such that the County's objectives cannot be met or Contractor's standard banking or trading procedures are disrupted, the County agrees to instruct the Trustee to establish bank accounts at a successor bank that is also acceptable to Contractor. Contractor agrees to provide prompt notice to the County of any change of which it has become aware and to cooperate with the County in establishing new accounts prior to the effective date of the change in procedures, bank accounts, or services of the affected bank or financial institution.

In the event that establishment of a new banking arrangement is delayed or does not address the objectives in this Contract, the parties agree to negotiate in good faith a novation to this Contract.

Contractor is not liable for any damages if it is unable to perform under this Contract due to any changes in policy or procedures by any Banks or other financial institutions which provide services to any of the Plans unless such changes were known to Contractor or reasonably should have been known to Contractor and Contractor failed to provide reasonable notice to the County of such change as required by this Contract or Contractor failed to use commercially reasonable and County-approved steps to mitigate such damages.

7.12 General Provisions

At all times, Contractor shall comply with all applicable State and Federal banking laws, as they are amended from time to time.



## **8.0 INVESTMENT RELATED SERVICES**

The respective Plan Administrative Committees have authority to select the investment options available to Participants in the respective Plans. Contractor shall administer Plan Administrative Committee and Participant directed investment transactions in the most efficient and accurate manner that will minimize any potential transaction costs.

### **8.1 Investment Policy**

Contractor shall cooperate with the Plan Administrative Committees to implement the Investment Policy established for each Plan, as updated from time to time, as described in Attachments Y1 and Y2 (Horizons and Savings Investment Policies). Contractor must ensure that its' system can support and effectively administer the County's Trade Restriction Policy, which includes the equity wash feature and the application of system-initiated redemption fees.

### **8.2 Participant Access**

Contractor shall provide Participants unlimited daily access to their accounts and, during business days, the ability to change investment allocation and transfer assets from one investment option to another, as often as permitted by the Trade Restriction Policy included in the Investment Policy.

Contractor shall notify Participants prior to and including the day of any restricted dates where normal daily access to their accounts may be limited due to a non-trading day. Notifications shall be provided on all access channels, including but not limited to the voice response system, mobile application and Participant website.

### **8.3 Investment Securities Transactions – Best Execution**

Investment securities services described in this Contract require the Contractor to effect the purchase and redemption of securities at the direction of the Participants and/or the respective Plan Administrative Committee. Investment securities services are to be executed accurately, efficiently and in the best interest of the Participant; whereby, in the event several options are available to effect a requested transaction, the Contractor and/or broker-dealer shall utilize the option that provides the highest financial return for the Participant.

### **8.4 Investment Securities Transactions – Processing of Daily Participant Instructions**

Consistent with the law and limitations imposed by investment providers and the Plan's transfer restriction policy, Contractor shall facilitate the ability of Participants to make daily changes to their account(s) including

transferring between investment options. Investment instructions received by the Contractor:

- a. Before 1:00 p.m. Pacific Time, will be reflected on the Participant's account(s) as having been executed that business day based on the valuation of the investment securities at the close of market. Contractor shall process Participant instructions pursuant to the above sub-Section 8.3 – INVESTMENT SECURITIES TRANSACTIONS - BEST EXECUTION.
- b. On or after 1:00 p.m. Pacific Time or when the market is closed, will be reflected on the Participant's account(s) as having been executed the following business day (the "Next business day") based on the valuation of the investment securities at the close of market on the Next business day.

For each investment option selected to be incorporated into a Plan's investment menu, the Contractor shall cooperate with the investment provider or custodian(s) to establish a written protocol for executing fund-level and securities-level transactions. The record layouts that are required for the automated feed from a Participant recordkeeping system to interface with the custodian's (i.e., State Street Bank and Trust), management system must have characteristics as defined in Attachment K (Custodian System Specifications). Contractor shall work with the Plans' custodian to provide a daily backup report in a format as required by the custodian. Contractor must reconcile daily transactions effectively and timely with Plan Custodian. If any issues are identified during the reconciliation, Contractor shall work with custodian to resolve and remedy the issues immediately. As soon as practicable, Contractor shall report to the County all of the issues and corresponding actions taken. Contractor shall notify the County within 24 hours of identifying any current or prospective investment option that imposes early redemption fees, does not provide for daily and/or same day trading, or any other investment provider rule or policy that may restrict a Participant's ability to make daily changes to their account(s).

Contractor shall work with County to develop and/or update Participant communication materials that disclose any trading rules or limitations associated with making investment securities changes in their account(s). Any such disclosure shall be subject to the review and approval by the County.

#### 8.5 Delayed Transaction or Trading Error Settlement

Contractor shall be responsible for all settlements among the investment providers and custodian(s) related to directions received from either the Plan Administrative Committee or Participant to transfer assets between the investment options.

In the event securities are not purchased and/or redeemed as instructed and within the specified timeframe, notwithstanding the proper and timely transmission of investment instructions from the Plan Administrative Committee, Participant or County to the Contractor, Contractor has agreed to comply with the following:

- a. Participant-Directed Trading Errors - The following procedures apply with respect to any Participant-directed trading error that is due to a failure or omission of the Contractor that a Participant or the County reports within 90 days of the date of the quarterly statement reflecting the error. Under special circumstances, Contractor may consider an exception to the above and make a correction at Contractor's expense. If County requests such an exception based on the circumstances identified, a correction will not be unreasonably denied, based on facts and circumstances.

8.5.a.1 If the Participant instructs Contractor in writing or orally on a recorded line to correct the trading error retroactively, the Contractor shall reverse the late or erroneous transaction (i.e. redeem the shares or units purchased in error) and reprocess the transaction (i.e. purchase the correct number of intended shares or units) as if the correct transaction had been consummated on the original execution date. The date of the reversal and reprocessing shall be the "date of correction".

8.5.a.2 If the trading error resulted in the Participant suffering a "loss" (that is, the affected portion of the Participant's account on the date of correction is worth less than it would have been if no error had been made), the Contractor shall, as part of the reprocessing, fund the purchase of enough of the intended shares or units to restore the Participant's account to the level it would have been on the date of correction if the correct number of intended shares or units had been purchased on the correct date.

8.5.a.3 If the trading error resulted in a "gain" to the Participant (that is, the affected portion of the Participant's account on the date of correction is worth more than it would have been if no error had been made), the "gain" shall be allocated in the Participant's account and shall be invested pursuant to the Participant's most recent investment directions as communicated to Contractor pursuant to the Plan's investment direction procedures.

8.5.a.4 Notwithstanding the foregoing, upon notification to the County Project Manager, Contractor may reverse only as

much of the erroneous transaction purchase only as much of the intended shares or units, or take such other corrective action as the Contractor determines is necessary and feasible to fully restore the Participant's loss as required under sub-Section 8.5.a.2 above or to effectuate the Participant's instructions and investment directions.

b. Delay in Communicating Participant Investment Direction - The following procedures apply with respect to a delay in executing a Participant-directed investment direction that is due to a failure or omission of the Contractor that a Participant or the County reports within 90 days of the date of the quarterly statement reflecting the error and that is determined to have caused the Participant account to suffer a loss. Under special circumstances, Contractor may consider an exception to the above and make a correction at Contractor's expense. If County requests such an exception based on the circumstances identified, a correction will not be unreasonably denied, based on facts and circumstances.

8.5.b.1 The Contractor shall reverse the late transaction (i.e. redeem the shares or units purchased late) and reprocess the transaction (i.e. purchase the correct number of intended shares or units) as if the transaction had been consummated on the correct execution date. The date of the reversal and reprocessing shall be the "date of correction." The Contractor shall, as part of the reprocessing, fund the purchase of enough of the intended shares or units to restore the Participant's account to the level it would have been on the date of correction if the correct number of intended shares or units had been purchased on the correct date.

8.5.b.2 Notwithstanding the foregoing, upon notification to the County Project Manager, Contractor may reverse only as much of the transaction, purchase only as much of the intended shares or units, or take such other corrective action as the Contractor determines is necessary and feasible to fully restore the Participant's loss as required under sub-Section 8.5.b.1 above or to effectuate the Participant's instructions and investment directions. Alternatively, the Contractor may elect to restore the Participant's account with a cash settlement within no less than two (2) business days where reasonable and upon notification to and written approval from the County Project Manager.



- c. Plan-Level Failures/Delays in Execution - The parties agree that under certain circumstances the correction procedures described above for Participant-level errors may not apply to Contractor errors that occur at the plan level and are not reflected on individual Participant record-keeping accounts. Examples of plan-level failures include delays in investing payroll deferrals because of Contractor delays in processing payroll files received from the County, or Contractor issues with transmitting investment-related instructions to the Plan's custodian or Contractor delays in executing investment direction for fund eliminations. Delayed Plan-level transactions that have not been reflected on individual Participant's record-keeping accounts shall be corrected in accordance with this sub-Section; delayed transactions that have been reflected on Participant's accounts will be corrected in accordance with sub-Section b (Delay in Communicating Participant Investment Direction). In addition, regardless of whether the error is reported by the County, Contractor agrees to take the following corrective action upon notice to the County Project Manager for any delay it identifies.
- 8.5.c.1 The Contractor shall reverse the late transactions (i.e. redeem the shares or units purchased late) and reprocess the transactions (i.e., purchase the correct number of intended shares or units) as if the transactions had been consummated on the correct execution date. The date of the reversal and reprocessing shall be the "date of correction." All Participant accounts will be put in the position on the date of correction that they would have been in on such date if the transactions had been consummated on the correct execution date.
- 8.5.c.2 If in reversing the late transactions and reprocessing the transactions, the Plan suffered a "net loss," the Contractor shall, as part of the reprocessing, fund the purchase of enough of the shares or units needed to restore to the Plan the level of shares or units it would have been holding on the date of correction if the transactions had been correctly executed on a timely basis. The Plan will have suffered a "net loss" if the Plan on the date of correction is worth less than it would have been if the transactions had been timely executed. Contractor shall be responsible for all "net losses" due to the correction of Contractor Plan-level errors.
- 8.5.c.3 If in reversing the late transactions and reprocessing the transactions, the delay resulted in a "net gain" to the Plan, the "net gain" shall be held by the Contractor and shall be

used to offset any "net losses" from other Plan level failures that occur in the same Plan and in the same calendar year. The Plan will have suffered a "net gain" if the Plan on the date of correction is worth more than it would have been if the transactions had been timely executed. At the end of each calendar year, any "net gain" shall be a credit that reduces the Contractor fees for the plan year that immediately follows the year in which the "net gain" was accumulated.

- 8.5.c.4 Notwithstanding the foregoing, the Contractor may elect to restore the Plan with a cash settlement within no less than two (2) days where reasonable and upon notification to the County Project Manager.

If Contractor is not the party responsible for the delay, Contractor shall cooperate with the County in demanding the party responsible fund the correction. Contractor shall include the statistics on delayed transactions (both at the Plan and Participant level) and Participant-directed trading errors within the Quarterly Administrative Report.

These corrective procedures provide detail for certain circumstances related to the Error Correction standards as outlined in Section 4.59 and 4.60.

## 8.6 Allocation of Offsets

All offsets, reallowances and rebates (the "offsets") provided with respect to an investment fund, including but not limited to rebates of 12b-1 fees, sub-agent transfer allowances, and other concessions from mutual fund managers, shall be transferred to the custodian(s) for allocation and distribution to the fund(s) during the month corresponding to the offset, within five (5) business days of receipt by the Contractor.

## 8.7 Investment Option Performance Return Calculations

The Plan's Custodian currently provides Daily Net Asset Valuation (NAV) services for the Horizons Plan and the Savings Plan. However, at the discretion of the respective Committees, and upon County request, the Contractor may also perform the following NAV services:

- a. Daily Net Asset Valuation Services. Contractor may be required to provide the daily dollar and unit valuation of each core investment option based on the daily performance of the underlying investment options. Each core option may be composed of index and/or actively managed investments as reflected in Attachments G1, G2, and G3 (Model Investment Structures). The Horizons and Savings Plans' Core

investments include target retirement date funds and asset class funds. The Pension Savings Plan has a stable value fund as the single investment option.

## 8.8 Annuities

For any Participant considering an annuity distribution, Contractor shall provide annuity payout illustration and assist Participant with annuity purchases through County approved programs and confirm the initial payments from Insurers. Contractor shall include the statistics on annuity quotes and purchases within the Quarterly Administrative Report.

## 8.9 Changes to Investment Providers and Investment Option Menu

Addition of a new Investment Option Upon notification by the respective Plan Administrative Committee, Contractor shall develop written procedures to integrate the new fund provider or investment option into the investment menu. The written procedures shall include a schedule of events containing, without limitation, the following items: (i) notification by the Plan Administrative Committee in writing to the Contractor, custodian(s), new fund provider, and current fund providers that will be used to “seed” the new fund or transition of assets to new investment option, if applicable; (ii) notification by Contractor in writing to the new fund provider, current fund providers and custodian(s) that includes the funding schedule; and (iii) notification by Contractor to the Plan Administrative Committee of any transaction black-out period to be imposed by Contractor and/or the fund providers. Contractor shall cooperate with County on drafting and distributing Plan investment communications to Plan Participants.

Termination of Fund or Plan Investment Option Upon notification of a fund termination and identification of a new successor fund or a termination of a Plan Investment Option by the respective Plan Administrative Committee, Contractor shall develop written procedures for transfer of assets from a terminated fund provider or investment option to a new fund provider or Investment Option from the investment menu. The written procedures shall include a schedule of events containing, without limitation, the following items: (i) notification by the Plan Administrative Committee in writing to Contractor, custodian(s), the terminated fund provider and the successor fund provider; (ii) notification by Contractor in writing to the terminated fund provider, the successor fund provider and custodian(s) that includes the redemption and purchase schedule; and (iii) notification by Contractor to the Plan Administrative Committee of any transaction black-out period to be imposed by Contractor and/or the fund providers. Contractor shall cooperate with County on drafting and distributing Plan investment communications to Plan Participants.

Changes to the Investment Option Menu Upon notification by the respective Plan Administrative Committee, Contractor shall cooperate with the Plan’s investment consultant to coordinate with fund providers and custodian(s) any changes to the Investment Option Menu, which is the list of investment options available for

Participant investment. Changes may range from minor labeling/branding to a complete restructuring of the menu. Contractor shall cooperate with County on Plan investment communications to Plan Participants.

Upon notification of a current investment that was permissible under the Plan but becomes prohibited (e.g. due to change in structure or closing of the fund by the investment manager), Contractor shall notify affected Participants and implement the liquidation process.

#### 8.10 Use of Broker-Dealer Affiliate

Contractor represents and warrants the United States Securities and Exchange Commission (SEC) registered securities broker-dealer that it contemplates will be used in this Contract is a wholly-owned subsidiary of Contractor or has established an agency agreement with Contractor. Furthermore, Contractor warrants the broker-dealer is, and will remain, a SEC registered securities broker-dealer and shall comply in all respects with all provisions of this Contract applicable to the investment securities services to be performed in connection with the Plans as if the broker-dealer were a party to the Contract. Notwithstanding the performance of services by the SEC registered broker dealer, Contractor shall remain responsible for performance of the investment securities services and obligations under this Contract as if no subcontracting or delegation of duties had occurred.

Contractor shall maintain a written investment securities transaction contingency plan in the event the broker-dealer is not a SEC registered securities broker-dealer at any time during the term of this Contract. This contingency plan shall include Contractor notifying the County within one (1) business day of the broker-dealer's change in status, implementing the alternate investment securities transaction protocol, and identifying and establishing an agency agreement with another qualified SEC registered securities broker-dealer. Contractor shall provide the investment securities transaction contingency plan to the County for review and approval within 20 business days of the execution of this Contract.

#### 8.11 Affiliates Providing Investment-Related Services to the Plans

If the Contractor is affiliated with an investment provider for the Plan(s), or knows or reasonably should know that an entity or person affiliated with the Contractor provides or has entered into a contract to provide investment management, advisory services, or an investment product to the Plan(s), the Contractor shall notify the County and agree to the following:

- a. If requested by the County, an annual audit shall be undertaken by an independent consulting firm selected by the County to determine whether the Contractor has violated or breached a fiduciary duty or any duty to the Plan Participants and beneficiaries in order to favor the affiliated company. The

independent auditor shall be paid by the Plans and the Contractor shall cooperate in every respect in providing information to the independent auditor selected to provide this report to the County. If the auditor determines that the Contractor has violated a fiduciary duty or any duty owed to the Plan Participants and beneficiaries, or failed to satisfy this sub-Section, the County shall have cause to terminate the Contract. Such audits shall be undertaken to cover each period that the Contractor, investment provider and affiliate provided services to the Plan(s) and the 3 months preceding and following such period(s). The audit shall be due within 45 days of the completion of the audit period;

- b. All marketing and enrollment material prepared for the County employees shall prominently contain in a separate paragraph in capital letters a disclosure setting forth the relationship of the affiliated companies; and
- c. The Contractor shall not participate in matters affecting or potentially affecting the contracts of its affiliated company with the Plans.

#### 8.12 IRA Product

In the event that the County forces a full distribution to a named IRA for Participants who have not taken a distribution after a time period specified by the County, an IRA or IRA product may be available by Contractor (or its affiliate) or any other IRA provider named by the County for rollover purposes.

#### 8.13 FDIC Reporting

If requested by the County, the Contractor shall work with the County to develop a custom report to identify Participants with aggregate balances that exceed FDIC limits across Plans, based on developmental costs using an hourly rate as set forth in the Exhibit B Pricing Sheet.

#### 8.14 Self-Directed Brokerage Option Review

Contractor agrees to provide a due diligence comparison no less frequently than annually to the County of the features of the self-directed brokerage options offered by the Contractor to its government market clients. A summary of the UBTI protocols and history is included as Attachment I (UBTI Protocols).

#### 8.15 Bank Depository Fund and Stable Fund

Contractor shall use provided fixed quarterly rates for the Bank Depository Fund and the Stable Funds in the Horizons and Savings Plans and credit Participant accounts daily. Contractor shall provide a monthly reconciliation of each Fund that shows the running balance of the amounts credited to Participants and the interest earned, and the difference between the two. Upon County's instruction, Contractor shall, at least annually, true-up Participant accounts to account for the interest variance between the amounts earned and the amounts credited to Participant accounts.

#### 8.16 Custody Services

Contractor shall act as custodian for the Pension Savings Plan. Custodian will net all daily activity and request wire transfers of funds into or out of the money market fund that serves as the portfolio's liquidity buffer. Should the investment option change, Contractor shall net all daily activity and request wire transfers of funds into or out of the investment option(s) offered by the County.

## **9.0 ACCOUNTING AND FINANCIAL CONTROLS**

The Contractor shall:

- 9.1 Perform any and all administrative functions necessary to ensure the thorough and accurate financial reporting of Defined Contribution Program accounts and full reconciliation of all Plan assets.
- 9.2 Reconcile each month the separate ledger to individual Participant accounts, the Administrative Accounts, bank accounts, and investment providers.
- 9.3 Reconcile each month the investment accounts and any ancillary accounts for each Plan with investment providers, trustee records, custodial records, and County records. Contractor shall provide a copy of the monthly financial reports and reconciliation summary to the County within fifteen (15) business days of month-end, provided Contractor has received all information required for such reconciliation from each Plan trustee, custodian, investment provider, or other relevant parties no later than ten (10) business days after the end of each calendar month. In the event that information required for the reconciliation is not received by the tenth business day after the end of the month, Contractor shall provide the reconciliation by the fifth business day following receipt of such required information. The monthly financial report reconciliation summary for each Plan should be in a form acceptable to the County.

## **10.0 AUDIT**

The Contractor shall:

- 10.1 Present to the County an annual audit of the Contractor and SSAE 16/SOC 1 report prepared by an independent certified public accountant.
- 10.2 Cooperate annually with an independent certified public accounting firm selected by the County to perform a financial audit of the Plans in such a manner that the audit can be completed by March 31<sup>st</sup> of each year. Provide any and all reports, records and information requested by the firm or its representatives in a timely manner. The audit will be paid for by the Plans. Such audit may include, but is not limited to, certain agreed-upon procedures as described in Attachment H (Annual Audit & Agreed Upon Procedures), which may be updated from time to time.
- 10.3 Within ten (10) business days of the County's written request, allow the County or any authorized State or Federal agency or any duly authorized representative thereof to access, examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or other record relating to this Contract.



## 11.0 TRANSITION RESPONSIBILITIES UPON TERMINATION

In the event that the County elects not to renew the Contract, in whole or in part, at the end of its term, or otherwise terminates the Contract for default, convenience or insolvency:

The Contractor shall provide full cooperation for the orderly transition of administrative responsibilities, records, and Participant services to the successor third-party administrator ("Successor TPA") in accordance with the following terms:

Provide documents and computer files including but not limited to:

- a. Contractor's Transition Journal, Administrative Manual, Procedures, and any documented sub-contracted procedures;
- b. File descriptions and narratives for all input and output files, as mutually agreed between Contractor and the County;
- c. All information that resides in the Contractor's computer files relating to Participant accounts, including individual Participant account history, that the County reasonably requires for the transition and for the permanent records of the County;
- d. All source documents and disclosures of Participant selections or investments (electronic equivalent of such documents are acceptable);
- e. Copies of Participant documents already imaged, as well as non-imaged documents and materials received from prior recordkeeper (e.g. microfiche and CD-ROM items), not previously provided to the County, such as statements and plan summaries, at no additional cost, unless County requires Contractor to image materials not already imaged.
- f. Providing the technical assistance to the Successor TPA and the County necessary to understand the content and interaction of the above mentioned documents and Participant files, including, but not limited to, form copies, correspondence, account statements, etc.

Records or files not transitioned to the County or successor TPA shall be retained by the Contractor following the transition in accordance with applicable state and federal laws. For records retained (e.g. prior statements, etc.) Contractor shall research records as needed (e.g. QDRO, death distribution, etc.) following termination.

- 11.2 In the event the County elects to perform the administrator function itself, the Contractor shall provide access at commercially prevailing rates to its computer systems and programs, Plan materials, contribution calculators and duplicate data files to the County for the proper administration of the Plans, including any materials, software, and tools previously identified by Contractor as propriety and

confidential under the Contract, and only to the extent explicitly granted access by Contractor to such proprietary and confidential subject material, until such time as the County shall secure or acquire computer systems and programs to perform the administration itself, provided however, the right to use the Contractor's systems, programs and related documentation shall exist for a period of no less than twelve (12) calendar months following the end of the fiscal year during which the Contract was terminated. Contractor shall also train and otherwise provide reasonable assistance to any County personnel in operating the computer systems. Hourly fees and non-labor expenses will be charged at commercially reasonable rates to the County for the Contractor's assistance in training and assisting County personnel in operating the system, and for developing and providing any and all systems, programs, file documentation and operating procedures requested by the County in connection with the use of the Contractor's computer systems and programs.

The parties agree to negotiate in good faith the terms of a separate contract that details the agreement set forth in this sub-Section 11.2, such agreement to be reached prior to the Contractor receiving any fees or compensation pursuant to the separate contract.

#### Reports and Information Upon Termination

- 11.3 In the event that the TPA and Trustee Services portion of the Contract is terminated for any reason or is not renewed after the stated contract term, including extensions and without regard to whether a successor TPA is selected, or the County elects to assume Plan(s) administration directly, the following account related materials, services and/or data will be provided by the Contractor to the County:
- a. A complete monthly financial report for each Plan, including the latest activity by each investment provider company (deposits, transfers in and out, withdrawals, fee/charges, investment offsets/allowances/rebates, earnings and adjustments); also a full reconciliation of total Plan(s) assets as of the last full day of service provided by the Contractor (the "closeout" date);
  - b. The complete details concerning all items in suspense including new items (Participant name, employee number, month, amount, and proposed disposition) and items cleared in the latest period;
  - c. A listing of any items requiring adjustment/correction as of the "close-out" date;
  - d. A complete listing, details and information regarding any hardship withdrawal requests;

- e. A complete listing, details and information regarding any late loans, loans getting ready to default or offset; and
- f. Staff and records reasonably needed to allow for the timely completion of the annual financial audit of the latest Plan year for the Plans and to answer questions and to provide technical assistance during the Transition Period, such that the audit report can be completed by no later than December 31 for the audit as of June 30 of the same year. In the event the termination date is not June 30, Contractor shall provide the previously stated records and information, such that the audit can be completed within six (6) months of the termination date.
- g. Reports as determined necessary by the County including, but not limited to, check registers, outstanding check reports, stale dated check reports, lost Participant reports, and any other reports/files needed for processing.

#### Financial Reconciliation

11.4 Upon termination of the Contract, Contractor shall be responsible for providing the County with a reconciled accounting of the value of Plan level assets and the value of Participant accounts. The Contractor agrees to provide a complete reconciliation to prove to the reasonable satisfaction of the County that any deficiency was not due to an act or omission of the Contractor. The Contractor shall be responsible to make "whole" any Plan level or Participant account reconciliation amounts that are out of balance due to an act or omission of the Contractor. Contractor shall not be responsible to the extent amounts that are out of balance are attributable to acts or omissions of the County or any third parties retained by the County. The parties hereby agree to mutually agree as to how any such out of balance amount shall be determined and independently verified and resolved.

#### Communication Services Termination

11.5 In the event the Communication Services portion of the Contract are terminated, in whole or in part, the Contractor shall work with the successor communication services provider, as applicable, in the transition of services. This shall include providing all materials and technology developed for the County, such as custom calculator technology, e-mercials, and other customized material or technology for which the County has paid for the development of the material or technology.

## **REQUIRED FORMS - EXHIBIT B**

### **PRICING SHEET**

Unless otherwise indicated, capitalized terms used in this Exhibit B (Pricing Sheet) shall have the meanings given to such terms in the Contract.

Fees for each of the Plans are independently set based on the services provided to the Plan (fees for one Plan shall not subsidize costs for another Plan).

- I. Assumptions** - Pricing reflected in this Exhibit B (Pricing Sheet) assumes the following:
- TPA Services Fees include TPA Services and Directed Trustee Services.
  - Core Communication Services Costs include:
    - All Core Communication Services as set forth in Exhibit A (Statement of Work), Paragraph 2.8.
    - Supporting all investment options currently available, including mutual funds, stable value separate account, and the preassembled portfolios and custom target-date funds.
  - No additional fees will apply in the event that new or the existing separate accounts, lifecycle portfolios, preassembled funds or mutual funds are added or replaced in the future.
  - No additional fees will apply for any offsets, reallowances and rebates provided with respect to an investment fund, including but not limited to rebates of 12b-1 fees, sub-agent transfer allowances, and other concessions from mutual fund managers, which are transferred/wired to the custodian(s).
  - No additional fees will apply if the County implements a Roth 457 and/or Roth 401(k).
  - No additional fees will apply for incoming rollovers.
  - No additional fees will apply for daily bulk wire services. Daily bulk wire services are used in lieu of issuing multiple checks from Participants' Defined Contribution Plan to LACERA, the County's Defined Benefit Plan administrator, for the purpose of purchasing service time.
  - No additional fees will apply in the event changes are made to Participant statements, website or disclosures that are required by legislative changes (including changes that apply to ERISA Plans).
  - Contractor shall receive no other revenues other than those disclosed in this Exhibit B (Pricing Sheet).
  - Core Communication Services Costs and Optional Communication Services Costs shall be invoiced to the County separately from monthly TPA Services Fees, in accordance with the Contract, Sub-paragraph 5.4.3 (TPA Services Invoices and Payments).
  - The County will pay for an independent audit of the Defined Contribution Program annually. Contractor shall cooperate with the independent auditor of the Defined Contribution Program as requested by the County.
  - Invoices for Bank Charges are billed separately to the County in accordance with Exhibit A (Statement of Work) Paragraph 7.9 (Bank charges), and are not included in the TPA Services Fees.
  - Extended data availability on the website – the TPA will provide the County with transaction data on the Plan Sponsor website for as long as they have been the provider. There will be no additional fees to provide this information to the County.

**II. Per-Participant TPA Services Fee - Annual Schedule** - Based upon the above assumptions and what is included in TPA Services Fees, listed below are the annual Per-Participant TPA Services Fees for each Plan for each of the Contract years. Fees shall be charged as set forth in the Contract, Section 5.0 (Contract Sum) and will be billed monthly in accordance with the Contract, Sub-paragraph 5.4.3 (Invoices and Payments).

**Per-Participant TPA Services Fee - Annual Schedule**

Contract Year	Fee Type	457 Horizons Plan	401(k) Savings Plan	Pension Savings Plan
One	TPA Services Fee	\$34.20	\$38.28	\$23.64
Two	TPA Services Fee	\$34.20	\$38.28	\$23.64
Three	TPA Services Fee	\$34.20	\$38.28	\$23.64
Four	TPA Services Fee	\$34.20	\$38.28	\$23.64
Five	TPA Services Fee	\$34.20	\$38.28	\$23.64
Six (Optional Year)	TPA Services Fee	\$34.20	\$38.28	\$23.64
Seven (Optional Year)	TPA Services Fee	\$34.20	\$38.28	\$23.64

**III. Directed Trustee Services Cost** - The above TPA Services Fees include the cost of Directed Trustee Services. Below are the annual Directed Trustee Services costs applicable for each Plan for each of the Contract Years (annual total amount, not amount per Participant).

**Annual Directed Trustee (TTEE) Services Cost**

Contract Year	Fee Type	457 Horizons Plan	401(k) Savings Plan	Pension Savings Plan
One	Dir. TTEE Svcs. Cost	\$5,000	\$5,000	\$5,000
Two	Dir. TTEE Svcs. Cost	\$5,000	\$5,000	\$5,000
Three	Dir. TTEE Svcs. Cost	\$5,000	\$5,000	\$5,000
Four	Dir. TTEE Svcs. Cost	\$5,000	\$5,000	\$5,000
Five	Dir. TTEE Svcs. Cost	\$5,000	\$5,000	\$5,000
Six (Optional Year)	Dir. TTEE Svcs. Cost	\$5,000	\$5,000	\$5,000
Seven (Optional Year)	Dir. TTEE Svcs. Cost	\$5,000	\$5,000	\$5,000

**IV. Core Communication Services Cost** – Based on the above assumptions and as set forth in Exhibit A (Statement of Work), Paragraph 2.8, which reflects the Communication/Education Materials and the yearly hard copy distribution estimates, below are the maximum annual Core Communication Services Costs permitted under this Contract for each Plan for each of the Contract years (maximum annual total amount, not amount per Participant). Pursuant to Contract section 3.2.2, in January each year, Contractor and County shall mutually agree on the projected Core Communication Services costs for the next fiscal year, which shall not exceed the maximum costs listed in the table below.

## Maximum Annual Core Communication Services Cost

Contract Year	Fee Type	457 Horizons Plan	401(k) Savings Plan	Pension Savings Plan
One	Core Communication Services Cost	\$183,841	\$84,725	\$2,952
Two	Core Communication Services Cost	\$183,841	\$84,725	\$2,952
Three	Core Communication Services Cost	\$183,841	\$84,725	\$2,952
Four	Core Communication Services Cost	\$183,841	\$84,725	\$2,952
Five	Core Communication Services Cost	\$183,841	\$84,725	\$2,952
Six (Optional Year)	Core Communication Services Cost	\$183,841	\$84,725	\$2,952
Seven (Optional Year)	Core Communication Services Cost	\$183,841	\$84,725	\$2,952

### V. Other Fees:

- The hourly rate that shall apply to Additional Services pursuant to the Contract, Sub-paragraph 8.1.5 is \$150 per hour. The hourly rate that will apply for additional legal services (if the County determines such services to be necessary), is \$250 per hour.
- The hourly rate that shall apply to Supplemental Communication Services pursuant to the Contract, Sub-paragraph 8.1.5 and 8.1.6 is \$150 per hour.
- Loans - The loan origination fee is \$75. There are no maintenance fees. No additional fees shall be charged for loan payments to participants by wire or check.
- Self-Directed Brokerage Option (SDBO) – The annual SDBO fee is \$50 per plan user, assessed on a quarterly basis only to those Participants who utilize the service.
- Advice and Managed Accounts – The County may or may not determine to make these services available during the term of the Contract. The annual cost of these services are detailed below:
  - Online Investment Guidance (No fee)
  - Online Investment Advice (\$25/year)
  - Managed Account Service (tiered pricing fee is dependent on the Participant's account balance as detailed below):

<b>Participant Account Balance</b>	<b>Managed Account Fee</b>	
	<b>Opt-in</b>	<b>Opt-out</b>
Amounts under \$100K	0.45%	0.40%
Next \$150K	0.35%	0.30%
Next \$150K	0.25%	0.20%
Amounts over \$400K	0.15%	0.10%

- Domestic Relations Orders (“DRO”) – The County may or may not determine to request TPA to determine the qualified status of domestic relations orders. The cost of \$250 per approved DRO will be assessed. The fee for the DRO approval services will be split between the participant and the alternate payee.
- Non-Recurring overnight mailing and ACH services are:

<b>Type of Fee</b>	<b>Amount</b>
Overnight Mailing	\$25 each
ACH	\$15 per distribution

**VI. Fee Reductions:**

- The Contractor agrees to reduce Per-Participant TPA Service Fees if certain thresholds are achieved during the term of the Contract. Below are the account thresholds and associated fee reductions. Implementation of such fee reductions, if applicable, shall be performed in a mutually agreed timeframe.

<b>Horizons Plan</b>		<b>Savings Plan</b>	
<b># Accounts</b>	<b>Reduction</b>	<b># Accounts</b>	<b>Reduction</b>
140,000	\$0.60	21,000	\$1.00
165,000	\$0.80	46,000	\$2.40
190,000	\$1.00	71,000	\$3.15

**REQUIRED FORMS - EXHIBIT C**  
**CONTRACTOR'S EEO CERTIFICATION**

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Company Name

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Address

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Internal Revenue Service Employer Identification Number

**GENERAL**

In accordance with provisions of the County Code of the County of Los Angeles, the Proposer certifies and agrees that all persons employed by such firm, its affiliates, subsidiaries, or holding companies are and will be treated equally by the firm without regard to or because of race, religion, ancestry, national origin, or sex and in compliance with all anti-discrimination laws of the United States of America and the State of California.

<b>CERTIFICATION</b>	<b>YES</b>	<b>NO</b>
1. Proposer has written policy statement prohibiting discrimination in all phases of employment.	( )	( )
2. Proposer periodically conducts a self-analysis or utilization analysis of its work force.	( )	( )
3. Proposer has a system for determining if its employment practices are discriminatory against protected groups.	( )	( )
4. When problem areas are identified in employment practices, Proposer has a system for taking reasonable corrective action to include establishment of goal and/or timetables.	( )	( )

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Signature

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Date

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Name and Title of Signer (please print)



## REQUIRED FORMS - EXHIBIT D

### COUNTY OF LOS ANGELES CONTRACTOR EMPLOYEE JURY SERVICE PROGRAM CERTIFICATION FORM AND APPLICATION FOR EXCEPTION

The County's solicitation for this Request for Proposals is subject to the County of Los Angeles Contractor Employee Jury Service Program (Program), Los Angeles County Code, Chapter 2.203. All proposers, whether a contractor or subcontractor, must complete this form to either certify compliance or request an exception from the Program requirements. Upon review of the submitted form, the County department will determine, in its sole discretion, whether the proposer is excepted from the Program.

Company Name:		
Company Address:		
City:	State:	Zip Code:
Telephone Number:		
Solicitation For _____ Services:		

***If you believe the Jury Service Program does not apply to your business, check the appropriate box in Part I (attach documentation to support your claim); or, complete Part II to certify compliance with the Program. Whether you complete Part I or Part II, please sign and date this form below.***

#### **Part I: Jury Service Program is Not Applicable to My Business**

- My business does not meet the definition of "contractor," as defined in the Program, as it has not received an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts (this exception is not available if the contract itself will exceed \$50,000). I understand that the exception will be lost and I must comply with the Program if my revenues from the County exceed an aggregate sum of \$50,000 in any 12-month period.
  
- My business is a small business as defined in the Program. It 1) has ten or fewer employees; and, 2) has annual gross revenues in the preceding twelve months which, if added to the annual amount of this contract, are \$500,000 or less; and, 3) is not an affiliate or subsidiary of a business dominant in its field of operation, as defined below. I understand that the exception will be lost and I must comply with the Program if the number of employees in my business and my gross annual revenues exceed the above limits.

**"Dominant in its field of operation"** means having more than ten employees and annual gross revenues in the preceding twelve months, which, if added to the annual amount of the contract awarded, exceed \$500,000.

**"Affiliate or subsidiary of a business dominant in its field of operation"** means a business which is at least 20 percent owned by a business dominant in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation.

- My business is subject to a Collective Bargaining Agreement (attach agreement) that expressly provides that it supersedes all provisions of the Program.

**OR**

#### **Part II: Certification of Compliance**

- My business has and adheres to a written policy that provides, on an annual basis, no less than five days of regular pay for actual jury service for full-time employees of the business who are also California residents, or my company will have and adhere to such a policy prior to award of the contract.

*I declare under penalty of perjury under the laws of the State of California that the information stated above is true and correct.*

Print Name:	Title:
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Signature:	Date:
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### **2.203.010 Findings.**

The board of supervisors makes the following findings. The county of Los Angeles allows its permanent, full-time employees unlimited jury service at their regular pay. Unfortunately, many businesses do not offer or are reducing or even eliminating compensation to employees who serve on juries. This creates a potential financial hardship for employees who do not receive their pay when called to jury service, and those employees often seek to be excused from having to serve. Although changes in the court rules make it more difficult to excuse a potential juror on grounds of financial hardship, potential jurors continue to be excused on this basis, especially from longer trials. This reduces the number of potential jurors and increases the burden on those employers, such as the county of Los Angeles, who pay their permanent, full-time employees while on juror duty. For these reasons, the county of Los Angeles has determined that it is appropriate to require that the businesses with which the county contracts possess reasonable jury service policies. (Ord. 2002-0015 § 1 (part), 2002)

### **2.203.020 Definitions.**

The following definitions shall be applicable to this chapter:

- A. "Contractor" means a person, partnership, corporation or other entity which has a contract with the county or a subcontract with a county contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more such contracts or subcontracts.
- B. "Employee" means any California resident who is a full-time employee of a contractor under the laws of California.
- C. "Contract" means any agreement to provide goods to, or perform services for or on behalf of, the county but does not include:
  - 1. A contract where the board finds that special circumstances exist that justify a waiver of the requirements of this chapter; or
  - 2. A contract where federal or state law or a condition of a federal or state program mandates the use of a particular contractor; or
  - 3. A purchase made through a state or federal contract; or
  - 4. A monopoly purchase that is exclusive and proprietary to a specific manufacturer, distributor, or reseller, and must match and inter-member with existing supplies, equipment or systems maintained by the county pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section P-3700 or a successor provision; or
  - 5. A revolving fund (petty cash) purchase pursuant to the Los Angeles County Fiscal Manual, Section 4.4.0 or a successor provision; or
  - 6. A purchase card purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section P-2810 or a successor provision; or
  - 7. A non-agreement purchase with a value of less than \$5,000 pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section A-0300 or a successor provision; or
  - 8. A bona fide emergency purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section PP-1100 or a successor provision.

- D. "Full time" means 40 hours or more worked per week, or a lesser number of hours if:
1. The lesser number is a recognized industry standard as determined by the chief administrative officer, or
  2. The contractor has a long-standing practice that defines the lesser number of hours as full time.
- E. "County" means the county of Los Angeles or any public entities for which the board of supervisors is the governing body. (Ord. 2002-0040 § 1, 2002: Ord. 2002-0015 § 1 (part), 2002)

### **2.203.030 Applicability.**

This chapter shall apply to contractors who enter into contracts that commence after July 11, 2002. This chapter shall also apply to contractors with existing contracts which are extended into option years that commence after July 11, 2002. Contracts that commence after May 28, 2002, but before July 11, 2002, shall be subject to the provisions of this chapter only if the solicitations for such contracts stated that the chapter would be applicable. (Ord. 2002-0040 § 2, 2002: Ord. 2002-0015 § 1 (part), 2002)

### **2.203.040 Contractor Jury Service Policy.**

A contractor shall have and adhere to a written policy that provides that its employees shall receive from the contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that employees deposit any fees received for such jury service with the contractor or that the contractor deduct from the employees' regular pay the fees received for jury service. (Ord. 2002-0015 § 1 (part), 2002)

### **2.203.050 Other Provisions.**

- A. Administration. The chief administrative officer shall be responsible for the administration of this chapter. The chief administrative officer may, with the advice of county counsel, issue interpretations of the provisions of this chapter and shall issue written instructions on the implementation and ongoing administration of this chapter. Such instructions may provide for the delegation of functions to other county departments.
- B. Compliance Certification. At the time of seeking a contract, a contractor shall certify to the county that it has and adheres to a policy consistent with this chapter or will have and adhere to such a policy prior to award of the contract. (Ord. 2002-0015 § 1 (part), 2002)

### **2.203.060 Enforcement and Remedies.**

For a contractor's violation of any provision of this chapter, the county department head responsible for administering the contract may do one or more of the following:

1. Recommend to the board of supervisors the termination of the contract; and/or,
2. Pursuant to chapter 2.202, seek the debarment of the contractor. (Ord. 2002-0015 § 1 (part), 2002)

### **2.203.070. Exceptions.**

- A. Other Laws. This chapter shall not be interpreted or applied to any contractor or to any employee in a manner inconsistent with the laws of the United States or California.
- B. Collective Bargaining Agreements. This chapter shall be superseded by a collective bargaining agreement that expressly so provides.
- C. Small Business. This chapter shall not be applied to any contractor that meets all of the following:
  - 1. Has ten or fewer employees during the contract period; and,
  - 2. Has annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, are less than \$500,000; and,
  - 3. Is not an affiliate or subsidiary of a business dominant in its field of operation.

“Dominant in its field of operation” means having more than ten employees and annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, exceed \$500,000.

“Affiliate or subsidiary of a business dominant in its field of operation” means a business which is at least 20 percent owned by a business dominant in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation. (Ord. 2002-0015 § 1 (part), 2002)

### **2.203.090. Severability.**

If any provision of this chapter is found invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect. (Ord. 2002-0015 § 1 (part), 2002)

In Los Angeles County: 1-877-BABY SAFE • 1-877-222-9723

www.babysafela.org

# Safely Surrendered Baby Law

## What is the Safely Surrendered Baby Law?

California's Safely Surrendered Baby Law allows parents or other persons, with lawful custody, which means anyone to whom the parent has given permission to confidentially surrender a baby. As long as the baby is three days (72 hours) of age or younger and has not been abused or neglected, the baby may be surrendered without fear of arrest or prosecution.

*Every baby deserves a chance for a healthy life. If someone you know is considering abandoning a baby, let her know there are other options. For three days (72 hours) after birth, a baby can be surrendered to staff at any hospital or fire station in Los Angeles County.*

## How does it work?

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially, and safely surrender a baby within three days (72 hours) of birth. The baby must be handed to an employee at a hospital or fire station in Los Angeles County. As long as the baby shows no sign of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, staff will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent or other surrendering adult.

## What if a parent wants the baby back?

Parents who change their minds can begin the process of reclaiming their baby within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

## Can only a parent bring in the baby?

No. While in most cases a parent will bring in the baby, the Law allows other people to bring in the baby if they have lawful custody.

## Does the parent or surrendering adult have to call before bringing in the baby?

No. A parent or surrendering adult can bring in a baby anytime, 24 hours a day, 7 days a week, as long as the parent or surrendering adult surrenders the baby to someone who works at the hospital or fire station.

## Does the parent or surrendering adult have to tell anything to the people taking the baby?

No. However, hospital or fire station personnel will ask the surrendering party to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the baby. The questionnaire includes a stamped return envelope and can be sent in at a later time.

## What happens to the baby?

The baby will be examined and given medical treatment. Upon release from the hospital, social workers immediately place the baby in a safe and loving home and begin the adoption process.

## What happens to the parent or surrendering adult?

Once the parent or surrendering adult surrenders the baby to hospital or fire station personnel, they may leave at any time.

## Why is California doing this?

The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned, hurt or killed by their parents. You may have heard tragic stories of babies left in dumpsters or public bathrooms. Their parents may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had no one or nowhere to turn for help, they abandoned their babies. Abandoning a baby is illegal and places the baby in extreme danger. Too often, it results in the baby's death. The Safely Surrendered Baby Law prevents this tragedy from ever happening again in California.

## A baby's story

Early in the morning on April 9, 2005, a healthy baby boy was safely surrendered to nurses at Harbor-UCLA Medical Center. The woman who brought the baby to the hospital identified herself as the baby's aunt and stated the baby's mother had asked her to bring the baby to the hospital on her behalf. The aunt was given a bracelet with a number matching the anklet placed on the baby; this would provide some identification in the event the mother changed her mind about surrendering the baby and wished to reclaim the baby in the 14-day period allowed by the Law. The aunt was also provided with a medical questionnaire and said she would have the mother complete and mail back in the stamped return envelope provided. The baby was examined by medical staff and pronounced healthy and full-term. He was placed with a loving family that had been approved to adopt him by the Department of Children and Family Services.





# *Ley de* Entrega de Bebés *Sin Peligro*



*Los recién nacidos pueden ser entregados en forma segura al personal de cualquier hospital o cuartel de bomberos del Condado de Los Ángeles*

Sin pena. Sin culpa. Sin nombres.

En el Condado de Los Ángeles: 1-877-BABY SAFE • 1-877-222-9723

[www.babysafela.org](http://www.babysafela.org)





# Ley de Entrega de Bebés Sin Peligro

## ¿Qué es la Ley de Entrega de Bebés sin Peligro?

La Ley de Entrega de Bebés sin Peligro de California permite la entrega confidencial de un recién nacido por parte de sus padres u otras personas con custodia legal, es decir cualquier persona a quien los padres le hayan dado permiso. Siempre que el bebé tenga tres días (72 horas) de vida o menos, y no haya sufrido abuso ni negligencia, pueden entregar al recién nacido sin temor de ser arrestados o procesados.

*Cada recién nacido se merece la oportunidad de tener una vida saludable. Si alguien que usted conoce está pensando en abandonar a un recién nacido, infórmele que tiene otras opciones. Hasta tres días (72 horas) después del nacimiento, se puede entregar un recién nacido al personal de cualquier hospital o cuartel de bomberos del condado de Los Angeles.*

## ¿Cómo funciona?

El padre/madre con dificultades que no pueda o no quiera cuidar de su recién nacido puede entregarlo en forma legal, confidencial y segura dentro de los tres días (72 horas) del nacimiento. El bebé debe ser entregado a un empleado de cualquier hospital o cuartel de bomberos del Condado de Los Ángeles. Siempre que el bebé no presente signos de abuso o negligencia, no será necesario suministrar nombres ni información alguna. Si el padre/madre cambia de opinión posteriormente y desea recuperar a su bebé, los trabajadores utilizarán brazaletes para poder vincularlos. El bebé llevará un brazalete y el padre/madre o el adulto que lo entregue recibirá un brazalete igual.

## ¿Qué pasa si el padre/madre desea recuperar a su bebé?

Los padres que cambien de opinión pueden comenzar el proceso de reclamar a su recién nacido dentro de los 14 días. Estos padres deberán llamar al Departamento de Servicios para Niños y Familias (Department of Children and Family Services) del Condado de Los Angeles al 1-800-540-4000.

## ¿Sólo los padres podrán llevar al recién nacido?

No. Si bien en la mayoría de los casos son los padres los que llevan al bebé, la ley permite que otras personas lo hagan si tienen custodia legal.

## ¿Los padres o el adulto que entrega al bebé deben llamar antes de llevar al bebé?

No. El padre/madre o adulto puede llevar al bebé en cualquier momento, las 24 horas del día, los 7 días de la semana, siempre y cuando entreguen a su bebé a un empleado del hospital o cuartel de bomberos.

## ¿Es necesario que el padre/madre o adulto diga algo a las personas que reciben al bebé?

No. Sin embargo, el personal del hospital o cuartel de bomberos le pedirá a la persona que entregue al bebé que llene un cuestionario con la finalidad de recabar antecedentes médicos importantes, que resultan de gran utilidad para cuidar bien del bebé. El cuestionario incluye un sobre con el sello postal pagado para enviarlo en otro momento.

## ¿Qué pasará con el bebé?

El bebé será examinado y le brindarán atención médica. Cuando le den el alta del hospital, los trabajadores sociales inmediatamente ubicarán al bebé en un hogar seguro donde estará bien atendido, y se comenzará el proceso de adopción.

## ¿Qué pasará con el padre/madre o adulto que entregue al bebé?

Una vez que los padres o adulto hayan entregado al bebé al personal del hospital o cuartel de bomberos, pueden irse en cualquier momento.

## ¿Por qué se está haciendo esto en California?

La finalidad de la Ley de Entrega de Bebés sin Peligro es proteger a los bebés para que no sean abandonados, lastimados o muertos por sus padres. Usted probablemente haya escuchado historias trágicas sobre bebés abandonados en basureros o en baños públicos. Los padres de esos bebés probablemente hayan estado pasando por dificultades emocionales graves. Las madres pueden haber ocultado su embarazo, por temor a lo que pasaría si sus familias se enteraran. Abandonaron a sus bebés porque tenían miedo y no tenían nadie a quien pedir ayuda. El abandono de un recién nacido es ilegal y pone al bebé en una situación de peligro extremo. Muy a menudo el abandono provoca la muerte del bebé. La Ley de Entrega de Bebés sin Peligro impide que vuelva a suceder esta tragedia en California.

## Historia de un bebé

A la mañana temprano del día 9 de abril de 2005, se entregó un recién nacido saludable a las enfermeras del Harbor-UCLA Medical Center. La mujer que llevó el recién nacido al hospital se dio a conocer como la tía del bebé, y dijo que la madre le había pedido que llevara al bebé al hospital en su nombre. Le entregaron a la tía un brazalete con un número que coincidía con la pulsera del bebé; esto serviría como identificación en caso de que la madre cambiara de opinión con respecto a la entrega del bebé y decidiera recuperarlo dentro del período de 14 días que permite esta ley. También le dieron a la tía un cuestionario médico, y ella dijo que la madre lo llenaría y lo enviaría de vuelta dentro del sobre con franqueo pagado que le habían dado. El personal médico examinó al bebé y se determinó que estaba saludable y a término. El bebé fue ubicado con una buena familia que ya había sido aprobada para adoptarlo por el Departamento de Servicios para Niños y Familias.



**REQUIRED FORMS - EXHIBIT F**  
**CERTIFICATION OF NO CONFLICT OF INTEREST**

The Los Angeles County Code, Section 2.180.010, provides as follows:

**CONTRACTS PROHIBITED**

Notwithstanding any other section of this Code, the County shall not contract with, and shall reject any proposals submitted by, the persons or entities specified below, unless the Board of Supervisors finds that special circumstances exist which justify the approval of such contract:

1. Employees of the County or of public agencies for which the Board of Supervisors is the governing body;
2. Profit-making firms or businesses in which employees described in number 1 serve as officers, principals, partners, or major shareholders;
3. Persons who, within the immediately preceding 12 months, came within the provisions of number 1, and who:
  - a. Were employed in positions of substantial responsibility in the area of service to be performed by the contract; or
  - b. Participated in any way in developing the contract or its service specifications; and
4. Profit-making firms or businesses in which the former employees, described in number 3, serve as officers, principals, partners, or major shareholders.

Contracts submitted to the Board of Supervisors for approval or ratification shall be accompanied by an assurance by the submitting department, district or agency that the provisions of this section have not been violated.

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Proposer Name

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Proposer Official Title

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Official's Signature



**REQUIRED FORMS - EXHIBIT G**  
**FAMILIARITY WITH THE COUNTY LOBBYIST ORDINANCE CERTIFICATION**

The Proposer certifies that:

- 1) it is familiar with the terms of the County of Los Angeles Lobbyist Ordinance, Los Angeles Code Chapter 2.160;
- 2) that all persons acting on behalf of the Proposer organization have and will comply with it during the proposal process; and
- 3) it is not on the County's Executive Office's List of Terminated Registered Lobbyists.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**REQUIRED FORMS - EXHIBIT H**

**INTENTIONALLY OMITTED**

**REQUIRED FORMS - EXHIBIT I**  
**ATTESTATION OF WILLINGNESS TO CONSIDER**  
**GAIN/GROW PARTICIPANTS**

As a threshold requirement for consideration for contract award, Proposer shall demonstrate a proven record for hiring GAIN/GROW participants or shall attest to a willingness to consider GAIN/GROW participants for any future employment opening if they meet the minimum qualifications for that opening. Additionally, Proposer shall attest to a willingness to provide employed GAIN/GROW participants access to the Proposer's employee mentoring program, if available, to assist these individuals in obtaining permanent employment and/or promotional opportunities.

**Proposers unable to meet this requirement shall not be considered for contract award.**

Proposer shall complete all of the following information, sign where indicated below, and return this form with their proposal.

A. Proposer has a proven record of hiring GAIN/GROW participants.

\_\_\_\_\_ YES (subject to verification by County)      \_\_\_\_\_ NO

B. Proposer is willing to consider GAIN/GROW participants for any future employment openings if the GAIN/GROW participant meets the minimum qualifications for the opening. "Consider" means that Proposer is willing to interview qualified GAIN/GROW participants.

\_\_\_\_\_ YES      \_\_\_\_\_ NO

C. Proposer is willing to provide employed GAIN/GROW participants access to its employee-mentoring program, if available.

\_\_\_\_\_ YES      \_\_\_\_\_ NO      \_\_\_\_\_ N/A (Program not available)

Proposer Organization: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

Tel.#: \_\_\_\_\_ Fax #: \_\_\_\_\_

**REQUIRED FORMS - EXHIBIT J**

INTENTIONALLY OMITTED

**REQUIRED FORMS - EXHIBIT K**

**CERTIFICATION OF COMPLIANCE WITH THE COUNTY'S  
DEFAULTED PROPERTY TAX REDUCTION PROGRAM**

Company Name:		
Company Address:		
City:	State:	Zip Code:
Telephone Number:	Email address:	
Solicitation/Contract For _____ Services:		

The Proposer/Bidder/Contractor certifies that:

- It is familiar with the terms of the County of Los Angeles Defaulted Property Tax Reduction Program, Los Angeles County Code Chapter 2.206; **AND**

To the best of its knowledge, after a reasonable inquiry, the Proposer/Bidder/Contractor is not in default, as that term is defined in Los Angeles County Code Section 2.206.020.E, on any Los Angeles County property tax obligation; **AND**

The Proposer/Bidder/Contractor agrees to comply with the County's Defaulted Property Tax Reduction Program during the term of any awarded contract.

**- OR -**

- I am exempt from the County of Los Angeles Defaulted Property Tax Reduction Program, pursuant to Los Angeles County Code Section 2.206.060, for the following reason:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*I declare under penalty of perjury under the laws of the State of California that the information stated above is true and correct.*

Print Name:	Title:
Signature:	Date:

Date: \_\_\_\_\_

**REQUIRED FORMS - EXHIBIT L**  
**CHARITABLE CONTRIBUTIONS CERTIFICATION**

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Company Name

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Address

---

Internal Revenue Service Employer Identification Number

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California Registry of Charitable Trusts "CT" number (if applicable)

The Nonprofit Integrity Act (SB 1262, Chapter 919) added requirements to California's Supervision of Trustees and Fundraisers for Charitable Purposes Act which regulates those receiving and raising charitable contributions.

**Check the Certification below that is applicable to your company.**

- Proposer or Contractor has examined its activities and determined that it does not now receive or raise charitable contributions regulated under California's Supervision of Trustees and Fundraisers for Charitable Purposes Act. If Proposer engages in activities subjecting it to those laws during the term of a County contract, it will timely comply with them and provide County a copy of its initial registration with the California State Attorney General's Registry of Charitable Trusts when filed.

**OR**

- Proposer or Contractor is registered with the California Registry of Charitable Trusts under the CT number listed above and is in compliance with its registration and reporting requirements under California law. Attached is a copy of its most recent filing with the Registry of Charitable Trusts as required by Title 11 California Code of Regulations, sections 300-301 and Government Code sections 12585-12586.

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Signature

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Date

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Name and Title of Signer (please print)

## PERFORMANCE REQUIREMENTS SUMMARY (PRS) CHART

The County and Contractor, including its affiliates and/or its subcontractors, agree to the following performance standards and applicable non-performance liquidated damages (herein referred to as "credits"). Contractor shall evaluate its performance each month, unless otherwise indicated below. For any occurrences of non-performance, the County shall receive a credit equal to the deductions/fees referenced in this PRS for non-performance on the Contractor's TPA Services and/or Communication Services monthly invoice immediately following the evaluation. Unless otherwise indicated, capitalized terms used in this Exhibit O (PRS Chart) shall have the meanings given to such terms in Appendix A (Sample Contract).

No.	SPECIFIC PERFORMANCE REFERENCE	SERVICE/DEFINITION	MONITORING, CALCULATION, REPORTING METHOD	MEASUREMENT PERIOD	DEDUCTIONS/ FEES TO BE ASSESSED
1	SOW: Section 1 Transition Plan	Completion of Transition Period by July 2, 2019 (Implementation Date), or other date as agreed to by the County in writing. Transition completion shall include providing an implementation plan for the following enhancements: <ul style="list-style-type: none"> <li>• Demographic file updates</li> <li>• Participant notification associated with auto-escalation, if applicable</li> <li>• Hiring and training of additional education staff</li> <li>• LACERA transmissions and Implementation of Hospital Insurance Tax project if applicable</li> </ul>	Inspection & Observation	Contract effective date through Implementation Date	\$1,000 per implementation plan listed  Performance failures that occur for reasons wholly outside Contractor's control are excluded from any deductions/fees to be assessed.
2	SOW: Section 3.18 and 4.38  Voice Response System, Participant	Provide access to the voice response system, Participant website, mobile application and Plan Sponsor system 24 hours a day and 365 days a year, excluding maintenance.	County observations and/or Contractor self-reporting.  Contractor shall track monthly and report quarterly on the voice	Quarterly	\$5,000 per quarter if available less than 99% of the time, excluding maintenance windows.

No.	SPECIFIC PERFORMANCE REFERENCE	SERVICE/DEFINITION	MONITORING, CALCULATION, REPORTING METHOD	MEASUREMENT PERIOD	DEDUCTIONS/ FEES TO BE ASSESSED
	Website and Plan Sponsor System		<p>response system, Participant website and Plan Sponsor system availability and amount of downtime.</p> <p>Performance Target: Downtime for voice response system, Participant website and Plan Sponsor system maintenance is each restricted to 1.0% of the time available each month.</p>		
3	SOW: Section 4.47  Participant Statements	Mailing or electronic posting and notification of Participant statements to the last mailing address no later than fifteen (15) Business Days following the last calendar day of the reporting period, or within ten (10) Business Days after receipt of required information from the County and/or all third-party sources.	<p>County observations and/or Contractor self-reporting.</p> <p>Contractor shall report quarterly on the mailing or electronic posting and notification of statements. 99.5% of statements shall be mailed, delivered, and posted to the website within the stated timeframes.</p>	Quarterly	\$5,000 per Business Day missed compared to stated timeframe, with a maximum of 2% of quarterly recordkeeping fees at risk.
4	SOW: Section 3.5  Call Center	Availability is defined as able to take Participant calls Monday – Friday from 7:00 a.m. to 5:00 p.m. Pacific time.	Contractor shall track monthly and report quarterly the number of minutes the call center is available to answer calls and the number of minutes the call center is scheduled to answer calls.	Quarterly	\$5,000 per quarter if available less than 99% of the time, on any day during the quarter.



No.	SPECIFIC PERFORMANCE REFERENCE	SERVICE/DEFINITION	MONITORING, CALCULATION, REPORTING METHOD	MEASUREMENT PERIOD	DEDUCTIONS/ FEES TO BE ASSESSED
5	SOW: Section 3.5  Call Center: Wait Time to Talk with Live Rep	Monthly average wait time for transfer to a call center representative within 45 seconds.	Contractor shall track monthly and report quarterly on the average answer and wait times (reporting shall reflect monthly averages).	Quarterly	\$5,000 per quarter for failure to achieve an average call answer speed within 45 seconds.
6	Deleted				
7	SOW: Section 3.5  Call Center: First Call Resolution	A Participant's call is considered resolved on the first call when the Participant is provided with information from a Service Center Representative without the need for follow-up.	County observations and/or Contractor self-reporting.  Contractor shall report quarterly the number of calls that require a call back divided by the total calls answered.  Performance target is 93% of calls not requiring a call back.	Quarterly	\$5,000 per quarter if performance target of 93% of calls not requiring a callback is not attained. for each month of the calendar quarter.
8	SOW: Sections 4.3 to 4.6 and 4.11 to 4.12  Payroll Files: Accuracy and Timeliness of Demographic File processing and corrections	The County sends demographic files to Contractor on a daily and semi-monthly basis. Contractor uploads and stores the daily file to Contractor's system on the same day. The Plan Administrative Committee (or staff) requires various custom reports to be developed based on information provided on the demographic file. Contractor corrects exceptions within County payroll schedule timeframe. Exceptions that require County review are sent to the County, in a County approved format, within one (1) Business Day of exception date. Exceptions returned to	County observations and/or Contractor self-reporting.  Contractor shall semi-monthly report the number of files received divided by the number of files processed by the stated timeframe.  Contractor provides County a detailed exception report, (report format approved by	Semi-Monthly	\$1,000 per occurrence, per file, for failure to upload demographic files received in good order within one business day, with a maximum of 1% of quarterly recordkeeping fees at risk.  Any errors or processing delays caused in whole or in part by the Contractor

No.	SPECIFIC PERFORMANCE REFERENCE	SERVICE/DEFINITION	MONITORING, CALCULATION, REPORTING METHOD	MEASUREMENT PERIOD	DEDUCTIONS/ FEES TO BE ASSESSED
		<p>Contractor for uploading are completed within one (1) Business Day from date of receipt from County.</p>	<p>the County) each day. If there are no exceptions, Contractor shall notify County of this fact.</p> <p>Exceptions that require County review, which are returned to Contractor should be uploaded to Contractor system within one (1) Business Day.</p> <p>Exceptions that are ignored or incorrectly overridden by the Contractor are also a failure to meet this standard.</p> <p>Performance target 100%</p>		<p>will also be corrected at the expense of the Contractor.</p>
9	<p>SOW section 4.5</p> <p>Payroll Files: Semi-Monthly Payroll Files</p>	<p>100% of contributions and loan payments that are sent from County to Contractor are processed the same Business Day if received in good order prior to 1:00 p.m. Pacific time.</p>	<p>County observations and Contractor self-reporting.</p> <p>Contractor shall semi-monthly report the number of files received divided by the number of files processed by the stated timeframe.</p> <p>Contributions and loan payments are invested according to allocation instructions received at least one Business Day prior.</p>	Semi-Monthly	<p>\$3,000 per semi-monthly occurrence for failure to process contribution and loan files received in good order, with a maximum of 2% of quarterly recordkeeping fees at risk.</p> <p>Any errors or processing delays caused in whole or in part by the Contractor will also be corrected at</p>

No.	SPECIFIC PERFORMANCE REFERENCE	SERVICE/DEFINITION	MONITORING, CALCULATION, REPORTING METHOD	MEASUREMENT PERIOD	DEDUCTIONS/ FEES TO BE ASSESSED
			Performance target 100%		the expense of the Contractor.
10	SOW section 4.5  Payroll Files: Timely and accurate transmission of payroll files for employee deferral and loan deductions to the County	Inbound (to County from Contractor) file transmissions for payroll deferral and loan deductions are sent to the County within County defined payroll schedule timeframes. When necessary, deferral and loan deductions, e.g., paid-in-full loans, may require Contractor to log into the County's payroll portal to effectuate the transaction.	County observations and Contractor self-reporting.  Contractor sends accurate deferral and loan deductions to the County. Loan payoffs must be submitted timely and accurately within County's payroll schedule.  Performance target 100%  Files that are sent late for reasons wholly outside Contractor's control are excluded from any deductions/fees to be assessed.	Semi-Monthly	\$3,000 per semi-monthly occurrence, per file, for failure to transmit deferral and loan files to the County per the mutually agreed upon payroll schedule, with a maximum of 2% of quarterly recordkeeping fees at risk.  Any errors or processing delays caused in whole or in part by the Contractor will also be corrected at the expense of the Contractor.
11	SOW: Section 4.5, 4.7.a and 4.7.b  Payroll Files: Timely and Accurate Processing of Payroll Rejections and Exceptions	Transactions received from Participants that require portal entry and are received in good order are accurately entered in the Portal during the current portal window, or if closed, the next portal window.  Participant whose active deduction that is not in sync with eligibility requirements will be reported on a Payroll Exception Report. This exception report does not include the necessary pairing of deduction codes. Contractor must log in to the County Payroll Portal and correct payroll	Contractor self-reporting. County observations.  Contractor shall track and report performance failures semi-monthly based on the number of transactions processed within the standard and the number of transactions processed outside of the standard.	Semi-Monthly	\$5,000 per quarter for failure to process 100% of portal transactions as mutually agreed.  Any errors or processing delays caused in whole or in part by the Contractor will also be corrected at the expense of the Contractor.

No.	SPECIFIC PERFORMANCE REFERENCE	SERVICE/DEFINITION	MONITORING, CALCULATION, REPORTING METHOD	MEASUREMENT PERIOD	DEDUCTIONS/ FEES TO BE ASSESSED
		rejections and exceptions within payroll schedule deadline.	Performance target 100%		
12	SOW: Section 3  Timely and Accurate Delivery of Correspondence	The time it takes from when a Participant makes a request for document copies (e.g., forms, statement copy, enrollment kit, copy of previously issued correspondence) to when the material is generated. Timely is defined as within two business days from the date request is received. "Accurate" is defined as without error.	Contractor self-reporting and/or County observations.  Total requested correspondence distributed minus requested correspondence not distributed by the deadline divided by total requested correspondence distributed. Accuracy shall include providing complete and correct information free of misspellings.  Performance Target 100%  Requested correspondence that is late due to reasons wholly out of Contractor's or subcontractors control are excluded from any calculation of deductions/fees to be assessed.	Quarterly	\$5,000 per quarter for failure to process 100% of requests within two business days from date request is received.
13	SOW: Section 2.6  Participant Satisfaction	Participant satisfaction is measured by Contractor's satisfaction survey results.	Performance target is satisfactory or better (average of 3 or above on a scale of 1-5), for questions related to services provided by Contractor.	Measurement performed within 60 days following survey (three surveys conducted during term of contract).	\$2,500 if average survey score is less than 4.0 on a 5.0 scale.  \$5,000 if average survey score is less than 3.0 on a 5.0 scale.

No.	SPECIFIC PERFORMANCE REFERENCE	SERVICE/DEFINITION	MONITORING, CALCULATION, REPORTING METHOD	MEASUREMENT PERIOD	DEDUCTIONS/ FEES TO BE ASSESSED
				Also supplemented with periodic transaction based surveys (no more frequent than quarterly) via website or following call center contact	
14	SOW: Sections 4 through 9 and 11.3  Plan Sponsor Reports	The timely and accurate delivery of reports to the County. The specific content included in each report is subject to County review and approval.  Normal ad-hoc reports shall be provided within 10 Business Days. For ad-hoc reports identified as "urgent" by the County, the Contractor and the County shall agree on delivery timing which shall be shorter than standard reports.	County Observations  Daily reports are provided to County by 10:00 a.m. Pacific time.  Monthly reports are provided to County within 20 calendar days following end of reporting period.	Quarterly	\$500 per occurrence for failure to deliver report(s), including accuracy and timeliness, up to a maximum of \$5,000 per quarter.

No.	SPECIFIC PERFORMANCE REFERENCE	SERVICE/DEFINITION	MONITORING, CALCULATION, REPORTING METHOD	MEASUREMENT PERIOD	DEDUCTIONS/ FEES TO BE ASSESSED
			<p>Quarterly report drafts are provided to County within 30 calendar days following end of reporting period. Final reports are due seven (7) days later.</p> <p>Annual reports are provided to County within 45 calendar days following end of reporting period. Final reports are due 15 calendar days later.</p> <p>Customized and/or ad-hoc reports are provided to County within 10 Business Days of request or as otherwise mutually agreed upon. "Urgent" ad-hoc reports shall be provided within 5 Business Days or as otherwise mutually agreed upon.</p>		
15	<p>SOW: Section 3.4</p> <p>Education and Outreach</p>	<p>Field representatives shall provide a minimum of 1,300 site visits, 20,000 one-on-one meetings in person , and perform comprehensive account reviews as requested by employees and the County staff annually. Site visits and meetings shall occur each month, throughout the year. Field representatives shall attend lunch &amp; learn meetings set by DHR which averages 8 per quarter at various locations throughout the County with</p>	<p>Contractor shall track number of meetings monthly and provide a report quarterly.</p>	Annual	\$5,000 per year in which the minimum standards are not met.

No.	SPECIFIC PERFORMANCE REFERENCE	SERVICE/DEFINITION	MONITORING, CALCULATION, REPORTING METHOD	MEASUREMENT PERIOD	DEDUCTIONS/ FEES TO BE ASSESSED
		exception of 4 <sup>th</sup> Quarter. CARs will be conducted as part of the 20,0000 one-on-one meetings and will be conducted at both site visits and office appointments.			
16	SOW: Section 5.3  Project Deliverables	One-time projects (including fund changes) are delivered on the agreed upon date.	Contractor and County self-reporting	As defined by the project	\$500 for each agreed upon project(s), or as otherwise mutually agreed upon amount that is commensurate to the cost of the project, up to a maximum of \$5,000 per quarter.
17	SOW Section 2  Core, Optional or executed Supplemental Services Agreement(s) for Communication Deliverables	Communication deliverables produced according to material specifications and delivered within the County approved time-frame.	Contractor self-reporting and/or County observation	As defined per communication deliverable	\$250 credit for each Business Day of the delay until actual delivery receipt of the communication product, not to exceed the total design cost of the deliverable,
18	SOW Section 8  Investment Related Services	Comply with Investment Related Services.  1. Timely acceptance and proper allocation of incoming funds via wire/ACH. Fund allocations should be processed and invoiced properly.  2. Accurate and timely keying of NAV prices.	Contractor self-reporting and/or County observation	Quarterly	\$5,000 per quarter in which the minimum standards are not met.

No.	SPECIFIC PERFORMANCE REFERENCE	SERVICE/DEFINITION	MONITORING, CALCULATION, REPORTING METHOD	MEASUREMENT PERIOD	DEDUCTIONS/ FEES TO BE ASSESSED
19	SOW Section 11 Transition Responsibilities Upon Termination	CONTRACTOR shall provide full cooperation for the orderly transition of administrative responsibilities, records, and Participant services to the successor TPA, and continue to process work timely and accurately so that the operation is current at the termination or expiration of this Contract.	County observation	Only applicable for transition to successor TPA	If the CONTRACTOR fails to cooperate in a responsive manner and perform the transition responsibilities upon termination, the COUNTY shall have the right to withhold 100 percent of the last month of TPA payments as liquidated damages
20	County Satisfaction (See Report Card below)	County satisfaction is measured by the quarterly County Satisfaction Report Card	Performance target is satisfactory or better (score of 3 or above on a scale of 1-5), for questions related to services provided by Contractor.	Quarterly	Up to \$5,000 for each quarterly Report Card with any results below satisfactory (below 3 on scale of 1-5 for any observation on Report Card) for services provided by Contractor.  Deductions/fees shall be applicable based on County satisfaction score.

**Performance Standards without Credits:** The following standards do not initially include credits for non-performance, although the Contractor agrees to monitor and report quarterly on the standards listed. Reporting shall include a description of how each standard was met, or not met. For any standards that are not met, a corrective plan of action will be provided by the Contractor to describe steps taken to avoid non-performance in the future.



If the Contractor does not meet a specific standard for two consecutive calendar quarters, then a four quarter “credit period” shall begin (starting with the quarter following the two consecutive quarters of non-performance). During the four quarter "credit period", if in any quarter the Contractor does not meet a standard, a credit of \$2,000 will be assessed. The \$2,000 credit will be deducted from the Contractor's monthly invoice in the month immediately following the quarter in which the standard was not met.

No.	Category	Standard
1	Distribution of enrollment and distribution material	100% of enrollment and distribution materials shall be mailed within 2 Business Days after request is made.
2	Enrollment Invitations	<p>Issue an enrollment invitation to all eligible non-participating employees: 1) annually on the last day of June and 2) within 6 months of eligibility, if they have not established a Participant account with an active ongoing contribution.</p> <p>Provide accurate written notice to the Participant if he or she is no longer eligible to participate in the Plan(s) within seven (7) calendar days after the Contractor has received current eligibility data from the County.</p>
3	Notification to Participants with Required Minimum Distributions	100% of Participants requiring minimum required distributions shall be identified, mailed accurate correspondence and election forms (if appropriate) no later than by October 31 <sup>st</sup> of each calendar year.
4	Distribute the “Reasons to Stay in the Plan” Flyer	Provide accurate notice and “Reasons to Stay in the Plan” flyer to terminated Participants who are not subject to required minimum distributions. Notice and flyer shall be provided within fifteen (15) Business Days of receiving a Participant’s termination date.
5	Payment of withdrawals, distributions, or loans	100% processed accurately same day, check mailed following Business Day.
6	Issue confirmations	Mailed, or, as authorized by the County, issue electronic confirmations within 2 Business Days after the transaction is completed
7	Blocked calls – a blocked call is defined as a call where the caller receives a busy signal from Contractor due to insufficient phone lines.	Contractor shall track monthly and report quarterly on the number of calls where the caller receives a busy signal due to insufficient phone lines divided by the total number of calls received by Contractor’s call center (reporting shall reflect monthly averages). Blocked call rate shall be no more than 0.5%.

8	Call quality – the accuracy, completeness and quality of selected interactions with the call center	A County approved number of calls shall be monitored with an average score of 85% or more using an evaluation tool mutually agreed upon by the parties.
9	Participant Telephone Call Transcripts	Contractor shall provide County with Participant call transcripts within five (5) Business Days of request or a mutually agreeable timeframe agreed upon by the parties.
10	Application of the County's Trading Policy	Contractor shall apply the 90-Day Equity Wash Rule and the 2% Redemption Fee Rule where applicable to participant transactions

### COUNTY SATISFACTION REPORT CARD

Rating Methodology

- 5 = Completely satisfied
- 4 = Very satisfied
- 3 = Satisfied
- 2 = Somewhat satisfied
- 1 = Dissatisfied

Report Card completed by: \_\_\_\_\_

Date completed: \_\_\_\_\_

Date provided to TPA: \_\_\_\_\_

Year of observation: \_\_\_\_\_

County will complete the box with the score that most closely reflects the level of satisfaction with respect to the following service observations. A separate quarterly report card will be completed each quarter.

Area of observation	1 <sup>st</sup> Q	2 <sup>nd</sup> Q	3 <sup>rd</sup> Q	4 <sup>th</sup> Q
1. Provides County with timely notification of issues impacting Plan and/or Participants.				
2. Responds to Participant issues & questions in a timely, comprehensive manner.				
3. Develops and follows through on action plans; effective coordination to resolve open issues.				
4. Correctly and timely sends communications and or notifications to participants (mailing, e-mail, via mobile application, voice response, etc.).				

At the end of each quarterly period, County will forward the completed Report Card to the TPA.

**DETERMINATION OF CONTRACTOR NON-RESPONSIBILITY  
REQUIRED FORMS - EXHIBIT P**

**2.202.010 Findings and declaration.**

**2.202.020 Definitions.**

**2.202.030 Determination of contractor non-responsibility.**

**2.202.040 Debarment of contractors.**

**2.202.050 Pre-emption.**

**2.202.060 Severability.**

**2.202.010 Findings and declarations.**

- A. The board of supervisors finds that, in order to promote integrity in the county's contracting processes and to protect the public interest, the county's policy shall be to conduct business only with responsible contractors. The board of supervisors further finds that debarment is to be imposed only in the public interest for the county's protection and not for the purpose of punishment.
- B. Determinations of contractor non-responsibility and contractor debarment shall be made in accordance with the procedures set forth in the ordinance codified in this chapter and implementation instructions issued by the Internal Services Department.
- (Ord. 2014-0035 § 1, 2014: Ord. 2005-0066 § 1, 2005: Ord. 2000-0011 § 1 (part), 2000.)

**2.202.020 - Definitions.**

For purposes of this chapter, the following definitions apply:

- A. "Contractor" means a person, partnership, corporation, or other entity who has contracted with, or is seeking to contract with, the county or a nonprofit corporation created by the county to provide goods to, or perform services for or on behalf of, the county or a nonprofit corporation created by the county. A contractor includes a contractor, subcontractor, vendor, or any of their respective officers, directors, owners, co-owners, shareholders, partners, managers, employees, or other individuals associated with the contractor, subcontractor, or vendor who participated in, knew of, or should reasonably have known of conduct that results in a finding of non-responsibility or debarment.
- B. "Contract" means any agreement to provide goods to, or perform services for or on behalf of, the county or a nonprofit corporation created by the county.
- C. "Debarment" means an action taken by the county which results in a contractor being prohibited from bidding or proposing on, being awarded and/or performing work on a contract with the county. A contractor who has been determined by the county to be subject to such a prohibition is "debarred."
- D. "Department head" means either the head of a department responsible for administering a particular contract for the county or the designee of same.
- E. "County" means the county of Los Angeles, any public entities for which the board of supervisors is the governing body, and any joint powers authorities of which the county is a member that have adopted county contracting procedures.

- F. "Contractor hearing board" means the persons designated to preside over contractor debarment hearings and make recommendations on debarment to the board of supervisors.
- G. Determination of "non-responsibility" means an action taken by the county which results in a contractor who submitted a bid or proposal on a particular contract being prohibited from being awarded and/or performing work on that contract. A contractor who has been determined by the county to be subject to such a prohibition is "non-responsible" for purposes of that particular contract.
- H. "Bid or proposal" means a bid, proposal, or any other response to a solicitation submitted by or on behalf of a contractor seeking an award of a contract.
- (Ord. 2014-0035 § 2, 2014: Ord. 2005-0066 § 2, 2005: Ord. 2004-0009 § 1, 2004: Ord. 2000-0011 § 1 (part), 2000.)

### **2.202.030 - Determination of contractor non-responsibility.**

- A. Prior to a contract being awarded by the county, the county may determine that a contractor submitting a bid or proposal is non-responsible for purposes of that contract. In the event that the county determines that a contractor is non-responsible for a particular contract, said contractor shall be prohibited from being awarded and/or performing work on that contract.
- B. The county may declare a contractor to be non-responsible for purposes of a particular contract if the county, in its discretion, finds that the contractor has done any of the following: (1) violated a term of a contract with the county or a nonprofit corporation created by the county; (2) committed an act or omission which negatively reflects on the contractor's quality, fitness, or capacity to perform a contract with the county, any other public entity, or a nonprofit corporation created by the county, or engaged in a pattern or practice which negatively reflects on same; (3) committed an act or omission which indicates a lack of business integrity or business honesty; or (4) made or submitted a false claim against the county or any other public entity.
- C. The decision by the county to find a contractor non-responsible for a particular contract is within the discretion of the county. The seriousness and extent of the contractor's acts, omissions, patterns, or practices as well as any relevant mitigating or aggravating factors, including those described in Subsection 2.202.040 (E) below, may be considered by the county in determining whether a contractor should be deemed non-responsible.
- D. Before making a determination of non-responsibility pursuant to this chapter, the department head shall give written notice to the contractor of the basis for the proposed non-responsibility determination, and shall advise the contractor that a non-responsibility hearing will be scheduled on a date certain. Thereafter, the department head shall conduct a hearing where evidence on the proposed non-responsibility determination is presented. The contractor and/or attorney or other authorized representative of the contractor shall be afforded an opportunity to appear at the non-responsibility hearing and to submit documentary evidence, present witnesses, and offer rebuttal evidence. After such hearing, the department head shall prepare a proposed decision, which shall contain a recommendation regarding whether the contractor should be found non-responsible with respect to the contract(s) at issue. A record of the hearing, the proposed decision, and any recommendation shall be presented to the board of supervisors. The board of supervisors may, in its discretion, limit any further hearing to the presentation of evidence not previously presented. The

board of supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the department head. A non-responsibility finding shall become final upon approval by the board of supervisors.

(Ord. 2005-0066 § 3, 2005: Ord. 2004-0009 § 2, 2004: Ord. 2000-0011 § 1 (part), 2000.)

#### **2.202.040 - Debarment of contractors.**

- A. The county may debar a contractor who has had a contract with the county in the preceding three years and/or a contractor who has submitted a bid or proposal for a new contract with the county.
- B. The county may debar a contractor if the county finds, in its discretion, that the contractor has done any of the following: (1) violated a term of a contract with the county or a nonprofit corporation created by the county; (2) committed an act or omission which negatively reflects on the contractor's quality, fitness, or capacity to perform a contract with the county, any other public entity, or a nonprofit corporation created by the county, or engaged in a pattern or practice which negatively reflects on same; (3) committed an act or omission which indicates a lack of business integrity or business honesty; or (4) made or submitted a false claim against the county or any other public entity.
- C. The decision by the county to debar a contractor is within the discretion of the county. The seriousness and extent of the contractor's acts, omissions, patterns, or practices as well as any relevant mitigating or aggravating factors, including those described in Subsection (E) below, may be considered by the county in determining whether to debar a contractor and the period of debarment. Generally, the period of debarment should not exceed five years. However, if circumstances warrant, the county may impose a longer period of debarment up to and including permanent debarment.
- D. To impose a debarment period of longer than five years, and up to and including permanent debarment, in addition to the grounds described in Subsection (B) above, the county shall further find that the contractor's acts or omissions are of such an extremely serious nature that removal of the contractor from future county contracting opportunities for the specified period is necessary to protect the county's interests.
- E. Mitigating and aggravating factors that the county may consider in determining whether to debar a contractor and the period of debarment include but are not limited to:
  - (1) The actual or potential harm or impact that results or may result from the wrongdoing.
  - (2) The frequency and/or number of incidents and/or duration of the wrongdoing.
  - (3) Whether there is a pattern or prior history of wrongdoing.
  - (4) A contractor's overall performance record. For example, the county may evaluate the contractor's activity cited as the basis for the debarment in the broader context of the contractor's overall performance history.
  - (5) Whether a contractor is or has been debarred, found non-responsible, or disqualified by another public entity on a basis of conduct similar to one or more of the grounds for debarment specified in this Section.

- (6) Whether a contractor's wrongdoing was intentional or inadvertent. For example, the county may consider whether and to what extent a contractor planned, initiated, or carried out the wrongdoing.
  - (7) Whether a contractor has accepted responsibility for the wrongdoing and recognizes the seriousness of the misconduct that led to the grounds for debarment and/or has taken corrective action to cure the wrongdoing, such as establishing ethics training and implementing programs to prevent recurrence.
  - (8) Whether and to what extent a contractor has paid or agreed to pay criminal, civil, and administrative liabilities for the improper activity, and to what extent, if any, has the contractor made or agreed to make restitution.
  - (9) Whether a contractor has cooperated fully with the county during the investigation, and any court or administrative action. In determining the extent of cooperation, the county may consider when the cooperation began and whether the contractor disclosed all pertinent information known to the contractor.
  - (10) Whether the wrongdoing was pervasive within a contractor's organization.
  - (11) The positions held by the individuals involved in the wrongdoing.
  
  - (12) Whether a contractor participated in, knew of, or tolerated the offense.
  - (13) Whether a contractor brought the activity cited as a basis for the debarment to the attention of the county in a timely manner.
  - (14) Whether a contractor has fully investigated the circumstances surrounding the cause for debarment and, if so, made the result of the investigation available to the county.
  - (15) Whether a contractor had effective standards of conduct and internal control systems in place at the time the questioned conduct occurred.
  - (16) Whether a contractor has taken appropriate disciplinary action against the individuals responsible for the activity which constitutes the cause for debarment.
  - (17) Other factors that are appropriate to the circumstances of a particular case.  
(Ord. 2014-0035 § 4, 2014: Ord. 2005-0066 § 4, 2005: Ord. 2004-0009 § 3, 2004: Ord. 2000-0011 § 1 (part), 2000.)
- F. Before making a debarment determination pursuant to this chapter, the department head shall give written notice to the contractor of the basis for the proposed debarment, and shall advise the contractor that a debarment hearing will be scheduled on a date certain. The contractor hearing board shall conduct a hearing where evidence on the proposed debarment is presented. The contractor and/or attorney or other authorized representative must be given an opportunity to appear at the debarment hearing and to submit documentary evidence, present witnesses, and offer rebuttal evidence at that hearing. After such hearing, the contractor hearing board shall prepare a proposed decision, which shall contain a recommendation regarding whether the contractor should be debarred and, if so, the appropriate length of time for the debarment. A record of the hearing, the proposed decision, and any recommendation shall be presented to the board of supervisors. The board of

- supervisors may, in its discretion, limit any further hearing to the presentation of evidence not previously presented. The board of supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the contractor hearing board. A debarment finding shall become final upon the approval of the board of supervisors.
- G. In making a debarment determination, the board of supervisors may also, in its discretion and consistent with the terms of any existing contracts that the contractor may have with the county, terminate any or all such existing contracts. In the event that any existing contract is terminated by the board of supervisors, the county shall maintain the right to pursue all other rights and remedies provided by the contract and/or applicable law.
- H. With respect to a contractor who has been debarred for a period longer than five years, the contractor may, after the debarment has been in effect for at least five years, request that the county review the debarment determination to reduce the period of debarment or terminate the debarment. The county may consider a contractor's request to review a debarment determination based upon the following circumstances: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the county. A request for review shall be in writing, supported by documentary evidence, and submitted to the chair of the contractor hearing board. The chair of the contractor hearing board may either: 1) determine that the written request is insufficient on its face and deny the contractor's request for review; or (2) schedule the matter for consideration by the contractor hearing board which shall hold a hearing to consider the contractor's request for review, and, after the hearing, prepare a proposed decision and a recommendation to be presented to the board of supervisors. The board of supervisors may, in its discretion, limit any further hearing to the presentation of evidence not previously presented. The board of supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the contractor hearing board. A reduction of the period of the debarment or termination of the debarment shall become final upon the approval of the board of supervisors. (Ord. 2005-0066 § 4, 2005: Ord. 2004-0009 § 3, 2004: Ord. 2000-0011 § 1 (part), 2000.)

#### **2.202.050 - Pre-emption.**

In the event any contract is subject to federal and/or state laws that are inconsistent with the terms of the ordinance codified in this chapter, such laws shall control.

(Ord. 2000-0011 § 1 (part), 2000.)

#### **2.202.060 - Severability.**

If any section, subsection, subpart or provision of this chapter, or the application thereof to any person or circumstances, is held invalid, the remainder of the provisions of this chapter and the application of such to other persons or circumstances shall not be affected thereby.

(Ord. 2000-0011 § 1 (part), 2



## COUNTY'S ADMINISTRATION

CONTRACT NO. \_\_\_\_\_

### COUNTY PROJECT DIRECTOR:

Name: Susan Moomjean\_\_\_\_\_

Title: Benefits Manager\_\_\_\_\_

Address: 500 W Temple Street, Room 784\_\_\_\_\_

Los Angeles, CA 90012\_\_\_\_\_

Telephone: 213-893-0040\_\_\_\_\_ Facsimile: \_\_\_\_\_

E-Mail Address: SMoomjean@ceo.lacounty.gov\_\_\_\_\_

### COUNTY PROJECT MANAGER:

Name: Kimberly Burch-Garcia\_\_\_\_\_

Title: Principal Analyst, CEO\_\_\_\_\_

Address: 500 W Temple Street, Room 784\_\_\_\_\_

Los Angeles, CA 90012\_\_\_\_\_

Telephone: 213-974-4999\_\_\_\_\_ Facsimile: \_\_\_\_\_

E-Mail Address: KBurch-garcia@ceo.lacounty.gov\_\_\_\_\_

### COUNTY CONTRACT PROJECT MONITOR:

Name: Maria Rodriguez\_\_\_\_\_

Title: Analyst, CEO\_\_\_\_\_

Address: 500 W Temple Street, Room 784\_\_\_\_\_

Los Angeles, CA 90012\_\_\_\_\_

Telephone: 213-974-1640\_\_\_\_\_ Facsimile: \_\_\_\_\_

E-Mail Address: MRodriguez@ceo.lacounty.gov\_\_\_\_\_

# CONTRACTOR'S ADMINISTRATION

**CONTRACTOR'S NAME:** Great-West Life & Annuity Insurance Co / Empower Retirement

**CONTRACT NO:** \_\_\_\_\_

**CONTRACTOR'S PROJECT MANAGER:**

Name: Bruce Dale  
Title: Managing Director, Government Relationship  
Address: 8515 E Orchard Rd  
Greenwood Village, CO 80111  
Telephone: 303-737-0551  
Facsimile: \_\_\_\_\_  
E-Mail Address: bruce.dale@empower-retirement.com

**CONTRACTOR'S AUTHORIZED OFFICIAL(S)**

Name: Daniel A Morrison  
Title: Senior Vice President, Government Market  
Address: 8515 E Orchard Rd  
Greenwood Village, CO 80111  
Telephone: 303-737-6992  
Facsimile: \_\_\_\_\_  
E-Mail Address: dan.morrison@empower-retirement.com

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
E-Mail Address: \_\_\_\_\_

**Notices to Contractor shall be sent to the following:**

Name: Bruce Dale  
Title: Managing Director, Government Relationship  
Address: 8515 E Orchard Rd  
Greenwood Village, CO 80111  
Telephone: 303-737-0551  
Facsimile: \_\_\_\_\_  
E-Mail Address: bruce.dale@empower-retirement.com

**CONTRACTOR ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT**

**FORMS REQUIRED AT THE TIME OF CONTRACT EXECUTION**

**NON-IT CONTRACTS**

S1 CONTRACTOR ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

**OR**

S2 CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY  
AGREEMENT

S3 CONTRACTOR NON-EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY  
AGREEMENT

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**CONTRACTOR ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT**

CONTRACTOR NAME Great-West Life & Annuity Insurance Company Contract No. \_\_\_\_\_

**GENERAL INFORMATION:**

The Contractor referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires the Corporation to sign this Contractor Acknowledgement and Confidentiality Agreement.

**CONTRACTOR ACKNOWLEDGEMENT:**

Contractor understands and agrees that the Contractor employees, consultants, Outsourced Vendors and independent contractors (Contractor's Staff) that will provide services in the above referenced agreement are Contractor's sole responsibility. Contractor understands and agrees that Contractor's Staff must rely exclusively upon Contractor for payment of salary and any and all other benefits payable by virtue of Contractor's Staff's performance of work under the above-referenced contract.

Contractor understands and agrees that Contractor's Staff are not employees of the County of Los Angeles for any purpose whatsoever and that Contractor's Staff do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. Contractor understands and agrees that Contractor's Staff will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

**CONFIDENTIALITY AGREEMENT:**

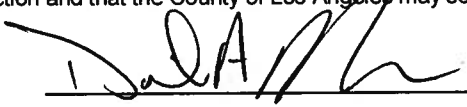
Contractor and Contractor's Staff may be involved with work pertaining to services provided by the County of Los Angeles and, if so, Contractor and Contractor's Staff may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, Contractor and Contractor's Staff may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. Contractor and Contractor's Staff understand that if they are involved in County work, the County must ensure that Contractor and Contractor's Staff, will protect the confidentiality of such data and information. Consequently, Contractor must sign this Confidentiality Agreement as a condition of work to be provided by Contractor's Staff for the County.

Contractor and Contractor's Staff hereby agrees that they will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between Contractor and the County of Los Angeles. Contractor and Contractor's Staff agree to forward all requests for the release of any data or information received to County's Project Manager.

Contractor and Contractor's Staff agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to Contractor and Contractor's Staff under the above-referenced contract. Contractor and Contractor's Staff agree to protect these confidential materials against disclosure to other than Contractor or County employees who have a need to know the information. Contractor and Contractor's Staff agree that if proprietary information supplied by other County vendors is provided to me during this employment, Contractor and Contractor's Staff shall keep such information confidential.

Contractor and Contractor's Staff agree to report any and all violations of this agreement by Contractor and Contractor's Staff and/or by any other person of whom Contractor and Contractor's Staff become aware.

Contractor and Contractor's Staff acknowledge that violation of this agreement may subject Contractor and Contractor's Staff to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE:  DATE: 11/12/18

PRINTED NAME: Daniel A Morrison

POSITION: Senior Vice President, Government Market

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

Contractor Name Great-West Life & Annuity Insurance Company Contract No. \_\_\_\_\_

Employee Name Daniel A Morrison

**GENERAL INFORMATION:**

Your employer referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Employee Acknowledgement and Confidentiality Agreement.

**EMPLOYEE ACKNOWLEDGEMENT:**

I understand and agree that the Contractor referenced above is my sole employer for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon my employer for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contract.

**CONFIDENTIALITY AGREEMENT:**

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by my employer for the County. I have read this agreement and have taken due time to consider it prior to signing.

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between my employer and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to my immediate supervisor.

I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than my employer or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me during this employment, I shall keep such information confidential.

I agree to report to my immediate supervisor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to my immediate supervisor upon completion of this contract or termination of my employment with my employer, whichever occurs first.

SIGNATURE:  DATE: 11/12/18

PRINTED NAME: Daniel A Morrison

POSITION: Senior Vice President, Government Market

**CONTRACTOR NON-EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT**

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

Contractor Name Great-West Life & Annuity Insurance Company Contract No. \_\_\_\_\_

Non-Employee Name Bruce Dale

**GENERAL INFORMATION:**

The Contractor referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Non-Employee Acknowledgement and Confidentiality Agreement.

**NON-EMPLOYEE ACKNOWLEDGEMENT:**

I understand and agree that the Contractor referenced above has exclusive control for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon the Contractor referenced above for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contract.

**CONFIDENTIALITY AGREEMENT:**

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by the above-referenced Contractor for the County. I have read this agreement and have taken due time to consider it prior to signing.

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between the above-referenced Contractor and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to the above-referenced Contractor.

I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information, and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than the above-referenced Contractor or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me, I shall keep such information confidential.

I agree to report to the above-referenced Contractor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to the above-referenced Contractor upon completion of this contract or termination of my services hereunder, whichever occurs first.

SIGNATURE:  DATE: 11, 08, 2018

PRINTED NAME: Bruce Dale

POSITION: Managing Director, Government Relationship



## Records Retention Standard

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## Records Retention Standard

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### 1.0 INTRODUCTION AND PURPOSE

Great-West Life & Annuity Insurance Company, its subsidiaries, and the U.S. branches of The Great-West Life Assurance Company and The Canada Life Assurance Company (collectively "Great-West Financial") hereby adopt and implement this Corporate Records Retention Standard (the "Standard"). This Standard applies to all Great-West Financial employees and governs the retention and destruction of all corporate records.

The lack of a corporate records retention policy or standard significantly increases operational costs and legal risks. Without clear policies and procedures, corporations often over-retain and dispose of records without considering applicable legal and regulatory obligations. This Standard and its accompanying Records Retention Schedule ("Schedule") (collectively, the "Data Management Program") will create a consistent approach to the retention, storage and destruction of Great-West Financial's corporate records.

### 2.0 SCOPE AND APPLICATION

All records, regardless of the media on which they exist, are subject to an enterprise-wide Data Management Program. The Data Management Program is designed to control the creation, use, retention, storage, and destruction of records in compliance with federal, state and operational requirements.

This Standard applies to all records created or maintained by Great-West Financial, regardless of the media on which they exist.

### 3.0 PROCEDURES

#### 3.1 Record

A Record is information evidencing the business, operations, decisions, policies and procedures of Great-West Financial, its customers or its employees that may be created in a tangible format, regardless of the media in which it exists, and maintained for legal, regulatory or business purposes. Records are the property of Great-West Financial and are not the property of the individual employee creator, author or custodian. For purposes of this Standard, the following are not Records:

- Duplicates or convenience copies
- Drafts that have been superseded unless specifically required to be maintained by law or regulation
- Informal communications such as notes and memos that do not set policy, establish procedure or document a business transaction
- Catalogs, trade journals, or reference materials
- A paper copy where the Record is stored electronically
- All other document, devise or item, regardless of form, that does not meet the above definition

A non-record will be retained only as long as it serves an immediate business purpose, but in no event will the non-record be retained longer than the retention period applicable to the Record to which it relates.



## Records Retention Standard

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### 3.2 Record Retention

A Record's retention is determined by the content of the record, not by the media on which it is created or is maintained. In the event that a record contains information subject to multiple record retention periods, the record shall be retained for the longest applicable period. All records, regardless of form or location, will be maintained in accordance with the retention periods set forth in the attached Schedule.

### 3.3 Storage

Records will be maintained by each functional area in a centralized and secure manner (e.g., FileNet; OnBase) in accordance with the time frames set forth in the Records Retention Schedule. Each designated Functional Area Leader is responsible for ensuring that their area's Records are being stored in compliance with this Standard.

### 3.4 Disposal

Unless subject to a Legal Hold, Records will be destroyed in accordance with the time frames set forth in the Records Retention Schedule and in the manner set forth by this Standard. No employee discretion is permitted with respect to the retention period or destruction date of a Business Record, except as expressly stated in the Records Retention Schedule. Destruction dates are calculated based on the retention requirements in the approved Records Retention Schedule.

Record owners and/or Functional Area Leaders will periodically receive disposal notices listing the Record(s) slated for destruction. The notice recipient will review the notice and respond, confirming receipt and compliance with the notice.

On an annual basis, Record owners and/or Functional Area Leaders will receive a notice directing the review of functional area controlled paper and electronic records. Records that have reached the end of their retention period and are not currently subject to a Legal Hold shall be properly destroyed. In addition, all non-records no longer needed for an employee to perform his or her job and not subject to a Legal Hold, shall be properly destroyed. The notice recipient will review the notice and respond, confirming receipt and compliance with the notice.

Records scheduled for disposal must be secured against unauthorized access until disposal is complete. All paper Records and non-business records containing personal information and/or confidential information must be disposed of by secure shredding. Please place all such records in the designated secure shredding bins in your location. If your area does not have a secure shredding bin, please notify your functional area leader or the corporate Records Manager.

Electronic records must be disposed of in a manner that permanently destroys the information. The method of disposal must ensure that the data has been destroyed in such a manner that it cannot be recovered or reconstructed. The disposal process is not complete until the back-up tape containing the records has been overwritten. Electronic media and storage devices such as hard drives, thumb drives, CDs, DVDs and tapes, must be destroyed by the applicable secure

## Records Retention Standard

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destruction vendor. Question regarding shredding vendors may be directed to your functional area leader or the Records Manager.

### **3.5 Legal Record Preservation**

There are situations where the normal and routine destruction of Records must be suspended in order to comply with legal and/or regulatory requirements. Current and future Records that are or may be sought in any actual, pending or reasonably foreseeable litigation, investigation, or regulatory action must be preserved until the Legal Hold is released by authorized personnel in Great-West Financial's Legal Department. All Legal Holds will be implemented by the Chief Litigation Officer or other authorized personnel.

Employees who receive a Legal Hold Notice shall immediately comply with the Legal Hold Notice requirements to locate and protect any and all information related to the Legal Hold Notice. Business Records subject to a Legal Hold shall not, under any circumstances, be deleted, destroyed, concealed, altered, or otherwise disposed without the specific authorization of the Chief Litigation Officer. Employees will work with the Records Manager and / or Chief Litigation Officer to ensure that Business Records subject to the Legal Hold are properly identified and preserved.

### **3.6 Compliance and Enforcement**

Each Functional Area Leader shall monitor their area's compliance with the Data Management Program. Internal Audit shall periodically audit compliance with the Program based on assessed risk. All breaches or exceptions to the Standard will be reported to the Chief Operational Risk Officer.

### **3.7 Exceptions**

Exceptions to the Records Management Program must be requested in writing and sent to the Records Manager for consideration. Exceptions require approval by the Functional Area Leader and Records Manager. The Records Manager will retain evidence of approved exceptions.

### **3.8 Annual Confirmation**

All employees are required to complete annual computer based training and acknowledge compliance with this Standard.

## **4.0 TRANSITION PROVISIONS**

Although the Standard is effective from the date of ERMC approval, there are many new requirements. As such, the Risk function is developing a plan for implementation of the Standard. Implementation will occur over a two-year period.

<b>Business Area</b>	<b>Record Type</b>	<b>Description</b>	<b>Approved Standard</b>	<b>Retention Trigger</b>
Empower Retirement	Abandoned Property Files	Account information for dormant or unclaimed deposits and suspense escheatable funds. Includes escheat reports filed with regulating states.	7 Y Business Need	Closed
Empower Retirement	Account Records	Account Statements, Authorizations, Backup Documentation, Balancing Records, Billing Adjustments & Statements, General Ledger Support Records, Maintenance Records, and Reconciliations.	7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Account Statement Supporting Records		2 Y Business Need	Created
Empower Retirement	Accounts Receivable Records		7 Y Tax Consideration	Post term unless otherwise contractually obligated
Empower Retirement	ACH Records	Worksheets indicating due-to and due- from, ACH daily proof sheet, ACH/DDA return listing and debit/credit ticket copies.	7 Y Business Need	Created
Empower Retirement	Acquisition / Merger Records	Includes supporting documents, and due diligence for prospective acquisitions/mergers that are not completed. Acquisition / Merger Supporting Records were noted as 7 year retention.	PERM Business Need	Perm

Empower Retirement	Adoption Agreements		7 Y or contractual requirement, whichever is longer	Post term unless otherwise contractually obligated
Empower Retirement	Advertising / Marketing Support Records		7 Y Business Need	Created
Empower Retirement	Affidavits	Includes: Customer completed affidavits with supporting research material for return or support customer denial correspondence.	7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Amortization Records	Includes assets & depreciation schedules.	7 Y Tax Consideration	Post term unless otherwise contractually obligated
Empower Retirement	Analyst Packets		7 Y Tax Consideration	Tax Year Cleared
Empower Retirement	Applications - Denied	Includes: Applications, change in credit lines and credit reports.	7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Assets & Liabilities Statements		7 Y Tax Consideration	Post term unless otherwise contractually obligated
Empower Retirement	Audit Reports	Includes: Internal and external audit (SAS 70, etc.) reports and responses.	7 Y Audit Consideration	Post term unless otherwise contractually obligated
Empower Retirement	Authorizations - Investment Advisors	Copies of instructions or customer authorizations.	7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Balancing Records	Reconciliation and supporting documentation.	7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Banking Records	Bank statements, debits and credits, and other banking-related records.	7 Y Tax Consideration	Post term unless otherwise contractually obligated

Empower Retirement	Basic Plan Documents		7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Billing / Fee Corrections - Investment Advisors		5 Y 17 CFR 275.204-2	Created
Empower Retirement	Board Presentation Support Records	Includes: BOD/Salary Policy Deck and Approvals.	7 Y Business Need	Created
Empower Retirement	Call Recordings	Includes: Plan and participants call records.	7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Cash Functions	Cash Transfers, Deposit Records, Reconciliation information, original incoming Cash Letters, and Recaps from sending banks.	7 Y Business Need	From Receipt
Empower Retirement	Change Management Request		7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Check Records	Log listing date, check number, initials, payable to, amount, requested by and purpose.	7 Y Tax Consideration	Post term unless otherwise contractually obligated
Empower Retirement	Claims Files	Claim forms, dispositions, office copy of credit to account, extracts from reports and correspondence.	7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Client Asset Lists		5 Y Business Need	Created
Empower Retirement	Consolidated Financial Statements	Includes: Balance sheet reports, statement of income report, summary statements of income and statement of condition.	7 Y Business Need	Post term unless otherwise contractually obligated

Empower Retirement	Contracts		7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Corporate Income Tax Records - Fed / State	Corporate income tax returns, tax workpapers, tax support materials and analysis sheets. *Tax Returns was noted with permanent retention before consolidation	7 Y Business Need	Tax Year Cleared
Empower Retirement	Customer Account Files	Includes: Customer files including applications, contracts, direct deposit authorizations, copies of account adjustments and signed stop payment forms. Includes: Bids, contracts and agreements, quotes, correspondence, sales orders and credit reports.	7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Customer Claims / Complaints	Includes: Evidence of customer dissatisfaction.	7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Customer Tax Records		7 Y Tax Consideration	Tax Year Cleared
Empower Retirement	Disclosure and Control Policies & Procedures	Includes: Risk analysis, listing of GL accounts, business line overview, test work and summaries.	7 Y Audit Consideration	Post term unless otherwise contractually obligated
Empower Retirement	ER stock valuation reports		7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	ESOPs		7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Exception Reports		7 Y Business Need	Post term unless otherwise contractually obligated

Empower Retirement	Expense Reports	Transaction reports showing cost center debits, credits and ending balances. Includes travel expense reports.	7 Y Tax Consideration	Post term unless otherwise contractually obligated
Empower Retirement	Fee Information - Investment Advisors	Fee sheets, faxes, etc.	7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Foreclosures	Includes: Participant notices, request for release documents, such as paid-in-full or foreclosure files.	7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Fraud Files		10 Y Legal Consideration	Settled
Empower Retirement	Funds Transfer Records	Requests for transfer including automatic funds transfer letters, money transfer order and correspondence.	7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Garnishments & Levies	Includes: Child Support Levy Orders, Federal Levies, Liens, Garnishment Orders, Garnishment Accounting Court Orders, Garnishment Accounting Reports, Payroll Garnishment Records.	7 Y Business Need	Post term unless otherwise contractually obligated

Empower Retirement	General Financial Files	Annual reports, audit reports, monthly reports, quarterly reports, SEC reports, prospectus, and 10K's.	PERM Corporate Standard	Post term unless otherwise contractually obligated
Empower Retirement	General Ledger Support Records	Includes balance sheet, reconciliations, G/L tickets, and trial balances.	7 Y Business Need	Created
Empower Retirement	Insurance Policies & Support Records	Record of schedules, premiums, payments and services.	7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Internal Call Reports		3 Y Business Need	Created
Empower Retirement	Investment Account Adjustments		7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Invoice Support Records		1 Y Business Need	Paid
Empower Retirement	IRS Audits		7 Y Tax Consideration	Last Audit
Empower Retirement	Journal Entries	Backup attached.	7 Y Tax Consideration	Post term unless otherwise contractually obligated
Empower Retirement	Leases	Leases, subleases, cost statements, titles, management documents, legal and backup documents and invoice copies.	10 Y Legal Consideration	Terminated
Empower Retirement	Mail Records	Certified, registered logs, mail meter usage log and department mail log.	1 Y Facilities Standard	Post term unless otherwise contractually obligated



Empower Retirement	Mutual Fund Transactions	Reports, transaction lists and return transactions.	7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Non-Performing Assets	Monthly reports and supporting documentation for non-performing assets.	7 Y Tax Consideration	Post term unless otherwise contractually obligated
Empower Retirement	Over & Short Reports		2 Y 12 CFR 229.21	Created
Empower Retirement	Participant Records	Participant Earnings and Service Histories, Participant Loan Support Records	7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Payment Records	Invoice stub, copy of checks and copy of G/L ticket.	2 Y 12 CFR 226.25	Created
Empower Retirement	Payroll & Support Records	Employee Time-Off Requests, Timecards, Timesheets, Vacation Requests, Direct Deposit Pre-Note Reports, Direct Deposit Waiver Forms, Employee Deductions for Charitable Donations, Commission Calculation Worksheets, Incentive Plan Bonus Calculations, and Input.	7 Y Business Need	Created

Empower Retirement	PLAN Records	Plan Benefit Plan Financial Statements, Plan Annual Reports, Plan Authorizations, Plan Billing Statements / Adjustments, Plan Call Reports, Plan Compliance Records, Plan Contracts, Plan Conversion Data, Plan Court Records, Plan Disclosure and Control Policies & Procedures, Plan Documents, Plan Invoices & Payment Records, Plan Level, Payroll Records, Plan Mail Records, Plan Power of Attorney, Plan Records, Plan Signature Cards, Plan Sponsor Instructional Letter	7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Pricing Records	Includes pricing lists, proposals, quotes, concession reports, price change/markdown reporting, price test reports and price protection records.	7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Proxy Records	Annual proxy statement filed with the SEC.	3 Y Corporate Standard	Created

Empower Retirement	Regulatory Reporting Documents	Compliance Records, SEC Filings, Supporting Regulatory Documents, Supporting Documents for Valuation Reports, Annual Filings, Regulatory Examinations, Regulating Authorities Reports	10 Y Corporate Standard	Post Filing Date
Empower Retirement	Retirement plan documents/spds	Includes: Summary plan documents.	7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Return Item Register & Notifications	Notifications and register of high deposited items received from banks returning checks.	7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Sarbanes Oxley Records	Client memos, regulations, due diligence, internal control reports, gap strategy sheets, SOX matrices, control testing documentation, SOX 404 test action plans, internal/external SAS 70 documents and compliance documentation. Includes: Procedure documents.	7 Y Audit Consideration	Created
Empower Retirement	Settlement Records	Daily settlement report totals, adjustment totals, reconciliation sheets, copies of debit/credit adjustment forms, and copies of suspense account tickets and account receivable tickets.	7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Stop Payment Orders	Includes: Request for stop, correspondence and notification of stop-payment on draft.	7 Y Business Need	Post term unless otherwise contractually obligated

Empower Retirement	Subsidiary Accounting Records		7 Y Tax Consideration	Tax Year Cleared
Empower Retirement	Supporting Records Advice of Corrections	Notice to customer of corrections and adjustments made to customer accounts. Adjustments made to customers account	2 Y 12 CFR 229.21	Post term unless otherwise contractually obligated
Empower Retirement	Trial Balances	List of borrower, loans, credits and balances.	7 Y Business Need	Created
Empower Retirement	Trust / Custodial Agreements		7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Undeliverable Statements	Customer account statements returned as undeliverable.	7 Y Business Need	Post term unless otherwise contractually obligated
Empower Retirement	Wire Transfers	Originals and copies of money transfer orders, cables, telexes and clearance account tickets.	7 Y Business Need	Post term unless otherwise contractually obligated



## **EMPOWER EMPLOYEE BACKGROUND CHECKS DESCRIPTION**



Empower currently performs the following background checks. Empower may modify such background checks in the future to comply with applicable law and to align with industry norms.

**External New & Re-Hire 10 Year Search:**

**a. Employment Verifications (Standard) - All**

All previous employers within the last 7-years (max four).

**b. Educational Verifications**

Highest degree earned or attempted. Each educational institution is contacted to verify applicant's supplied information, including attendance dates, Major, GPA and Degree.

**c. Global Homeland Security Search**

For compliance with the U.S. Patriot Act, the search includes more than 14 separate U.S. and foreign sanctions and watch lists including OFAC, OFAC Specially Designated Nationals (SDN) & Blocked Persons, OFAC Sanctioned Countries, including Major Cities & Ports, Non-Cooperative Countries and Territories, Department of State Trade Control (DTC), Debarred Parties U.S. Bureau of Industry & Security (formerly BXA), FBI Most Wanted Terrorists & Seeking Information, FBI Top Ten Most Wanted, INTERPOL Most Wanted List, Bank of England Sanctions List, OSFI - Canadian Sanctions List, United Nations Consolidated Sanctions List, Politically Exposed Persons List, European Union Terrorism List and World Bank Ineligible Firms

**d. Social Security Number Trace +**

The SSN Trace verifies the applicant's name, identifies aliases, validates the social security number and reveals residential movement patterns for further criminal records research.

**e. Credit Report Employment Purposes**

For employees with financial responsibilities, credit reports are an essential tool in evaluating potential exposure to internal theft. Reports are obtained from one of the major credit bureaus.

**f. Criminal Records (Package)**

Per name search. All of the applicant's counties of residence, Ten (10) year history search are performed. The search includes felony and misdemeanor searches of county and state criminal records at each applicable courthouse or state central repository.

**g. Federal Criminal Records (Package)**

All districts of residence. Ten (10) year history. Federal criminal records show criminal complaints brought by the U.S. government against defendants for violations of federal criminal law. Examples of federal crimes include mail fraud, bank robbery, crimes committed in an airport, interstate drug trafficking and kidnapping.

**h. Sex Offenders Search (Package)**

All areas of residence. Seven year history. Individual state searches.

**i. National Criminal Research Database - ci (NCRD)**

FCRA Compliant confirmations are included and performed via the applicable County Criminal Search and/or at the State Sex Offender Registry. More than 370 million offense records are included in this fast, multi-jurisdictional search of state and county criminal record databases, including department of corrections, department of public safety, traffic court, multi-state sex offender search, Proprietary Offender Data maintained by vendor's data source, OFAC and local, state, FBI, US Marshall, US Customs, US Department of Justice, US Secret Service, DEA Fugitive and Most Wanted files. Appropriate verification of any potential hits is included in this product at no additional charge. Court access fees will be applied.



## **10 year search Education & Employment not included**

### **Temporary employee pre-hire background and – Current Employee FINRA Pre-Hire Search Requirement:**

#### **a. Global Homeland Security Search**

For compliance with the U.S. Patriot Act, Empower provides a search of more than 14 separate U.S. and foreign sanctions and watch lists including OFAC, OFAC Specially Designated Nationals (SDN) & Blocked Persons, OFAC Sanctioned Countries, including Major Cities & Ports, Non-Cooperative Countries and Territories, Department of State Trade Control (DTC), Debarred Parties U.S. Bureau of Industry & Security (formerly BXA), FBI Most Wanted Terrorists & Seeking Information, FBI Top Ten Most Wanted, INTERPOL Most Wanted List, Bank of England Sanctions List, OSFI - Canadian Sanctions List, United Nations Consolidated Sanctions List, Politically Exposed Persons List, European Union Terrorism List and World Bank Ineligible Firms

#### **b. Social Security Number Trace +**

The SSN Trace verifies the applicant's name, identifies aliases, validates the social security number and reveals residential movement patterns for further criminal records research.

#### **c. Credit Report Employment Purposes**

For employees with financial responsibilities, credit reports are an essential tool in evaluating potential exposure to internal theft. Reports are obtained from one of the major credit bureaus.



## EXHIBIT V

### Empower Information Security (current as of the execution of this Agreement)

#### 1. GENERAL DESCRIPTION AND DEFINITIONS

Under the terms of the Agreement, Empower and its affiliates (“Empower”) is to provide recordkeeping, administrative, and other ministerial services to the Plan. In providing such services, Empower has deployed numerous technologies, procedures, and personnel to protect its internal recordkeeping system. Empower employs a layered approach with respect to its security features utilized for protecting Plan and Participant data as set forth herein. Empower reserves the right to make modifications to its technology and procedures that are designed to improve its information security protections and to conform to advances in technology and applicable industry standards. Empower’s current cyber security program aligns to the industry standard published by the International Organization for Standardization (ISO 27001/27002), as well as to Federal, State and regulatory requirements.

This Exhibit shall be subject to, and shall incorporate by reference, the terms and conditions set forth in the Agreement. For purposes of this Exhibit, all defined terms shall have the same meaning as under the Agreement unless otherwise defined herein.

“Access Controls” shall mean the collection of mechanisms that specify what Empower personnel can do on its internal recordkeeping system, such as what resources Empower personnel can access and the operations such personnel can perform.

“Application Development Security” shall mean the security controls to be included in the system development process including but not limited to application security controls, change and configuration control, data warehousing, data mining, knowledge-based systems, program interfaces, and the concepts used to help ensure software and overall system confidentiality, integrity, and availability.

“Cryptography” addresses the principles, means, and methods of disguising information to provide confidentiality, integrity, and availability.

“Information Security Program” shall mean the identification of Empower’s information assets and the development, documentation, and implementation of written information security policies, standards, procedures, and guidelines, which ensure their availability, integrity, and confidentiality.

“Network Security” includes the provisions made in an underlying computer network infrastructure, policies adopted by the network administrator to protect the network and the network-accessible resources from unauthorized access, and consistent and continuous monitoring and measurement of its effectiveness (or lack) combined together.





“Operations Security” identifies the controls over hardware, media, and the personnel and administrators with access privileges to these resources.

“Physical Security” shall mean the physical environment surrounding the internal recordkeeping system and components.

“Risk Management” shall mean the identification, measurement, control, and minimization of loss associated with uncertain events or risks. It includes overall security reviews, risk analysis, evaluation and selection of safeguards, cost/benefit analysis, management decisions, safeguard implementations, and effectiveness reviews.

“Security Testing” means the system and application vulnerability assessments and external Internet application and infrastructure vulnerability assessments on all Empower systems used to provide the Services.

## 2. INFORMATION SECURITY PROGRAM & TRAINING

Empower’s Information Security Board is responsible for the development, implementation, and ongoing maintenance of its Information Security Program. Empower furthers its Information Security Program through its implementation of documented IT control standards, written information security policies regarding data and information classification, security awareness training, and risk assessment and management, as set forth by the Information Security Board.

In connection with its Services and as part of its Information Security Program, Empower maintains stringent information security practices which mandate the secure protection and handling of Participant data. Empower personnel must complete initial security training at the time they are first employed with Empower and annually thereafter. All personnel attest annually to Empower’s Code of Business Conduct and Ethics, which enforces the tenets of Empower’s Information Security Policies.

In addition, Empower will monitor, evaluate, and adjust, as appropriate, its Information Security Program in light of relevant changes in Services, technology or industry security standards, the sensitivity of data collected or processed by Empower in the provision of its Services and evolving internal or external risks.

## 3. ACCESS CONTROL SYSTEMS AND METHODOLOGY

Empower utilizes Access Controls designed to ensure that only Empower personnel with the proper need and authority can access its internal recordkeeping system, are allowed to execute programs, and can read, edit, add and delete information. Empower’s Access Controls may include but are not limited to: (i) limiting access to personnel with a requirement to view Participant data; (ii) establishing least-privilege controls to protect systems and



Participant data; (iii) generation of audit trails, including logging of changes to Participant data by recording details such as the date, time and ID of the Participant or personnel making the change; (iv) minimum length and complexity requirements for passwords for Empower personnel and Participant accounts; (v) periodic review and approval of personnel need to access the Empower recordkeeping system; and (vi) termination of personnel access promptly following severance from employment.

#### 4. CRYPTOGRAPHY

Empower uses Cryptography techniques that assist Empower with preventing the unauthorized capture, modification of or access to data or information while stored on the Empower recordkeeping system or accessed by Empower personnel. Such Cryptography techniques may include but are not limited to: (i) encryption of sensitive data sent across external communication lines; (ii) requirement of minimum 128-bit encryption SSL encryption for web browsers; and (iii) encryption of Empower data while stored on laptops and mobile devices. Empower uses standard encryption algorithms that follow up-to-date encryption standards and industry practices

#### 5. OPERATIONS SECURITY

Operations Security is employed for purposes of safeguarding information assets while the Plan and Participant data is resident in the recordkeeping system, storage media, or otherwise associated with the data processing environment. Operations Security includes but is not limited to: (i) personnel workstations are protected by user profiles with anti-virus programs ; (ii) implementation of firewall protection, router configuration rules and standards designed to maintain the integrity of Participant data; (iii) restriction of connections and communications with untrusted networks, and (iv) actively monitoring the network perimeter, including intrusion detection systems, for attempted intrusions.

In addition, Empower's Information Security Program mandates ongoing Operations Security requirements, including but not limited to, installing or maintaining (i) security patches for operating systems and applications within standard timeframes based on severity, (ii) industry standard versions of operating systems, software and firmware for system applications and components and (iii) up-to-date system security agent software which includes updated malware and virus definitions. In all of the foregoing instances, Empower reserves the right to conduct pre-installation testing and to determine whether and to what extent such patches or updates are reasonable and will not introduce new and/or unacceptable risks to Empower's systems, processing environment or data

#### 6. PHYSICAL SECURITY

Physical Security includes but is not limited to (i) physical security in the protection of valuable information assets of the business enterprise; and (ii) providing protection techniques for the



entire facility, from the outside perimeter to the inside office space, including the datacenters and wiring closets.

Physical Security is applied to datacenters as follows: (a) highly-secured and substantially redundant configurations to help ensure continuity of operations; (b) access is controlled using key cards and monitored with use of extensive camera systems; (c) access is removed in a timely manner upon termination or reassignment and access is reviewed and recertified regularly; (d) visitors must be pre-approved for access and physically escorted while in the datacenter; (e) 24x7 monitoring of environmental controls and physical security is in place; and (f) security is routinely tested by both internal and external auditors.

## 7. SECURITY TESTING

In connection with its Services hereunder, Empower will conduct the following Security Testing: (i) test information technology general controls (ITGC) at least annually or whenever there is a material change in business practices, and (ii) conduct infrastructure penetration tests and scans against Internet-facing points of presence. Empower will correct vulnerabilities or security issues discovered through such assessments in a manner and time frame consistent with established standards.

## 8. INVESTIGATIONS AND INCIDENT RESPONSE

In connection with its Services hereunder, Empower has investigative measures and techniques for incident handling including but not limited to: (i) a formalized, enterprise-wide Computer Security Incident Response Team ("CSIRT"); (ii) CSIRT processes which are tested at least annually; and (iii) periodic validation of CSIRT processes by Empower's internal audit group.

Empower will notify Plan Sponsor after becoming aware of any security breach that has compromised the security, confidentiality or integrity of Plan Sponsor's data and resulted in unauthorized access to Plan Participant data by a third party (collectively any "Information Security Incident"). In the event of an Information Security Incident, Empower will: (i) investigate and assist any regulator or other governmental body with oversight over the Information Security Incident in investigating, remedying and taking any other action regarding the Information Security Incident as appropriate or required by law; (ii) provide Plan Sponsor with information about remedial measures have been undertaken to prevent such Information Security Incident from reoccurring. Empower will provide Plan Sponsor with periodic Information Security Incident status updates and a final report once the Information Security Incident has been resolved.

HEALTH WEALTH CAREER

# DEFINED CONTRIBUTION PLANS

VENDOR OUTREACH AND PLAN REVIEW

OCTOBER 2, 2017

County of Los Angeles



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# 1

## INTRODUCTION

The Chief Executive Office retained Mercer Investment Consulting LLC (Mercer) to assist with developing a request for proposals (RFP) for third party administrator (TPA) services for the Deferred Compensation and Thrift Plan (Horizons), the Savings Plan, and the Pension Savings Plan, collectively known as the County of Los Angeles (County) Defined Contribution Program. The RFP process allows the County to consider the terms under which other service providers can deliver comparable or improved services and often offers an opportunity to enhance services with the current provider.

The two initial deliverables in the project were to conduct a vendor outreach effort and also conduct a program study. The vendor outreach is intended to promote awareness regarding the upcoming RFP. The program study will help determine “where we are today” by benchmarking services and fees with other comparable defined contribution (DC) plans. A survey of DC plans was conducted in order to meet this deliverable. This report summarizes the findings from the vendor outreach effort and the findings from the survey.

# 2

## VENDOR OUTREACH

The last recordkeeping RFP was conducted in 2013. Two proposals were received, and one of them was disqualified because it failed to meet a minimum requirement outlined in the RFP. As a result, the 2013 RFP included only reviewing a single proposal from Empower (referred to as Great-West in 2013). In an effort to avoid a similar experience, a vendor outreach effort was conducted in the summer of 2017 to promote awareness regarding the upcoming RFP.

Mercer contacted five recordkeeping companies to discuss the County DC Plans. These five recordkeeping companies are active in the public sector DC market, and also showed interest in the County RFP in 2013, although ultimately did not submit a proposal. These companies included:

- Fidelity
- ICMA – Retirement Corporation
- Nationwide
- Prudential
- Voya

Below are some statistics for these vendors, as well as Empower:



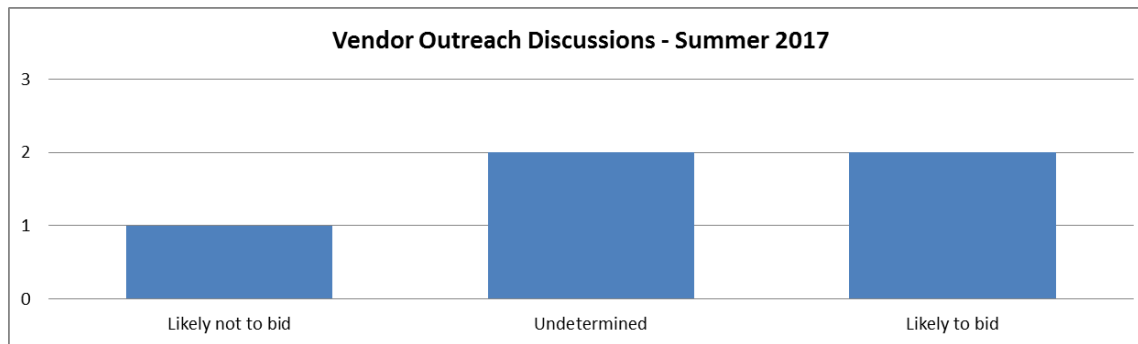
	Empower	Fidelity	ICMA-RC	Nationwide	Prudential	Voya
Total assets	\$443 billion	\$1,605 billion	\$46 billion	\$113 billion	\$147 billion	\$311 billion
Total participants	7.9 million	19.7 million	1.1 million	2.5 million	2.6 million	4.6 million
457 assets	\$77 billion	Not provided	\$35 billion	\$66 billion	\$20 billion	\$44 billion
457 participants	1.5 million	Not provided	0.7 million	1.4 million	0.3 million	1.3 million
State 457 plans	21	1	2	9	4	10

\*Source: 2017 Pensions & Investments Recordkeeper Survey; number of State 457 based on Mercer records, but not confirmed by TPA companies.

The outreach generally included individual phone discussions with each of the vendors. Discussions covered the topics:

- Reasons vendor did not respond to 2013 RFP
- Based on 5 year contract awarded, a new RFP is anticipated
- Vendors’ current target market, and likelihood of bidding on future County RFP

The outreach also included many of the vendors reviewing the 2013 RFP. Responses from the vendors were that two of them are likely to submit a proposal to the upcoming RFP.



# 3

## PLAN SURVEY EXECUTIVE SUMMARY

A survey of defined contribution (DC) plans was conducted to help determine “where we are today” by benchmarking services and fees with other comparable DC plans. The responses from the survey reflect that the County’s Defined Contribution Program is currently receiving services and fees that are competitive to those provided to comparable government defined contribution plans. The following are key observations of what might be considered current best practices for jumbo plans greater than \$1 billion.

- Local service center: centrally located office available for servicing participants
- Call center: home office primary call center team or shared resources to provide back-up for periods of peak volume such as following the release of quarterly statements
- Field representatives: dedicated field staff that do not service other plans
- Communication materials: customized for the Plan; while paper communications are still in use, there is a trend toward increased usage of electronic communications
- Investments: asset allocation options (e.g. target date funds) to provide a simple investment strategy for participants, as well as core investment options for participants to customize their asset allocation; self-directed brokerage options are prevalent and provide an option for even more customized investments; finally, white-label portfolios are frequently used to design multi-manager portfolios

- Fee structure: either flat per-participant fees or asset based fees with a cap are prevalent among jumbo plans in an effort to have an equitable fee structure and avoid over-charging participants with higher account balances
- Self-sustaining cost structure: costs of the plan are paid out of plan assets in the form of fees charged to participant accounts

## COMPARABLE PLANS

The three Plans that make up the County of Los Angeles Defined Contribution Program are briefly described as follows:

**457 Deferred Compensation and Thrift (Horizons) Plan** – Full-time permanent employees are eligible to participate with a dollar-for-dollar match up to 4% of regular earnings with immediate 100% vesting.

**401(k) Savings Plan** – Full-time permanent non-represented employees are eligible to participate with dollar-for-dollar match up to 4% of compensation with a vesting schedule (20% per year).

**457 Pension Savings Plan** – This Plan is designed as a Social Security offset program restricted to employees ineligible to participate in the County's defined benefit program (LACERA). The Plan is comprised of part-time, seasonal and temporary employees. Participation is mandatory with 4.5% employee contribution and 3% County contribution with immediate 100% vesting. The Plan allows voluntary employee contributions above 4.5%.

It is notable that the 401(a) Termination Pay Pick-Up Plan ceased taking pick-up contributions in 2007, and is scheduled to be terminated the first quarter of 2018.

Below are statistics for the defined contribution plans included in the survey. Factors considered in selecting these plans for the survey included plan size, perceived complexity (i.e. customization), and varying TPA companies.

	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
Plan types	457, 401(k), PST, 401(a) term pay	457, PST	457, 401(k), PST, 401(a) ARP	457, 401(k), 403(b)	457, 401(a) match, hybrid 457/401(a), 401(a) ORP	457, hybrid 401(a)
Total assets (all plans)	\$11.8 B	\$5.3 B	\$11.9 B	\$9.8 B	\$3.7 B	\$15.7 B
Number of accounts	457 – 102,000 401(k) – 15,500 401(a) – 41 PST – 29,300	457 – 43,000 PST – 43,000	457 – 62,000 401(k) – 152,000 401(a) – 7,000 PST – 93,000	457 – 53,000 401(k) – 246,000 403(b) – 1,200	457 – 77,000 Hybrid – 78,000 ORP – 12,000	457 – 57,000 Hybrid – 205,000
457/401(k) participation	457 – 79% 401(k) – 72%	457 – 65%	457 – 24% 401(k) – 23%	457 – 13% 401(k) – 30%	457 – 33%	457 – 14%
TPA	Empower	457 – Voya	Nationwide	Prudential	ICMA-RC	Empower
TPA RFP	2013	2016	2015	2015	2013	2014

Statistics are as of December 31, 2016.

PST = Part-time, seasonal and temporary employee social security offset plan.

ARP = Alternative Retirement Program designed as mandatory 414(h) pick-up plan, which certain State employees hired after 2004 participate in for 2 years.

Hybrid DC = DC portion of a hybrid retirement plan consisting of a DB component and a DC component

City of Los Angeles recently conducted a separate RFP for the PST and selected ICMA-RC as the TPA

Virginia employees hired after 1/1/14 participate in a mandatory hybrid DB/DC retirement plan

Washington employees can elect to participate in the pension or in an optional hybrid DB/DC retirement plan (hybrid launched in 2002)

Participation statistics reflect percentage of eligible participants making contributions.

Each of the comparable plans provided a response to the survey in August, 2017. The responses included information regarding plan size, participation, contributions, services provided by the TPA, participant servicing models, number and type of investments utilized, governance structure and fees. Select observations from the survey are provided below.

### **TPA Services**

The TPA processes transactions submitted via the website, call center, interactive voice response or submitted on paper forms. The comparison plans indicated that the TPA generally provides communication services, although a number of the comparison plans indicated their staff provides input on communication materials. Assistance with administrative functions such as hardship applications and domestic relations orders (DRO) is provided; some plans utilize the TPA to determine the qualified status of the DRO, while other Plans determine the qualified status internally.

### **Participant Services**

Primary call center teams are frequently used in order to provide representatives that are familiar with the Plan design, but spikes in call volume, such as following the issuance of statements, generally necessitate support from the larger call center. The TPA generally provides a customized website which is transactional, but also contains retirement education materials as well as tools and calculators.

Group and one-on-one counseling services for participants are provided by dedicated on-site representatives. The number of representatives varies by Plan, depending on the perceived needs of each plan. The representatives generally provide retirement and investment education services, but one of the comparison plans now offers investment advice and managed account services for an additional user fee. In some instances, the Plan Sponsor provides space for the local office at no cost to the TPA.

**TPA Fees**

TPA fees are a function of the services provided by the TPA, and, as indicated by the survey responses, the services vary from plan to plan. With that in mind, the table below reflects the TPA fees charged for each plan. This indicates the County’s fee structure is competitive.

	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
TPA Fee	457 \$34.44/account 401(k) \$38.64/account	\$32.00/account <sup>2</sup> (new with Voya)	\$34.95/SSN <sup>3</sup>	\$31.00/account	\$30.50/SSN <sup>3</sup>	457 \$41.75/account <sup>4</sup> (457 0.0625% 401(a) 0.0925%)
TPA Cost Estimate 2016	\$4.6 million <sup>1</sup>	\$1.8 million	\$6.9 million	\$9.2 million	\$4.7 million	\$8.7 million

<sup>1</sup>TPA cost estimate calculated based on account fees for each of the four Plans. Note that TPP will be closed in 2018 and therefore will not be included in the RFP.

<sup>2</sup>TPA fee is fee proposed in 2016 RFP process, although contract has not been finalized at the time of this survey.

<sup>3</sup>Both California and Virginia have TPA fees that are charged once per SSN (i.e. participant with two accounts is only charged once), and it is notable the both plans have a high number of participants with multiple accounts.

<sup>4</sup>Washington TPA \$41.75/account is a calculated average based on asset fees 6.25 basis points charged to approximately 57,000 participants with \$3.8 billion in assets

# 4

## DETAIL OF STUDY OF COMPARISON PLANS

The following pages reflect the responses from each of the comparable plans in table format with Mercer's observations. Unless otherwise indicated, the information provided is as of December 31, 2016.

## PLAN DEMOGRAPHICS

## Eligible and Contributing Participants

Eligible Employees	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
457 Plan	97,400	46,300	255,500	275,000	139,500	267,500
401(k) Plan	14,000		255,500	450,000		
401(a) Plan	41		7,361		112,300	
Other	9,959	Not provided	92,716	109,425	6,400	

Note: shaded areas indicate plan type not offered.

County of Los Angeles "Other" reflects the PST

City of Los Angeles "Other" reflects the PST

California "Other" reflects the PST

North Carolina "Other" reflects the 403(b)

Virginia 401(a) reflects the 401(a) Match Plan, Other reflects the 401(a) for Higher Education (ORPHE); Hybrid plan not listed in statistics

Actively Contributing	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
457 Plan	76,981	29,420	61,552	36,358	46,200	38,326
401(k) Plan	10,088		58,523	133,579		
401(a) Plan	41		7,361		42,400	
Other	9,959	Not provided	92,716	1,173	6,400	

**Observations:**

- The County 457 Plan is open to represented employees while the 401(k) is open to non-represented employees.
- Eligible numbers for NC differ by plan type because more municipalities have adopted the 401(k) than the 457.



**Plan Participation and Employer Contributions**

Plan Participation	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
457 Plan	79%	65%	24%	13%	33%	14%
401(k) Plan	72%		23%	30%		

Employer Contributions	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
457 Plan	Dollar for dollar up to 4%	N/A	N/A	Some municipalities have match	Into 401(a) Match	N/A
401(k) Plan	Dollar for dollar up to 4%		N/A	Some municipalities have match		
401(a) Plan	N/A		Closed in 2013		Match 457 50% up to \$20/pay (\$480/yr)	N/A
Other	4.5% EE + 3% ER	4.5% EE + 3% ER	7.5% EE	N/A	ORPHE 5% EE + 8.5% ER	

**Observations:**

- The County has a high participation rate in comparison to the survey respondents. The County match is expected to be a significant contributor to this.
- Mercer’s experience is that state plans typically have lower participation rates than City/County plans due to expanded geographies that can make marketing more difficult.
- In addition to amounts outlined above, VA hybrid plan has mandatory ER 1% + EE 1%, plus additional ER match 2.5% if EE contributes another 4%.

**Plan Assets and Average Assets per Participant**

Total Assets	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
457 Plan	\$9,237,000,000	\$5,200,000,000	\$5,897,000,000	\$1,228,000,000	\$2,287,000,000	\$3,826,000,000
401(k) Plan	\$2,444,000,000		\$5,856,000,000	\$8,541,000,000		
401(a) Plan	\$1,460,000		\$32,000,000		\$396,000,000	\$11,923,000,000
Other	\$157,000,000	\$69,500,000	\$85,000,000	\$10,000,000	\$990,000,000	

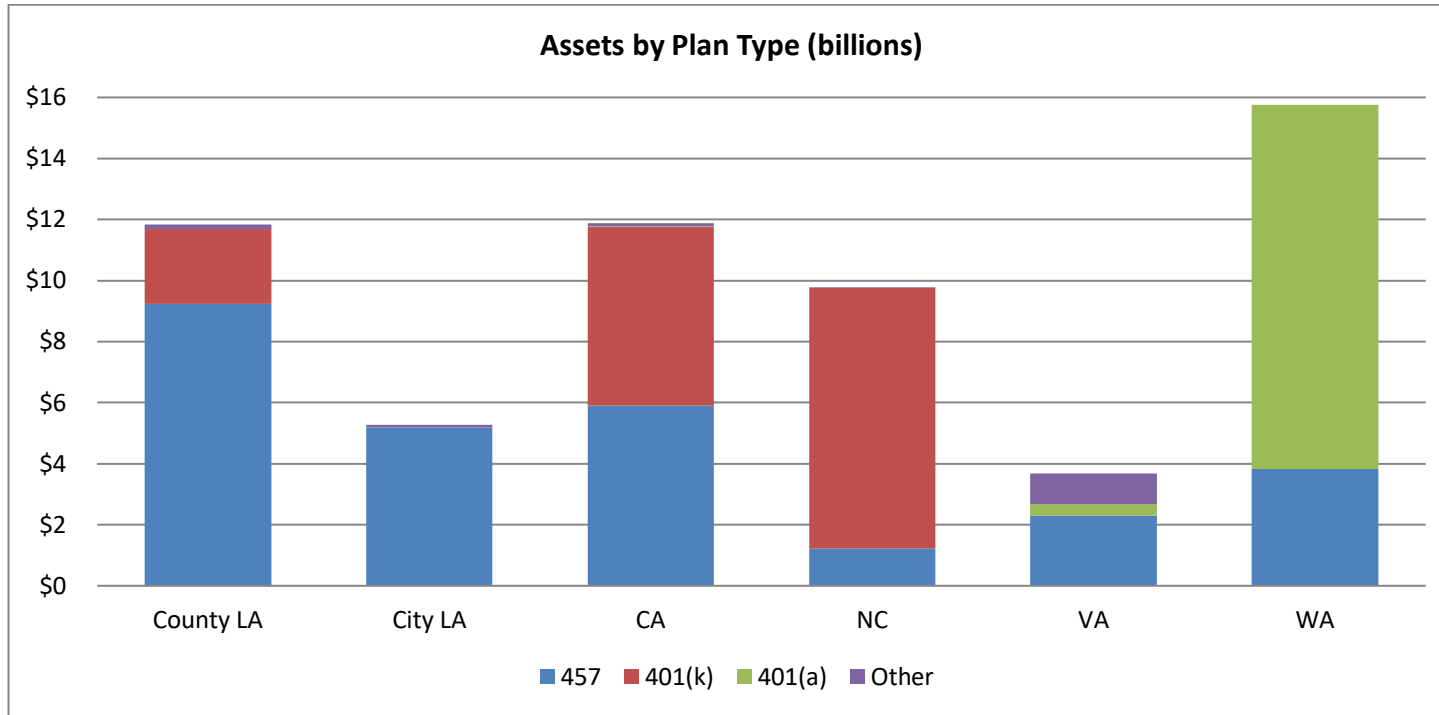
Total Participants	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
457 Plan	101,623	43,076	98,225	52,593	77,417	57,269
401(k) Plan	15,519		152,286	245,550		
401(a) Plan	41		7,361		70,069	205,000
Other	29,253	43,133	92,716	1,202	12,127	

Average Assets per Participant	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
457 Plan	\$90,895	\$120,717	\$60,036	\$23,349	\$29,541	\$66,808
401(k) Plan	\$157,484		\$38,454	\$34,783		
401(a) Plan	\$35,610		\$4,347		\$5,652	\$58,161
Other	\$5,367	\$1,611	\$916.78	\$8,319	\$81,636	

**Observations:**

- The County has relatively high average account balances. This is notable because plans with a match often experience higher participation but lower average account balances due to many participants contributing the minimum needed to receive the match.

Assets by Plan Type

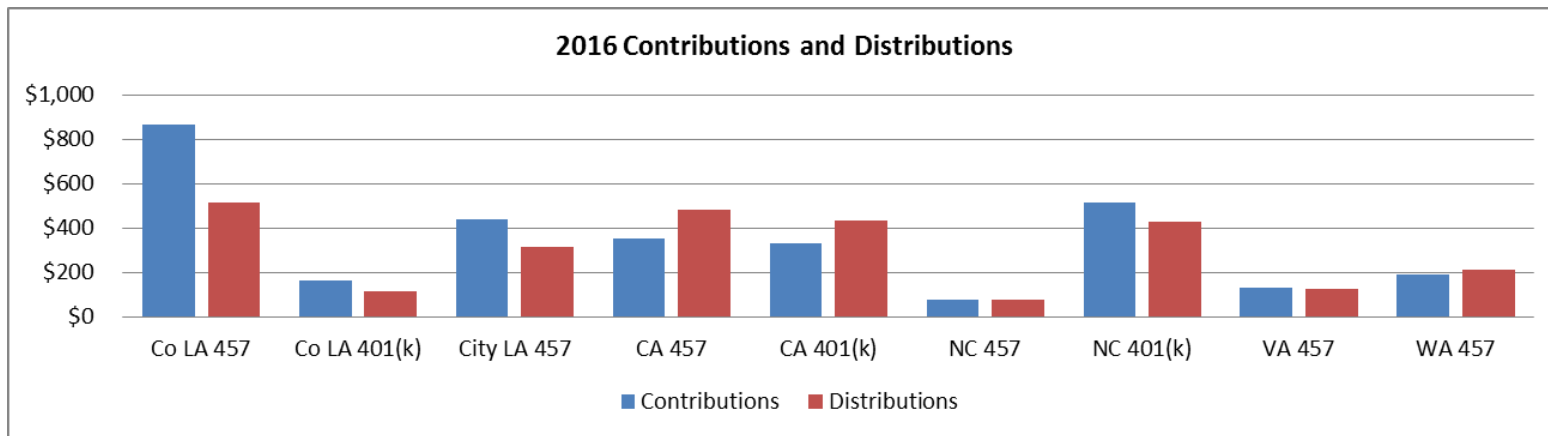


**Contributions and Distributions**

2016 Contributions	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
457 Plan	\$869,000,000	\$439,900,000	\$354,000,000	\$78,000,000	\$133,300,000	\$187,800,000
401(k) Plan	\$163,000,000		\$330,000,000	\$515,000,000		
401(a) Plan	\$0		(\$780,000)		\$16,200,000	\$592,600,000
Other	\$21,000,000	Not provided	\$24,500,000	\$3,200,000	\$49,000,000	

\*Note: California 401(a) negative contributions reflect contributions in error that were reversed.

2016 Distributions	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
457 Plan	\$514,000,000	\$315,300,000	\$482,000,000	\$78,000,000	\$123,200,000	\$213,500,000
401(k) Plan	\$114,000,000		\$433,000,000	\$431,000,000		
401(a) Plan	\$399,000		\$30,000,000		\$21,700,000	\$635,400,000
Other	\$14,000,000	Not provided	\$23,000,000	\$0	\$37,000,000	



TPA SERVICES

	County of Los Angeles			City of Los Angeles			State of California			State of North Carolina			Commonwealth of Virginia			State of Washington		
	TPA	Plan	Other	TPA	Plan	Other	TPA	Plan	Other	TPA	Plan	Other	TPA	Plan	Other	TPA	Plan	Other
Communications	X			X	X	X	X			X			X	X		X	X	
Enrollment	X			X			X	X		X			X			Auto	X	
Plan document and SPD updates	SPD	Plan doc with outside counsel			X	X		X			X			X				X
Website	X			X			X	X		X			X	X		X	X	
Trust services			Wells Fargo			Voya Trust Co			JP Morgan Chase		Board	BNY Mellon		VRS Board			WSIB	State Street
Audit			Annual			Did not indicate			Annual			Annual		Annual				Annual
Hardships	X			X			X			X			X			X		
Hardship appeals		X			X		X				Did not indicate			X				X
457 3-yr catch-up	X			X			X			X				X				X

QDRO	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
Determine qualified status	Plan	Plan	TPA	Plan	Did not indicate	Plan
QDRO fees	No additional fee	No additional fee	\$300, typically split between accounts	No additional fee	Did not indicate	No additional fee
2016 volume	800	50	175	210	Did not indicate	Not provided

Observations:

- Several plans utilize their internal legal staff to determine the qualified status of domestic relations orders, although this is a service that a TPA can provide. The County may wish to gather information in the RFP regarding TPA capabilities and fees in this area.

## PARTICIPANT SERVICES

	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
Local office	TPA rents	Provided by plan sponsor at no cost to TPA	Provided by plan sponsor at no cost to TPA	No – reps available on-site	TPA rents space	Provided by plan sponsor at no cost to TPA
On-site reps	6 reps	4 reps	7 + 1 internal	18 reps	6 reps	2 + 3 internal
Participants (457+401(k))	117,142	43,076	250,511	298,143	77,417	57,269
Participant/rep	19,524	10,769	31,314	16,564	12,903	11,454
Call center	Home office primary team of 20	Home office shared resources	33 dedicated + 26 shared reps at home office	Home office shared resources	Home office shared resources	Home office primary team of 50
Enrollment						
- Paper	Yes	Yes	Yes	Yes	Yes	Yes
- Web	Yes	No	Yes	Yes	Yes	No
- Other			Phone		Auto enroll	Auto enroll

### Observations:

- The number of on-site representatives generally reflect the perceived needs of the individual plan and the participant base, and therefore can vary from plan to plan; when considered as a ratio of the number of participants per rep, the range is generally from 10,000 to 30,000 for the comparison plans, with the County in the middle at approximately one rep per 20,000 participants
- On-site representative counts are typically higher among state plans that need to cover a larger geography
- Several of the comparison plans provide office space to the TPA to house their local office; the County may wish to gather information in the RFP regarding TPA costs for their proposed local office in the event the County wishes to consider this in the future

ADVICE AND MANAGED ACCOUNTS

	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
Advice	Not offered	Not offered	Nationwide ProAccount with Wilshire	Not offered	Not offered	Not offered
Managed accounts	Not offered	Not offered	Nationwide ProAccount with Wilshire	Not offered	Not offered	Not offered
Managed account fee	N/A	N/A	Advice for no additional cost Managed accounts tiered pricing: 0.50% < \$250,000 0.45% next \$150,000 0.40% next \$100,000 0.35% > \$500,000	N/A	N/A	N/A

**Observations:**

- Advice and managed account services continue to be considered by plan sponsors in the defined contribution market; interest in this area was renewed with the Department of Labor investment advice fiduciary rules, which expanded the fiduciary umbrella regarding advice to participants in ERISA plans, particularly in the area of discussing distribution options
- Advice and managed account services are generally provided by TPA firms through a partnership with an independent advice provider; although the County does not currently offer these services, the RFP is planned to gather information from bidders regarding capabilities and fees in the event the County wishes to consider adding this service in the future

## FEES

	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
TPA Cost Estimate 2016	\$4.6 million <sup>1</sup>	\$1.8 million	\$6.9 million	\$9.2 million	\$4.7 million	\$8.7 million
TPA Fee	457 \$34.44/account 401(k) \$38.64/account	\$32.00/account <sup>2</sup> (new with Voya)	\$34.95/SSN	\$31.00/account	\$30.50/SSN	457 \$41.75/account <sup>3</sup> (457 0.0625% 401(a) 0.0925%)
Participant fee	457 \$58.44/account 401(k) \$86.64/account	0.10% up to \$125,000	0.05% + \$18.00/account	0.025% + \$31.00/account	\$30.50/SSN	457 0.1283% 401(a) 0.1133%
Loan fees	\$75 initiation No maintenance fee	\$50 initiation \$25/yr maintenance	\$50 initiation No maintenance fee	\$60 initiation No maintenance fee	N/A	N/A

<sup>1</sup>TPA cost estimate calculated based on account fees for each of the four Plans. Note that TPP will be closed in 2018 and therefore will not be included in the RFP.

<sup>2</sup>TPA fee is fee proposed in 2016 RFP process, although contract has not been finalized at the time of this survey.

<sup>3</sup>Washington TPA \$41.75/account is a calculated average based on asset fees 6.25 basis points charged to approximately 57,000 participants with \$3.8 billion in assets

**Observations:**

- While reviewing a total annual cost for TPA services is useful, these amounts vary significantly based on the size of the plans; a more comparable number to consider is the TPA fee per participant account;
- Some cost drivers for TPA fees (other than number of participants) include the level of on-site services provided, the level of customized processing required by the plan, or other plan efficiencies, such as defaulting participants to electronic statements
- Loan fees can also be differentiator for TPA firms if a plan has a high number of loans
- It is notable that in California and Virginia, the TPA charges a single fee for servicing participants with multiple accounts; this structure may be driven by the high prevalence of multiple account holders in those two plans



Other Fee Information	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
Revenue sharing	None	Credit back to participants	None, but have 0.05% fee	None	Credit back to participants	None
Differing fees by status (small accounts, rollover)	No difference	No difference	No difference	No difference	No difference	No difference
Commission recapture	No	No	No	No	No	No
Securities lending	No	No	Yes	No	No	Yes
Funding for plan administration	457 \$24/account 401(k) \$48/account	Component of participant fees	Component of participant fees	0.025%	Amounts received directly from employers	457 0.0208% investments + 0.0405% admin 401(a) 0.0208% investments
Reserves	Target no more than 6 months of expenses	\$2.7 M Target 6 months of expenses	Target 12 months of expenses	\$5.9 M Periodic review but no target	None identified	Target 2 months of expenses

**Observations:**

- While revenue sharing continues to be in small and mid-sized defined contribution plans, most large plans have either moved to using all institutionally priced investments without revenue sharing or crediting any revenue sharing amounts back to participants
- Plan administration costs are typically included as a component of fees charged to participants, with many plans maintaining some level of reserves

## PLAN DESIGN

	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
Primary or supplemental	Supplemental	Supplemental	Supplemental	Supplemental	457 supplemental 401(a) hybrid primary	457 supplemental 401(a) hybrid primary
Auto enrollment - percent	No	Coming soon 2%	No	No	Yes (non-hybrid) \$20/pay	Yes (Jan 2017) 3%
- increase		0.25% annually			No	No
Roth accounts	No	Yes	Yes	Yes	Yes	No
Roth conversions	No	Yes	No	Yes	No	No
Hardship/UE	Yes	Yes	Yes	Yes	Yes	Yes
In-service <\$5,000	Yes	Yes	Yes	Yes	Yes	Yes
Other				59 ½ 401(k)		

**Observations:**

- Roth contributions have increased in prevalence among public sector DC plans; the RFP will gather information regarding TPAs' ability to support this service in case the County wishes to add this in the future
- Usage of auto-enrollment in the public sector remains modest, but continues to grow
- Virginia employees hired after 1/1/2014 participate in a mandatory hybrid DB/DC retirement plan
- Washington employees can elect to participate in either the pension or the hybrid DB/DC retirement plan (hybrid launched in 2002)

Loans	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
Loans permitted	2 per plan*	2 at a time	1 loan per plan as of 4/1/17 (previously 2)	1 per plan	No	No
Total loans	57,469	19,599	32,059	51,693	N/A	N/A
New loans 2016	17,352	6,064	10,993	17,384	N/A	N/A
Accounts (457+401k)	117,142	43,076	250,511	298,143	77,417	57,269
Ratio loans/accounts	49%	45%	13%	17%	N/A	N/A

\*\$50,000 maximum may limit participant from taking a second loan if maximum is reached.

**Observations:**

- The County has a relatively high number of loans; Mercer's experience is that many plans experienced an increase in loans following the effects of the 2008 market crash, and those elevated loan numbers have generally remained since that time
- The RFP evaluation of proposed fees will include consideration of the amount of loan fees charged by proposing TPA firms
- The RFP can also ask bidders to identify if they have any experience with participant education efforts developed with the objective of reducing the level of loans in a plan

**GOVERNANCE STRUCTURE**

	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
Board	457 & 401(a) – Committee with 4 management and 4 union representatives, and a Board appointee 401(k) – Committee composed of management representatives only	9 member Board	Department Director	Appointed Board	VRS Board of Trustees	DRS administers retirement system Washington State Investment Board determines investments
Committees	Respective committees make all administrative decisions for plans	Investment Committee and Administration Committee	Investment Committee	Investment Committee and Audit Committee	DC Plans Advisory Committee and Investments Advisory Committee	DRS and WSIB
Plan sponsor staff	CEO + equivalent of 7 full time employees across 4 departments	Plan Manager + 4 professional staff	Administrator + 22 full time employees + 1 student assistant	Executive Director of NCRS, dedicated Deputy Director and 5 professional staff	Executive Director of VRS, 11 full time employees dedicated to DC administration + 2 FTE for investments + part-time from other departments	Approximately 30 positions in DRS are funded 15%-100% to support DC plans

**Observations:**

- Plan sponsor staff at the County appears to be efficient relative to the comparison plans

## CONTRACT ITEMS

	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
Service guarantees	Approximately 30 standards including call center speed to answer, call abandonment, statement posting, website availability, participant satisfaction, payroll contribution processing and exceptions, and timeliness of reporting	Currently being drafted and not yet public	Include statement delivery, transaction processing, customer service, education and outreach goals	Include call center speed to answer, call abandonment, statement posting, website availability, participant satisfaction, contribution and distribution processing, retirement replacement rates, asset allocation, participation and contributions	Include call center speed to answer, call abandonment, statement posting, report delivery, number of employee meetings, website availability, distribution processing, and posting performance reports	Include implementation, processing, reconciliation, transfers, mailings and customer service
TPA errors	TPA must make participant whole	TPA must make participant whole	TPA must make participant whole	TPA must make participant whole	TPA must make participant whole	TPA must make participant whole
Contract term	5-year contract effective 7/1/2014 with option for 1-year extension + 12 month-to-month extensions	5-year contract starting 10/1/2017	5-year contract effective January 2016 with option for 2-year extension	5-year contract effective 1/1/2016 with option for 1-year extension	5-year contract effective 1/1/2014 with option for two 3-year extensions	3-year contract effective 2016 with option for 2-year extension

**Observations**

- Service guarantees continue to be included in TPA contracts; during the RFP process the current standards will be reviewed for any appropriate updates

## CONSULTANT SERVICES

	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
Investment review	Yes	Yes	Yes	Yes	No	When needed
Investment searches	Yes	Yes	Yes	Yes	No	
Proxy voting	Yes	No	No	No	No	
Stable value review	Yes	Yes	No	Yes	No	
TDF allocations	Yes	No	Yes	Yes	Yes	
Commission recapture admin	No	No	No	No	No	
Securities lending	No	No	Yes	No	No	
Communication						
- review	No	Yes	No	No	No	
- production	No	Yes	No	No	No	

**Observations**

- Use of consultants varies by plans and their needs
- The Virginia Retirement System and the Washington DRS have oversight of both the DB and DC plans and leverages internal investment staff for many of the functions typically performed by consultants in plans that strictly have oversight for the DC plans
- The City of Los Angeles supplements the communication materials provided by the TPA with input from consultants.

## LIFETIME INCOME

	County of Los Angeles	City of Los Angeles	State of California	State of North Carolina	Commonwealth of Virginia	State of Washington
Annuity distribution option	Yes (Met Life, Pacific Life)	No	No	Offer a transfer benefit to purchase pension benefit	Yes (Met Life, TIAA for ORPHE)	Yes (Met Life or 401a can purchase pension benefit)
TPA permitted to sell IRA products	No	No	No	No	No	No
Resources for participants nearing or in retirement	Retirement seminars, one-on-one consulting GAP analysis	Retirement meetings held at different locations	Workshops, call center, one-on-one meetings, walk-in center	Retiree-focused education counselor, seminars	Live webinars on distribution strategies, Leaving Employment guide book	Webinars and videos, seminars, workbook and planning checklist
DB Plan for new employees	LACERA	3 plans for Civilian, Sworn, and Dept of Water and Power	CalPERS	TSERS and LGERS	VRS Hybrid DB/DC Plan	Choose pension or hybrid DB/DC

**Observations**

- Many plan sponsors view lifetime income options as an important component of retirement planning, although not all plans offer these options. Mercer's experience is that plan sponsors not offering annuities may view the DB pension benefit as providing an adequate lifetime income solution, and that among public sector plans that do offer distribution annuities, utilization is low
- As DC plans mature and increased populations move into retirement (baby boomer generation), increased resources are being utilized to assist retirees and near-retirees

INVESTMENTS

County of Los Angeles

Tier I Asset Allocation	Tier II - A Passive Core Options	Tier II - B Active Core Options	Tier III Specialty Options
		<b>FDIC Insured Savings Account</b> Bank of the West	
		<b>Stable Value Fund</b> Invesco	
		<b>Bond Fund</b> Loomis Sayles Core Plus Full Discretion TCW Metropolitan West Core Bond	
<b>Target Date Funds</b> Custom portfolios using core funds and core managers		<b>Inflation Protected Fund</b> SSgA Real Asset Fund Treasury Inflation Protected Securities	
<b>Balanced</b> Dodge & Cox Balanced Fund	<b>Large Cap Equity Fund</b> SSgA S&P 500 Index Fund		
		<b>Mid Cap Fund</b> Artisan Partners Mid Growth Sasco Capital Mid Value Wedge Capital Mid Value William Blair Mid Growth SSgA S&P Mid Cap Index Fund	
		<b>Small Cap Fund</b> Brandywine Small Value Phocas Financial Small Value Dimensional Fund Advisors Small Value Peregrine Capital Small Growth Elk Creek Partners Small Growth Rice Hall James & Assoc. Small Growth SSgA Russell Small Cap Index Fund	
		<b>International Equity</b> Causeway International Value Fund Capital Guardian International Fund	<b>Self-Directed Brokerage</b> Schwab PCRA

Note: Investments are generally custom, multi-manager white label portfolios



**City of Los Angeles**

Tier I Asset Allocation	Tier II - A Passive Core Options	Tier II - B Active Core Options	Tier III Specialty Options
		<b>FDIC Insured Savings Account</b> Bank of the West East West Bank	
		<b>Stable Value</b> Galliard	
		<b>Fixed Income</b> Vanguard Total Bond Mkt Index Natixis Loomis Sayles Core Plus	
<b>Risk Profile Funds</b> Custom portfolios using core funds and core managers	<b>Large Cap Equity</b> Vanguard Institutional Index		
		<b>Mid Cap Fund</b> Vanguard Mid Cap Index RidgeWorth Mid Cap Value Voya Mid Cap Opportunities	
		<b>Small Cap Fund</b> Vanguard Small Cap Index DFA US Small Cap Value Hartford Small Cap Growth	
		<b>International Equity</b> MFS International Equity Brandes Int'l Small Cap DFA Emerging Markets	<b>Self-Directed Brokerage</b> Schwab PCRA

Note: Investments are generally custom, multi-manager white label portfolios

**State of California**

Tier I Asset Allocation	Tier II - A Passive Core Options	Tier II - B Active Core Options	Tier III Specialty Options
		<b>STIF – Cash</b> RBC Global, Bank of Oklahoma, Nationwide Bank, Union Bank, BlackRock	
		<b>Short Term Investment Fund</b> Janus Capital Management Wells Capital Management	
	<b>Fixed Income</b> BlackRock	<b>Bond Fund</b> Amundi Core Plus, T Rowe Price Core Plus, BlackRock	<div style="border: 1px solid black; padding: 5px;">                         Note: Investments are generally                          custom, multi-manager white label                          portfolios                     </div>
<b>Target Date Funds</b> Custom portfolios using core funds and core managers		<b>Diversified Real Return Fund</b> Northern Trust TIPS Index Wellington Diversified Inflation Hedge CBRE REITS	
<b>Socially Responsible Fund</b> Boston Trust & Investment Management	<b>Large Cap Equity</b> BlackRock	<b>Large Cap Fund</b> Boston Company, Boston Partners, Ceredex Value Advisors, Voya Investment Management, BlackRock	
	<b>Mid Cap Equity</b> BlackRock	<b>Mid Cap Fund</b> Systematic Financial, T Rowe Price, Voya Investment Management, Wedge Capital, BlackRock	
	<b>Small Cap Equity</b> Northern Trust	<b>Small Cap Fund</b> Dalton Grenier Hartman Maher, Dimensional Fund Advisors, Frontier Capital, William Blair, Northern Trust	
	<b>International Equity</b> Northern Trust	<b>International Equity</b> Ballie Gifford, Manning & Napier, Templeton, Wellington, Northern Trust	

**State of North Carolina**

Tier I Asset Allocation	Tier II - A Passive Core Options	Tier II - B Active Core Options	Tier III Specialty Options
		<b>Stable Value Fund</b> Galliard	
	<b>Fixed Income</b> BlackRock Debt Index	<b>Fixed Income Fund</b> TCW Core Plus Prudential Core Plus	
		<b>Inflation Responsive Fund</b> PIMCO IRMAF	
<b>GoalMaker</b> Custom allocation tool using core funds and core managers	<b>Large Cap Equity</b> BlackRock Equity Index	<b>Large Cap Value Fund</b> Hotchkis & Wiley Large Value Delaware Large Value Robeco BP Large Value	Note: Investments are generally custom, multi-manager white label portfolios
		<b>Large Cap Growth Fund</b> Sands Capital Large Growth Wellington Opportunistic Growth Loomis Large Growth	
	<b>Small – Mid Cap Equity</b> BlackRock Russell 2500 Index	<b>Small – Mid Cap Value Fund</b> Hotchkis & Wiley SMID Value Earnest Partners SMID Value Wedge SMID Value	
		<b>Small – Mid Cap Growth Fund</b> TimesSquare SMID Growth Brown Advisory SMID Growth	
		<b>Global Equity Fund</b> Wellington Global Opportunities Arrowstreet Global Equity ACWI	
<b>International Equity</b> BlackRock ACWI ex US Index	<b>International Equity</b> Ballie Gifford ACWI ex US Growth Mondrian ACWI ex US Value		

**Commonwealth of Virginia**

Tier I Asset Allocation	Tier II - A Passive Core Options	Tier II - B Active Core Options	Tier III Specialty Options
		<b>Money Market Fund</b> BlackRock	
		<b>Stable Value</b> Galliard	
	<b>Fixed Income</b> BlackRock Debt Index		
<b>Target Date Funds</b> BlackRock Index		<b>High Yield Bond Fund</b> JP Morgan Corporate High Yield	
<b>Balanced</b> VRS Investment Portfolio (internally managed, quarterly valued)	<b>Inflation Responsive Fund</b> BlackRock US TIPS		
	<b>Stock Fund</b> BlackRock Equity Index		
	<b>Small – Mid Cap Stock Fund</b> BlackRock Russell 2500 Index		
	<b>International Stock Fund</b> BlackRock MSCI World ex US Index		
			<b>Global Real Estate Fund</b> BlackRock Developed Real Estate Index
			<b>Self-Directed Brokerage</b> TD Ameritrade

Note: Investments are generally custom, multi-manager white label portfolios

**State of Washington**

Tier I Asset Allocation	Tier II - A Passive Core Options	Tier II - B Active Core Options	Tier III Specialty Options
		<b>Savings Pool Fund</b> Washington State Investment Board	
		<b>Washington State Bond Fund</b> Washington State Investment Board	
<b>Target Date Funds</b> Custom portfolios managed by Alliance Bernstein Investment managers are Alliance Bernstein, BlackRock and WSIB	<b>Large Cap Equity</b> BlackRock		
<b>Socially Responsible Balanced Fund</b> Walden Asset Management	<b>Small Cap Value Equity</b> BlackRock		
<b>Total Allocation Portfolio</b> Washington State Investment Board (401(a) plan only)	<b>Global Equity</b> BlackRock		
	<b>Emerging Markets</b> BlackRock		

Note: Investments are generally custom, multi-manager white label portfolios

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