

Deferred Compensation Plan BOARD REPORT 16-04

Date: January 11, 2016
To: Board of Deferred Compensation Administration
From: Staff
Subject: Proposed Draft Contract for the Deferred Compensation Plan Stable Value Fund

*Board of Deferred
Compensation Administration
John R. Mumma, Chairperson
Michael Amerian, Vice-Chairperson
Cliff Cannon, First Provisional Chair
Thomas Moutes, Second Provisional Chair
Raymond Ciranna, Third Provisional Chair
Linda P. Le
Wendy G. Macy
Robert Schoonover
Don Thomas*

Recommendation:

That the Board of Deferred Compensation Administration review and approve the proposed contract with Galliard Capital Management for the Deferred Compensation Plan Stable Value Fund.

Discussion:

At its December 22, 2015 Special Meeting, the Board of Deferred Compensation Administration considered several issues related to the DCP Stable Value Fund and the role of its investment manager, Galliard Capital Management. The Board determined that Galliard should have the sole responsibility for investment decision-making authority in the performance of its investment management role for the DCP Stable Value Fund, including decisions related to its selection of underlying bond portfolio sub-advisors, wrap providers, and liquidity buffer managers. Under the expired contract, Galliard was required to obtain Board approval before making changes to a bond portfolio sub-advisor, but did not need to obtain Board approval for changes to wrap contract providers or liquidity buffer managers.

The Board retains its ongoing responsibility for selection and monitoring of the Stable Value Fund manager, and under the proposed contract language Galliard is required to report changes to the Board in a timely manner. This is not intended for the purpose of approval of the changes, but to ensure the Board is informed relative to its oversight role.

The proposed contract language addresses these responsibilities as well as the fees charged by Galliard. It should be noted that Galliard's management fees are fixed by the contract, but the fees charged by any sub-advisor, wrap or liquidity buffer arrangements are subject to change as those agreements are negotiated between Galliard and its service providers. The contract language reflects this fee structure.

The contract language has been reviewed by the Board's legal counsel and tentatively final, subject to any final necessary minor edits as to form.

Submitted by: _____
Esther Chang

Approved by: _____
Steven Montagna

**PROFESSIONAL SERVICES AGREEMENT BETWEEN
THE CITY OF LOS ANGELES
AND
GALLIARD CAPITAL MANAGEMENT, INC.**

THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement") is made and entered into by and between the City of Los Angeles (hereinafter "the City"), a municipal corporation, acting by and through the City of Los Angeles Board of Deferred Compensation Administration (hereinafter "the Board"), and Galliard Capital Management, Inc. (hereinafter "Contractor"), a Minnesota corporation, with reference to the following:

RECITALS

1. The City offers a non-qualified, tax-deferred savings program called the Deferred Compensation Plan (hereinafter "the Plan"), established in 1983 under Internal Revenue Code Section 457 and City of Los Angeles Administrative Code Division 4, Chapter 14, Section 4.1400-4.1410;
2. The City desires to engage the services of Contractor to provide professional and expert investment management services for the Plan's stable value fund investment option;
3. The City publicly solicited proposals for investment management services and Contractor submitted a proposal dated February 17, 2015, hereinafter referred to as "Proposal", and which offers to provide the services as specified in the City's Request for Proposal ("RFP");
4. The City reviewed Contractor's Proposal, finds it to be satisfactory in response to the services needed by the City, and accepts Contractor's offer to provide the services indicated in Contractor's Proposal; and
5. The Board, at its meeting of April 21, 2015, approved the retention of Contractor to provide the services to the Plan, subject to the successful negotiation of all necessary contractual terms and conditions.

NOW, THEREFORE, in consideration of the promises and of the covenants, representations, and agreements set forth herein, the parties hereby covenant, represent, and agree as follows:

ARTICLE I.
INTRODUCTION

A. Representatives of the Parties and Service of Notices

1. The representatives of the respective parties authorized to administer this Agreement, and to whom formal notices, demands, and communications shall be given are as follows:

- a. The representative(s) of the City shall be, unless otherwise stated in the Agreement:

Steven Montagna, Executive Director
City of Los Angeles Deferred Compensation Plan
(213) 978-1621
200 North Spring Street, Room 867
Los Angeles, CA 90012
steven.montagna@lacity.org

- b. The representative(s) of Contractor shall be:

Michael D. Norman
Galliard Capital Management, Inc.
800 LaSalle Avenue, Suite 1100
Minneapolis, MN 55402
Michael.D.Norman@Galliard.com

2. Formal notices, demands, and communications required hereunder by either party shall be made in writing and may be effected by personal delivery or by registered or certified mail, postage prepaid, return receipt requested and shall be deemed communicated as of the date of mailing.
3. If the name of the person designated to receive the notices, demands, or communications, or the address of such person is changed, written notice shall be given, in accordance with Article I, within five (5) working days of said change.

ARTICLE II. **TERM AND SERVICES TO BE PROVIDED**

A. Time of Performance

The term of this Agreement will commence on July 1, 2015, and will end on June 30, 2020, or at such time as all funding provided herein has been expended, whichever occurs first, and subject to the termination provisions herein ("Term").

B. Purpose of the Agreement

The purpose of Contractor's work under this Agreement is to provide investment management services for the Plan's stable value fund investment option (the "Stable Value Fund").

C. Scope of Work

Contractor shall provide the following services to the City:

1. Invest the assets deposited to the Stable Value Fund by Plan participants, in accordance with the terms and conditions herein.
2. Manage the liquidity of the Stable Value Fund to provide book value payments to Plan participants on a daily basis.

3. Maintain investment discretion for the selection, retention, or replacement of the investments of the Stable Value Fund, including the investment managers to the collective funds or those investment managers that may serve as sub-advisors to Contractor with respect to the assets of the Stable Value Fund. The selected managers may be either affiliated or unaffiliated with Contractor.
4. Select, monitor and replace, if necessary, the wrap providers that will insure the Stable Value Fund's investments on a book value basis.
5. Provide, or assist in the creation of a daily, net of fee, unit value to the Plan's administrator.
6. Provide, on a monthly basis, financial statements showing opening balance, contributions, investment earnings, withdrawals, fees, and closing balance to the Plan's record-keeper and administrator.
7. Meet with the Board and Employee Benefits Division staff in person as requested.
8. Provide quarterly reports detailing the Stable Value Fund's performance, statistics and fees.

D. Investment/Management of Assets

1. Investment Guidelines: Subject to the terms and conditions herein, Contractor shall have full discretionary authority and fiduciary responsibility with respect to all cash, securities, or other property allocated to the Stable Value Fund (collectively, the "Account"). As such Contractor is authorized to invest in, or otherwise acquire, sell, possess or realize upon, and generally deal in and with any and all forms of securities, as defined in the Securities Act of 1933, as amended, and other financial instruments, subject to and in accordance with the Investment Objectives and Guidelines ("Investment Guidelines") established for the Stable Value Fund, which is attached hereto as Attachment B and incorporated by this reference. The City may impose other restrictions by written notice to Contractor from time to time and such restrictions shall be implemented as promptly as reasonably possible following receipt by Contractor.

Contractor may buy, sell, exchange, convert or otherwise trade in securities or other investments, including money market instruments and derivative securities, and place orders for the execution of such transactions with and through such brokers, dealers, or issuers as Contractor selects, or which the City directs Contractor to use. Contractor is authorized to direct the deposit of collateral, which shall include the transfer of money, securities or other property, to the extent necessary to meet the obligations of the Stable Value Fund with respect to any investments made pursuant to the Investment Guidelines.

2. Relationship with Wells Fargo, N.A.: In managing the Account, and except as otherwise prohibited by law, Contractor may purchase or sell securities of an investment company for which Contractor or any other affiliate of Wells Fargo & Company or any affiliate of Wells Fargo Bank, N.A. ("Wells Fargo") acts as

investment advisor or similarly invest in collective investment trusts trusted by Wells Fargo Bank, N.A. (the "Collective Funds"). Contractor or other investment managers registered under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act") may also serve as the investment advisor or sub-investment advisor for the Collective Funds. Contractor will invest the assets of the Account in the Collective Funds, only in accordance with the Agreement for Investment in the Wells Fargo Bank, N.A. Collective Investment Funds for Retirement Plans ("Collective Investment Fund Agreement"), which is attached hereto as Attachment C, and incorporated herein by reference. Contractor shall have discretion to determine which Collective Funds are appropriate for the Account as contemplated in (i) the Collective Investment Fund Agreement and (ii) any subsequent notices as provided by the Contractor. Investment advisors to the Collective Funds other than Contractor shall not be sub-contractors for purposes of the Standard Provisions for City Contracts. As a wholly-owned subsidiary of Wells Fargo, Contractor fully discloses its relationship with Wells Fargo in the Collective Investment Fund Disclosure, attached hereto as Attachment D and incorporated herein by reference.

3. Sub-Advisors: Contractor may, subject to the terms and conditions herein and with prior 30-day written notice to the City, negotiate, execute and terminate agreements with investment managers registered under the Investment Advisers Act to serve as a sub-advisor(s) to Contractor with respect to the Account and in accordance with the Investment Guidelines. Contractor shall have the authority to select sub-advisors from time to time to manage certain assets of the Account. Such sub-advisors will have full authority to invest assets in their respective portfolios in accordance with agreements established between the sub-advisor and Contractor for their sub-accounts and the terms and conditions herein. Contractor will have authority to direct deposits to and withdrawals from sub-advisor accounts in accordance with the Investment Guidelines. Contractor will monitor the investment activity of each sub-advisor, review compliance with Investment Guidelines, and monitor overall performance. Contractor is responsible for implementing changes in sub-advisors as deemed appropriate, including adding or removing sub-advisors with prior 30-day written notice to the City.

E. Wrap Agreement Services

Contractor is further authorized to perform such actions as necessary to select, negotiate and execute fully benefit responsive agreements necessary to obtain and maintain "book value" accounting with respect to the assets of the Account in accordance with the Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined Contribution Health and Welfare and Pension Plans (FASB FSP AAG INV-1 and SOP 94-4-1) (as issued), as the same may be amended, revised, restated or superseded by a subsequent issuance of the same (the "Wrap Agreement Services"). In performing the Wrap Agreement Services, Contractor is fully authorized to work with insurance companies, banks or other eligible entities ("Wrap Providers") to select, negotiate and execute agreements with the Wrap Providers, and amendments to such

agreements, that provide for book value withdrawal of principal with respect to the assets held in the Stable Value Fund (“Wrap Agreements”), whether in the form of synthetic guaranteed investment contracts, insurance company separate accounts or otherwise. Copies of any such Wrap Agreements, and any amendments to such agreements, will be provided to the City by Contractor within thirty (30) days of execution thereof. Contractor will have authority to invest in securities as provided above subject to the Investment Guidelines. The conditions and limitations set forth herein below shall apply to the performance of the Wrap Agreement Services. Wrap Providers shall not be sub-contractors for purposes of the Standard Provisions for City Contracts.

1. Wrap Agreement Requirements

a. Information Requirements

At the request of Contractor, City will provide, subject to the terms and conditions herein, and will direct any third party within its control, including the Plan trustee or record keeper for the Plan (each an “Information Source”), to provide Contractor with certain information it has, or may reasonably obtain, that is required to be delivered to the Wrap Providers under the Wrap Agreements. The information required under the preceding sentence may include, but shall in no event be limited to, communications to Plan participants that reference or mention the Account, non-confidential individual participant account balance information, any proposed changes to the Plan, all amendments to the Plan, proposed and final changes in Plan investment options, changes in advice or managed account services for participants in the Plan, or the use of the Account, or changes to the Account’s allocation, within other investment options offered under the Plan. If applicable, the City will provide advance notice of any corporate events that could impact the cash flows to or from the Plan or the Account, including, but not limited to, commencement of voluntary or involuntary bankruptcy proceedings involving the plan sponsor, group layoffs, group consolidations, or a change of control of plan sponsor (each an “Organizational Event”). In connection with an Organizational Event, City agrees to provide such information as Contractor may reasonably request to satisfy the requirements of a Wrap Agreement.

If City fails to provide any of the information of the character specified herein above and requested by Contractor and the requirements of the Wrap Agreements are not satisfied, City understands that failure to provide such information may be an event of default under the Wrap Agreements or may cause the Wrap Providers to mandate that withdrawals from the Account be made at market value rather than book value. **The then current market value of the assets in the Account may be materially lower than the “book value” at which the assets are valued prior to the occurrence of a default, breach or violation of the Wrap Agreement, and this could cause a significant loss to the value of Plan assets.**

b. Wrap Agreement Investment Guidelines

Contractor will provide written notice to the City of any investment restrictions contained in the Wrap Agreements. Investment restrictions contained in the Wrap Agreements may include, among other things, minimum security quality criteria and limitations on the amount of assets that may be invested in a particular asset category. The investment restrictions under the Wrap Agreements may be modified from time to time by the Contractor and the Wrap Providers. The Contractor will provide written notice to the City of any such modifications. Subject to the remediation requirements of the Wrap Agreements, Contractor will monitor the Account's investments and will notify City if Contractor becomes aware of any material violations of the investment restrictions under the Wrap Agreements applicable to the Account. Remediation requirements contained in the Wrap Agreements may include, among other things, the ability of the investment advisor under the Wrap Agreements to: (i) cure deviations from the investment guidelines within a specified period of time, such as 60 days, and (ii) hold a certain limited percentage of securities that may be downgraded below the minimum security quality criteria.

c. City's Obligations

City will use its best efforts to provide, and cause any Information Source to provide, Contractor with complete and accurate information necessary to allow Contractor to perform the obligations set forth in this Agreement. If any Information Source fails to provide Contractor with the information necessary for Contractor to perform its obligations under this Agreement, Contractor shall report this failure to City so that City may take any action it may deem necessary to secure the delivery of the required information to Contractor. **This failure may cause a loss of the Account's coverage under an affected Wrap Agreement.**

2. Special Limitations on Wrap Agreement Services

So long as City has satisfied its obligations to Contractor under this Agreement, Contractor will obtain and maintain Wrap Agreements for the assets of the Account and will assist the City in monitoring Account liquidity and determining courses of action intended to provide sufficient liquidity for participant-directed transactions. Contractor does not represent, warrant, or guarantee that it will be able to: (1) enter into Wrap Agreements covering all of the assets of the Account, or (2) maintain such Wrap Agreements in full force and effect due to the requirements of the Wrap Providers. If any Wrap Agreement requires that Contractor serve as the duly appointed investment manager for the Account, then if this Agreement is terminated for any reason, Contractor's sole responsibility to the City with respect to the continued maintenance of the Wrap Agreements applicable to the Account is to use best efforts to assist the City with the transition to a new investment manager.

F. Custodial Services

Contractor shall not be custodian for the assets of the account. Contractor shall work with the City's appointed custodian and will provide necessary and direct delivery or payment to itself or to direct any disposition of any of the assets under Contractor's management except to the City or its duly appointed custodian.

While Contractor may maintain physical possession of documentation regarding certain instruments relating to the Account, such as guaranteed investment contracts, synthetic guaranteed investment contracts and insurance separate accounts, the possession of these documents is not deemed to be custody of securities by Contractor pursuant to Rule 206(4)-2 of the Investment Advisers Act. Contractor is not authorized to direct delivery, payment (other than the payment of fees), or disposition of any of the assets under management except to City or through instructions provided by City to its duly appointed custodian.

G. Income Reinvestment

All contributions, and interest, dividend, or other income added to the Account, including capital gains from sale of assets, shall be managed by Contractor under this Agreement. Daily investment of principal and income shall be invested by Contractor.

H. Asset Withdrawal

The City may at any time, upon written notice or verbal notice if written authorization is on file with Contractor, withdraw all or part of the property or assets in the Account, or the liquidated value thereof. To the extent Wells Fargo collective funds are utilized, City shall give the required notice for the withdrawal of assets initiated by the City as indicated in the Collective Investment Fund Agreement.

I. Valuation and Reporting

Contractor shall provide the City and/or others as designated by the City, with an appraisal of the Account as of the last day of each calendar month ("Appraisal Date"). Such appraisal shall consist of a written summary of the Account's transactions and assets on the Appraisal Date. Notwithstanding the above, Contractor shall value the Account daily with interests denominated in "units," each unit representing an equal undivided interest in the underlying assets. The unit value shall be calculated each day by 5:00 p.m. Central Standard Time ("CST") reflecting the investment experience of the assets on that day. Securities shall be valued at the price as established by nationally-recognized pricing services and/or pursuant to Contractor's internal pricing procedures. Shares of Mutual Funds shall be valued as set forth in the prospectuses of the applicable funds. Other securities and all other assets shall be valued at fair market value as determined in good faith by Contractor. Each business day, Contractor shall communicate no later than 5:00 p.m. CST to the City and/or others as designated by the City, the unit value and provide other reports and information as reasonably determined by the City or designees of the City.

J. Fiduciary Responsibility

Contractor hereby represents and warrants that it is a registered investment adviser under the Investment Advisers Act. With respect to the performance of its duties under

this Agreement with regard to the Account, Contractor is a "fiduciary" to the Plan within the meaning of the Investment Advisers Act.

K. Services to other Clients

The parties hereto understand and agree that Contractor and its affiliates render investment management advice to others who may or may not have investment policies, objectives, and investments similar to those in this Account. Contractor may continue to give advice and take actions on behalf of such other clients which differ from the advice and actions taken in regard to this Account so long as Contractor fully performs each and every term and condition under this Agreement.

ARTICLE III.
GENERAL TERMS AND CONDITIONS

A. Deliverables

1. Contractor shall provide to the City any and all deliverables in connection with the provision of Contractor's services pursuant to this Agreement, including without limitation those deliverables set forth in Article II of this Agreement. Contractor must be capable of providing all such deliverables to the City in both hard copy (final or camera-ready copy) and editable electronic format.
2. Contractor will coordinate status meetings with the City as requested.

B. Fees

Contractor shall be paid fees for its services under this Agreement as agreed according to the Fee Schedule presented in the attached Attachment E and incorporated herein by reference. Certain additional fees relating the Stable Value Fund and an example of the estimated annual expenses are also detailed in the Fee Schedule.

ARTICLE IV.
CONTRACT REQUIREMENTS AND STANDARD PROVISIONS

A. Standard Provisions for City Contracts

Contractor agrees to comply with the Standard Provisions for City Contracts (Rev. 06/14), attached hereto as Attachment A and made a part hereof. The term "contract" as used in the Standard Provisions for City Contracts shall mean this Agreement. In the event of any inconsistency between the provisions in the body of this Agreement and the Standard Provisions for City Contracts, the provisions of the body of this Agreement take precedence.

B. Responsibility to Provide Services in Accordance with Applicable Standards and Requirement to Possess All Valid Permits and Licenses

Contractor warrants that the work performed hereunder shall be completed in a manner consistent with professional standards among those firms in Contractor's profession, doing the same or similar work, under the same or similar circumstances. Contractor must possess and maintain valid licenses and permits required to perform the services described herein.

The standard of care imposed upon Contractor by this Agreement is to act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims in accordance with ERISA.

C. Compliance with Statutes and Regulations

Contractor, in the performance of this Agreement, shall comply with all applicable statutes, rules, regulations, and orders of the United States, the State of California, the County and City of Los Angeles. Contractor shall comply with new, amended, or revised laws, regulations, and procedures that apply to the performance of this Agreement.

ARTICLE V.
MISCELLANEOUS

A. Suspension

In addition to any other provision of this Agreement, the City may suspend all or part of the services hereunder for failure by Contractor to comply with the terms and conditions of this Agreement by giving written notice, which shall be effective upon receipt. Said notice shall set forth the specific conditions of noncompliance and the period provided for corrective action. Within five (5) working days of receipt of the notice Contractor shall reply in writing setting forth the corrective actions that will be undertaken, subject to City approval in writing. Performance shall not resume without the prior written approval of the City.

B. Termination of Agreement

The termination provisions contained in the Standard Provisions for City Contracts (PSC-10) shall survive the termination of this Agreement. All unfinished documents and materials produced or procured by Contractor under this Agreement shall, upon termination, be provided to the City on an "AS IS" basis without any warranties of any nature whatsoever and Contractor shall have no liability from the use of any such unfinished documents and materials.

C. Ownership

In addition to the requirements set forth in the Standard Provisions for City Contracts, Contractor's performance of services is subject to the following (which shall take precedence over the terms in the Standard Provisions for City Contracts in the event of any inconsistency).

1. Contractor acknowledges and agrees that all documents, publications,

databases, videos, reports, analyses, studies, drawings, information, or data (hereinafter collectively referred to as “Materials”), created or developed by Contractor specifically and exclusively for the City pursuant to the terms of this Agreement, are “Work Made for Hire” and shall become the property of the City for its use in any manner it deems appropriate. Contractor assigns any and all of its respective interests and rights in such Materials to the City. Notwithstanding such ownership of Materials, it is understood and agreed by Contractor that the City shall have an unencumbered right, and a non-exclusive, irrevocable, royalty-free license to use, access, manufacture, improve upon, and allow others to do so for all government purposes, the Materials created and developed under this Agreement.

2. Except as otherwise provided herein, Contractor retains all patent, copyright and other intellectual property rights in the methodologies, methods of analysis, ideas, concepts, know-how, models, tools, techniques, skills, knowledge and experience (collectively, “Intellectual Property”) owned or possessed by Contractor before the commencement of, or acquired by Contractor during or after, the performance of the services. To the extent that any of Intellectual Property is embodied in any of the Materials, Contractor will grant to the City a non-exclusive, non-transferable, royalty-free license to use the Intellectual Property for its internal use, but solely in connection with and to the extent necessary for use of the Materials as contemplated by the Agreement.
3. All documents and records (hereinafter collectively referred to as “Documents”) provided by the City to Contractor shall remain the property of the City and must be returned to the City upon expiration of the Term or termination of this Agreement or at request of the City; provided, however, Contractor may retain copies of Documents in accordance with its legal, disaster recovery, and records retention requirements, but subject to its confidentiality obligations pursuant to Section C below.
4. The provisions of this Section C shall survive termination of this Agreement.

D. Confidentiality

1. Each party is likely to disclose information (“Disclosing Party”) to the other (“Receiving Party”) from time to time in the course of the provision of the services, which is marked or designated as confidential or proprietary at or prior to disclosure or which would appear to a reasonably prudent person to be confidential and/or proprietary in nature (“Confidential Information”). The Receiving Party will not disclose such Confidential Information to any person other than in connection with the provision of the services or as otherwise provided for in this Agreement. This restriction does not apply to information that (i) the Receiving Party must disclose by law or legal process, (ii) is either already in the public domain or enters the public domain through no fault of the Receiving Party, (iii) is available to the Receiving Party from a third party who, to the Receiving Party’s knowledge, is not under any non-disclosure obligation to the Disclosing Party, or (iv) is independently developed by or for the Receiving Party without reference to any Confidential Information of the Disclosing Party. The

Receiving Party will, unless prohibited by law, give prompt notice to the Disclosing Party of any disclosure required by law so that the disclosing party may seek a protective order. The Receiving Party will promptly notify the Disclosing Party of any attempt, of which it is aware, by a third party to obtain access to the Confidential Information. The Receiving Party will be permitted to retain copies of Confidential Information in accordance with its legal, disaster recovery, and records retention requirements, but subject to its confidentiality obligations.

2. The provisions of this Section D shall survive termination of this Agreement.

E. Liability of Contractor

Contractor shall furnish investment advice in good faith in a prudent manner and shall only be liable for Contractor's own negligence, willful misconduct, malfeasance, failure to act in accordance with the fiduciary provisions of the Investment Advisers Act, or breach of its representations and warranties, covenants or agreements under this Agreement, or violation of applicable law. Contractor shall otherwise have no liability for any error in judgment, any loss suffered by the Account due to asset value depreciation or the claims of a third party not within Contractor's control.

The City shall promptly tender to Contractor the defense of any suit, action, legal or administrative proceeding, claim, or demand for which the City seeks indemnification from, or to be held harmless by, Contractor under Standard Provisions for City Contracts or applicable law ("Action") and will cooperate in a reasonable and good faith manner with Contractor, at the Contractor's expense, with respect to the Contractor's defense and disposition (including settlements with the prior written consent of the City) of any such Action.

F. Severability

If any provision of this Agreement is held to be illegal or invalid, such illegality or invalidity shall not affect the remaining provisions of this Agreement, and such remaining provisions shall be construed and enforced as if such illegal or invalid provision had never been inserted therein.

G. Ambiguity

The parties acknowledge that each was represented by legal counsel or had the opportunity to consult with legal counsel in the drafting and negotiation of this Agreement. Any ambiguity in this Agreement shall not, therefore, be interpreted against any one party by virtue of that party being drafter of the Agreement.

H. Non-Exclusive Contract

This Agreement does not establish an exclusive contract between Contractor and City for the provision of the Scope of Work hereunder. City expressly reserves all rights to utilize others to provide some or all of the tasks included in the Scope of Work, to direct others to perform some or all of the tasks included in the Scope of

Work without utilizing Contractor, and to seek bids or proposals from others to perform some or all of the tasks included in the Scope of Work.

I. Form ADV Part II

The City acknowledges receipt of the Form ADV, Parts 2A (dated April 13, 2015) and 2B of the Contractor. The City agrees that future offers to provide, or the provision of, Form ADV, Parts 2A and 2B may be sent to the City electronically at the email address provided to the Contractor by the City prior to such time.

J. Assignment

In addition to the prohibition regarding the assignment of this Agreement by Contractor contained in the Standard Provisions for City Contracts, Contractor shall not make any "assignment," as that term is defined in the Investment Advisers Act of 1940 (15 U.S.C. §80b-1 et. seq.), as amended, of this Agreement without the City's prior written consent.

K. Independent Audit/Contractor Evaluation

1. City reserves the right to assign an independent auditor to assess the quality of services being provided and the extent to which Contractor and its sub-contractors, if any, are conducting City business within generally accepted industry standard practices. Contractor shall cooperate fully with any such audit.
2. Following the end of the term, or earlier termination of the Agreement, City will conduct an evaluation of Contractor's performance hereunder. As required by the Los Angeles Administrative Code, evaluations will be based on specified criteria, including the quality of work performed, the timeliness of performance, financial issues and the expertise of personnel that Contractor assigned to perform the Scope of Work. A contractor that receives a "Marginal" or "Unsatisfactory" rating will be provided with a copy of the final City evaluation and allowed fourteen (14) calendar days to respond. City will use the final evaluation and any response from Contractor to evaluate proposals and to conduct reference checks when awarding future service contracts.

L. California Public Records Act

City is a public entity subject to the disclosure requirements of the California Public Records Act ("CPRA") (Government Code Section 6254 et. seq.). If Contractor believes that any documents submitted to City contains proprietary information and that such information falls within on or more of the exceptions to the CPRA, then Contractor must clearly mark such information as confidential and proprietary. In the event of a CPRA request for such information, City will make best efforts to provide notice to Contractor prior to the date of disclosure. Should Contractor contend that any documents are exempt from disclosure under the CPRA and desires to prevent disclosure, it must obtain a protective order, injunctive relief or other appropriate remedy in Los Angeles County Superior Court before the date the City must respond to the request. If Contractor fails to obtain take such action and

obtain such remedy before the response date, then City may disclose the requested documents. Contractor agrees to defend, indemnify and hold City harmless against any claim, action or litigation (including but not limited to all judgments, costs, fees and attorney's fees) that may result from denial by City or a CPRA request for documents arising from any representation or any action (or inaction) by Contractor.

M. Ratification

Due to the need for Contractor's services to be provided upon the commencement of the Term hereof, Contractor may have provided services prior to the execution of this Agreement. To the extent that said services were performed in accordance with the terms and conditions of this Agreement, those services are hereby accepted by the City and shall be treated as services performed under the terms and conditions of this Agreement.

N. Order of Precedence

This Agreement contains the full and complete Agreement between the parties. This Agreement supersedes all prior agreements and understanding between the parties with respect to its subject matter. No verbal agreement or conversation with any officer or employee of either party shall affect or modify any of the terms and conditions of this Agreement.

In the event of any inconsistency between the provisions in the body of this Agreement and the exhibits and attachments, the provisions in the body of this Agreement take precedence, followed by the Standard Provisions for City Contracts and then by the other exhibits and attachments hereto.

O. Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which together shall constitute one and the same Agreement.

(Signature Page to Follow)

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representatives.

THE CITY OF LOS ANGELES

GALLIARD CAPITAL MANAGEMENT, INC.

By: _____
JOHN R. MUMMA
Chairperson, Board of Deferred
Compensation Administration

By: _____
JOHN R. CASWELL
Managing Partner

Date: _____

Date: _____

By: _____
MICHAEL D. NORMAN
Partner

Date: _____

APPROVED AS TO FORM:

ATTEST:

MICHAEL N. FEUER, City Attorney

HOLLY L. WOLCOTT, City Clerk

By: _____
CURTIS S. KIDDER
Assistant City Attorney

By: _____
Deputy City Clerk

Date: _____

Date: _____

* Approved Signature Methods:

- 1) Two signatures: One of the Chairman of the Board of Directors, President, or Vice-President, and one of the Secretary, Assistant Secretary, Chief Financial Officer, or Assistant Treasurer.
- 2) One signature of a Corporate-designated individual together with a properly attested resolution of the Board of Directors authorizing the individual to sign.

City Business License Number **2330641-0001-1**
Internal Revenue Service Taxpayer Identification Number **41-1813702**
Agreement Number _____

INVESTMENT OBJECTIVES & GUIDELINES
City of Los Angeles Stable Value Separate Account

INVESTMENT OBJECTIVE

The primary objective of the City of Los Angeles Stable Value Separate Account (“Account”) is to provide safety of principal. Secondary objectives are consistency of returns with minimal volatility, while maintaining a stable credited rate of interest.

I. OVERALL ACCOUNT LEVEL GUIDELINES

A. PERFORMANCE BENCHMARK

The performance objective of the portfolio is to outperform the 3 year Constant Maturity Treasury (“CMT”) yield + 0.50% over a full interest/market cycle.

Performance relative to other peer universes will also be reviewed.

B. SECTOR GUIDELINES

<u>Account Level</u>	<u>Maximum Weighting</u>
Liquidity Buffer* (*Cash/Cash Equivalents, Money Market Funds, STIF Vehicles, and/or Stable Value Collective Investment Trusts)	50%
Guaranteed Investment Contracts (GICs) Insurance Company Separate Account Contracts (Separate Account GICs)	10%
Synthetic GICs	50%
	95%

C. ADDITIONAL DIVERSIFICATION GUIDELINES

No more than 3% of the aggregate portfolio will be invested in traditional GICs from any one contract issuer, measured at the time of purchase or at the last deposit to the contract.

Exposure to any one Separate Account GIC issuer shall be limited to not more than 50% of the Account’s Assets, at the time of the last deposit to the contract.

Exposure to any one Synthetic GIC issuer shall be limited to not more than 50% of the Account’s Assets, measured at the time of purchase or at the time of the last deposit to the contract.

In the event the issuer of a Synthetic GIC or Separate Account GIC issuer is terminated, it will not be deemed a violation to the guidelines if the provider limit is exceeded. Galliard will replace the terminated provider within 180 days or obtain client approval for an extension.

D. QUALITY GUIDELINES

The minimum quality of GIC/Separate Account/Synthetic GIC issuers as well as the

Liquidity Buffer must be A- or equivalent by at least one Nationally Recognized Statistical Rating Organization (“NRSRO”), measured at the time of initial placement. In the case of a split rating on investment contracts, the higher rating shall apply.

E. DURATION/MATURITY GUIDELINES

The overall duration of the underlying securities in the Account (including the Liquidity Buffer and cash/cash equivalents) shall be limited to a maximum of 3.5 years.

F. PERMITTED INVESTMENTS

Permitted investments will be limited to Synthetic GICs, GICs, Separate Account GICs, stable value collective funds, collective investment trusts, cash equivalents and/or money market funds.

G. COMPETING INVESTMENT OPTION

If the Plan offers an investment option that is deemed to be a competing fund under a Wrap Agreement applicable to the Account and a participant in the Plan requests a transfer of assets from the Account to a competing fund, the participant requesting the transfer will be required to invest in an investment option other than a competing fund for at least ninety (90) days before transferring assets into the competing fund. The definition of what constitutes a competing fund under the Plan is determined by the terms and conditions of each Wrap Agreement applicable to the Account. Examples of what constitutes a competing fund(s) under the Plan may include investment options of which: (i) the assets of the Plan held in the investment option (a) are primarily invested in money market instruments, securities or other investments offering fixed rates of return or investments with similar economic characteristics, or (b) have a target duration equal to three or fewer years, or (ii) the investment option (a) seeks to maintain a stable value per share unit or share, or (b) is a balanced, lifestyle, target-date or other similar type of asset allocation option, if such option consists of funds of the type described in any of the above-referenced restricted categories, in excess of an aggregate of seventy-percent (70%) of that investment option.

If the allocations to the self-directed brokerage account option (which allows Plan Participants to select individual stocks and bonds or mutual funds for his or her account under the Plan) exceed the aggregate plan allocations then permitted by the Wrap Agreements, the Plan must treat the self-directed brokerage option as a competing fund within the time frames provided by the Wrap Agreements (generally 90 days from the end of the calendar quarter in which aggregate allocations are exceeded).

As of July 1, 2015, none of the life-style funds / risk profile funds (e.g., ultra-conservative profile portfolio) available under the Plan (“Life-Style Funds”) fall within the definition of competing fund under the Wrap Agreements applicable to the Account. Principal will provide Advisor with prompt notice of any changes in the target allocations of the Life-Style Funds.

II. UNDERLYING ASSET GUIDELINES

To the extent the Account invests in collective investment trusts and/or separate account GICs, the investment guidelines of each such collective investment trust or separate account GIC will govern the requirements for the portions of the Account invested in those vehicles,

rather than the guidelines in this Section II. Each such collective investment trust or separate account GIC in which the Account invests has guidelines which include sector limitations, credit quality requirements and permissible securities which are generally similar but not identical to the Account’s guidelines. Investments in short-term investment fund vehicles and money market mutual funds shall be categorized as Cash/Cash Equivalents.

A. PERFORMANCE BENCHMARK

Underlying performance is expected to exceed established benchmarks over a market cycle.

B. SECTOR GUIDELINES

The Account’s allocation to its underlying portfolios shall be managed such that the Account shall meet the following limitations in the aggregate on a weighted average basis:

Sector/Sub-Sector	Maximum
U.S. Treasury / Agency Obligations	100%
Corporates/Municipals	60%
Asset Backed Securities	30%
Mortgage-Related	65%
<i>Agency RMBS and Agency CMBS</i>	60%
<i>Non-Agency RMBS</i>	10%
<i>Non-Agency CMBS</i>	20%
Sovereign/Supranationals	20%

C. ADDITIONAL DIVERSIFICATION GUIDELINES

No more than 15% may be invested in any single asset backed or non-government mortgage backed issuer.

No more than 3% may be invested in any single corporate issuer.

D. QUALITY GUIDELINES

All securities or the issuers of such securities will be rated investment grade (BBB- or equivalent) or better by at least one NRSRO at the time of purchase. The minimum weighted average quality of the underlying assets will be maintained at a minimum rating of AA- or equivalent.

Minimum rating by at least one NRSRO on individual money market instruments will be A+ or equivalent, at the time of purchase. In the case of a split rating, the higher rating shall apply.

E. PERMISSIBLE SECURITIES AND INVESTMENTS

Under normal circumstances, the Account may invest in:

- Asset backed securities
- Collective investment trusts and separate account GICs (which incorporate investments herein)
- Corporate notes, bonds, debentures, and bank credit or loan participation agreements
- Federal agency securities/or other debts or loans backed by U.S. Government Agencies
- Federal Funds
- Money market instruments, including money market mutual funds
- Mortgage backed securities
- Municipal securities
- Private placements, including but not limited to 144A
- Repurchase agreements/reverse repurchase agreements
- Sovereign/supranational securities
- Treasury notes, bonds, and bills/or other debts or loans guaranteed by the U.S. Treasury
- Derivatives that may be used in the Fund include the following:
 - Options and swap agreements, including caps and floors, total return swaps and credit default swaps
 - Exchange traded futures or options for bona fide hedging or replication purposes
 - Rights and warrants

Any use of a derivative instrument outside of the guidelines set forth above is strictly prohibited without prior approval.

- TBA securities, forward purchase agreements and mortgage dollar rolls on Agency MBS and Agency CMBS may be used subject to the following:
 - The net value of TBA securities and forward purchase agreements shall be backed by cash (including STIF) and cash equivalents (defined as investment grade fixed income securities with an effective duration of one year or less.) and
 - Net sales of TBA positions shall be covered by like securities deliverable into these positions;

F. PROHIBITED SECURITIES/STRATEGIES

- Investments used to leverage the Account
- Non-U.S. dollar denominated securities (does not include Yankee Bonds)
- Short sales, except mortgage TBA sales where the portfolio holds sufficient deliverable securities to cover the net TBA sale
- Uncovered calls or puts

ATTACHMENT C

**AGREEMENT FOR INVESTMENT IN THE WELLS FARGO BANK, N.A.
COLLECTIVE INVESTMENT FUNDS FOR RETIREMENT
AND DEFERRED COMPENSATION PLANS**

Plan: City of Los Angeles Deferred Compensation Plan

Plan Type: 401(k) 457
 Other Defined Contribution _____

Estimated Funding Amount: Current Client

Sponsor: The City of Los Angeles

Address: 200 N. Spring Street, Room 867

City, State Zip: Los Angeles, CA 90012

Phone Number: (213) 978-1586

Sponsor Tax ID #: 95 - 6000735 **Plan ID#:** _ _ _ **State Domicile:** CA

Fiduciary: Board of Deferred Compensation Administration

Direct Service Provider (TPA Firm Name): Empower Retirement

Trading Platform: NSCC

This Agreement (“Agreement”) is made by and between: (i) Wells Fargo Bank, N.A. (“Wells Fargo”) as trustee of the collective investment funds (“Investment Funds”) established and maintained by Wells Fargo under the Wells Fargo Declaration of Trust Establishing Investment Funds for Employee Benefit Trusts as Amended and Restated (“Declaration of Trust”), and agent under this Agreement, (ii) the named fiduciary executing this Agreement (“Fiduciary”) on behalf of the Plan and Sponsor, and (iii) Galliard Capital Management, Inc. (“Investing Fiduciary”), the fully delegated discretionary investment manager of the City of Los Angeles Deferred Compensation Plan’s Stable Value Fund (the “Stable Value Fund”), which is an investment option under the Plan.

RECITALS

A. Wells Fargo maintains the Investment Funds under the Declaration of Trust as a medium for the collective investment of tax-qualified retirement trusts, certain governmental employee plans, including deferred compensation plans, and certain other eligible participants identified in the Declaration of Trust.

B. Fiduciary has the authority to select or designate discretionary investment managers for the assets of the Plan and has appointed the Investing Fiduciary as the Plan's fully delegated discretionary investment manager, with respect to the Plan assets invested in the Stable Value Fund, with the authority to appoint additional investment managers with respect to the assets of the Plan as further described in this Agreement.

C. The Investing Fiduciary, in accordance with and subject to the terms of the Professional Services Agreement between the Investing Fiduciary and the Sponsor dated _____ [], 2015 (the "Galliard Agreement"), hereby selects the Investment Funds maintained by Wells Fargo as set forth in Schedule A as investments for the Stable Value Fund ("Investment Funds"). Schedule A may be amended from time to time by the Investing Fiduciary and Wells Fargo with prior written notice to the Fiduciary or its designated representatives.

C. Wells Fargo desires to accept the Plan as a participating Account as defined below in the Investment Funds, subject to the terms and conditions of this Agreement.

AGREEMENT

In consideration of the foregoing and the promises set forth below, the parties agree as follows. Capitalized terms not otherwise defined herein have the meanings given them in the Declaration of Trust.

1. Appointment and Acceptance

At the request of the Investing Fiduciary who has made the investment decision to invest the Plan's assets in the Investment Funds pursuant to the authority granted under Galliard Agreement, Fiduciary hereby appoints Wells Fargo as directed agent and custodian for the purposes of maintaining an account and holding therein such cash assets as shall be received from the Fiduciary from time to time, and all earnings and profits thereon (hereinafter called the "Account"), for the purpose of investing such amounts in Investment Funds maintained by Wells Fargo listed in Schedule A, which is attached hereto and incorporated herein by reference. Wells Fargo hereby accepts its appointment as agent and custodian and acknowledges that it is a fiduciary of the Investment Funds, as the term fiduciary is defined in the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), with respect to such assets. The Investing Fiduciary has selected the Investment Funds listed in Schedule A as appropriate investments for the Plan and Wells Fargo shall have no responsibility or liability for such selection.

2. Acceptance of Plan as Participating Account

Wells Fargo hereby accepts the Plan as a participating Account in the Investment Fund(s) under the Declaration of Trust as indicated in Schedule A, which may be amended from time to time by Wells Fargo and the Investing Fiduciary, with prior written notice to the Fiduciary or its designated representative. The Plan's investment in the Investment Fund(s) shall be subject to the provisions of Schedule A.

3. Terms of the Declaration of Trust

(a) Fiduciary acknowledges and understands that the Plan's participation in an Investment Fund will at all times be subject to the Declaration of Trust, a copy of which is attached to this Agreement as Attachment No. 1. Wells Fargo or the Investing Fiduciary will provide the Fiduciary with a copy of any amendment to the Declaration of Trust within a reasonable period of time following such amendment. The Declaration of Trust, as the same may be amended from time to time and provided to the Fiduciary, is hereby accepted by the Fiduciary as governing the Plan's investment in the Investment Funds and is hereby incorporated into and made a part of this Agreement. The combining of money and other assets of the Plan with money and other assets of other qualified plans in an Investment Fund is specifically authorized hereby. In the event of any inconsistency between this Agreement and the Declaration of Trust with respect to the Plan's investment in the Investment Fund, the Declaration of Trust shall control.

(b) The assets of the participating Account shall be invested in Investment Funds which are collective investment funds and group trust funds under Rev. Rul. 81-100, as amended, and consist exclusively of assets of exempt pension and profit sharing trusts and other qualified and tax exempt accounts under the Internal Revenue Code of 1986, and which are maintained by a bank or trust company supervised by a state or federal agency, notwithstanding that the bank or trust company is Wells Fargo, or is otherwise a party in interest of the Plan, including Wells Fargo or an affiliate of Wells Fargo. The assets invested in the Investment Funds shall be subject to all the provisions of the instruments establishing such funds as they may be amended from time to time, including, but not limited to the Declaration of Trust. Such instruments of group trusts as they may be amended from time to time shall be provided to the Fiduciary and if so provided are hereby incorporated into and made a part of this Agreement.

4. Warranties, Representations, and Covenants of Fiduciary

Fiduciary warrants and represents to, and covenants with, Wells Fargo as follows:

(a) Fiduciary is a fiduciary of the Plan, authorized to enter into this Agreement on behalf of the Plan and in that capacity has appointed the Investing Fiduciary as a discretionary investment manager for the Plan with full authority to invest in the Investment Funds; any person signing this Agreement on Fiduciary's behalf is authorized to do so; and this Agreement will be binding on Fiduciary, the Plan, and the Plan participants through action of Fiduciary, unless prohibited by State or Federal law.

(b) The Plan and its accompanying trust are a Qualified Account as defined in the Declaration of Trust and are maintained pursuant to a plan or trust instrument which authorizes it to participate in investments, including the Investment Fund, or in any other common, collective, or commingled trust fund.

(c) Fiduciary agrees to furnish such other information or assurances as Wells Fargo may request in order to determine the Plan's eligibility to participate in the Investment Fund, and will notify Wells Fargo immediately in the event the Plan no longer meets the conditions for eligibility or is for any other reason disqualified from continuing to participate in the Investment Fund.

5. Wells Fargo's Retention of Investment Advisers

Fiduciary understands that Wells Fargo is authorized under the Declaration of Trust to retain investment advisers, which may be affiliated with Wells Fargo, to advise Wells Fargo with respect to the investment of the assets of any Investment Fund. The Investing Fiduciary shall be responsible for the prudent selection and monitoring of any Investment Fund in which the Investing Fiduciary causes the Stable Value Fund to invest.

6. Compensation

Wells Fargo will receive reasonable compensation for its services with respect to the Investment Funds, as set forth in Schedule A hereto and/or in the disclosure or other document for each Investment Fund as provided to the Fiduciary by the Investing Fiduciary or Wells Fargo. Such compensation and expenses incurred by Wells Fargo in the performance of such services and all other charges and disbursements for each Investment Fund may be charged to each fund. Any and all taxes, including any interest and penalties with respect thereto, which may be levied or assessed under the existing or future laws upon or in respect of the participating Account or income thereof similarly shall be charged to and paid out of the participating Account. In the event that the parties agree that Wells Fargo shall provide services hereunder beyond investing cash transferred to the participating Account into one or more Investment Funds, the parties shall agree in writing upon Wells Fargo's compensation for those services and the expenses that may be charged to the participating Account in connection with those services and such writing shall be attached hereto as an attachment to this Agreement.

7. Directions from Fiduciary; Indemnification

Fiduciary will designate individual(s) from time to time to communicate directions, instructions, or other notices required or permitted under this Agreement, including all exhibits and/or schedules attached hereto, or the Declaration of Trust to Wells Fargo on its behalf. Except as otherwise provided herein, Wells Fargo shall be protected fully in relying on and proceeding in accordance with any such direction or notice. Absent Wells Fargo's negligence or willful misconduct or violation of any Federal or State law or breach of its fiduciary obligations, Sponsor hereby agrees to forever release Wells Fargo, its affiliates, and their directors, officers, and employees (each, a "released party"), from all liabilities, losses, claims, demands, damages, costs, and expenses, including reasonable attorneys' fees, arising from (i) any act taken or omitted by a released party in good faith in accordance with, or due to the absence of, directions of any person authorized to give a direction with respect to the matter, or (ii) any act taken or omitted by a fiduciary other than a released party in breach of the fiduciary's responsibilities under the Plan or otherwise, including, without limitation, any miscommunication or inaccurate statement by such other

fiduciary to Plan participants concerning any aspect of the Investment Fund or the consequences of an investment in any Investment Fund.

8. Miscellaneous

(a) This Agreement (i) supersedes the agreement between the parties dated July 2, 2009, (ii) will terminate upon the complete withdrawal of the Plan from all the Investment Funds, (iii) will be binding upon the successors and assigns of the parties hereto, and (iv) together with the Declaration of Trust, as amended, is the entire agreement between the parties regarding the subject matter of this Agreement.

(b) The headings used in this Agreement are for convenience and reference only and shall not be deemed to limit or affect the terms or provisions herein.

(c) The interpretation of this Agreement and the rights of the parties hereunder shall be governed by ERISA, as applicable, and other applicable federal law and, to the extent not preempted by the foregoing, the laws of the State of California, without giving effect to principles of conflict of law. Any action to enforce or interpret this Agreement shall be filed in the Superior Court of the County of Los Angeles.

(d) Wells Fargo may resign as directed agent by providing to Fiduciary ninety (90) days written notice to Fiduciary. Fiduciary or Investing Fiduciary shall provide Wells Fargo ninety (90) days' notice of its intention to terminate this Agreement, subject to any other limitations in this Agreement. Upon the effective date of Wells Fargo's resignation or the termination of a Plan's investment in an Investment Fund, Wells Fargo shall liquidate the Plan's holding in such Investment Fund in accordance with the terms of the Declaration of Trust. Fiduciary shall provide to Wells Fargo written direction for the disposition of the proceeds of the liquidation of the Plan's holding in an Investment Fund.

Dated: _____

Fiduciary

Signature _____

Print Name _____

Title _____

Wells Fargo Bank, N.A.

Signature _____

Print Name _____

Title _____

Galliard Capital Management, Inc.

Signature _____

Print Name _____

Title _____

SCHEDULE A

WELLS FARGO BANK, N.A. COLLECTIVE INVESTMENT FUNDS FOR RETIREMENT PLANS

NAME OF INVESTMENT FUND(S)

The Fiduciary selects and designates the Investment Fund(s) identified below as components of an investment option under the Plan:

Wells Fargo Stable Value Fund W
Wells Fargo Stable Return Fund G
Wells Fargo Short Term Investment Fund
Wells Fargo Fixed Income Collective Funds (Galliard Managed)
Wells Fargo Fixed Income Fund J
Wells Fargo Fixed Income Fund M
Wells Fargo Fixed Income Fund N

FEES AND EXPENSE DISCLOSURES

Wells Fargo Stable Value Fund W

Wells Fargo Stable Value Fund W is solely invested in the Wells Fargo Stable Return Fund G. Wells Fargo will charge a fee of 0.03% (3 basis points) for the services it provides as a trustee for Wells Fargo Stable Value Fund W. Wells Fargo will also charge administrative expenses for certain services provided to Wells Fargo Stable Value Fund W by affiliated and unaffiliated service providers. The total embedded fees and expenses of Stable Value Fund W, inclusive of the fee paid to Wells Fargo as trustee, currently amount to less than 0.04% (4 basis points) of total assets of the Fund and may change over time. The fees will be calculated and accrued daily in the net asset value of Stable Value Fund W and will be paid from the assets thereof on a monthly or quarterly basis as determined by Wells Fargo.

Wells Fargo Stable Return Fund G

Wells Fargo may charge third party expenses incurred on behalf of the Wells Fargo Stable Return Fund G (the "Fund"), including legal, non-affiliated advisors, benefit responsive contract fees and other administrative expenses, excluding costs incurred in establishing and organizing the Fund. These embedded fees currently amount to less than 0.23% (23 basis points) of total assets of the Fund and may change over time.

Wells Fargo/BlackRock Short-Term Investment Fund

Wells Fargo may charge third party expenses incurred on behalf of the Wells Fargo/BlackRock Short-Term Investment Fund ("STIF"), including legal, valuation and other administrative expenses. Wells Fargo will also pay BlackRock Institutional Trust Company an investment management fee of 0.12% (12 basis points) based on all

assets of the STIF. The total embedded fees of STIF currently amount to less than 0.13% (13 basis points) of total assets of the STIF and may change over time.

Wells Fargo Fixed Income Collective Funds

Wells Fargo may charge third party expenses incurred on behalf of the Wells Fargo Fixed Income Collective Funds, including valuation, and other administrative expenses. Wells Fargo may charge a fee for the services it provides as a trustee for the Wells Fargo Fixed Income Collective Funds. The total embedded fees of the Wells Fargo Fixed Income Collective Funds currently amount to less than 0.03% (3 basis points) of total assets in each of the collective funds and may change over time.

Wells Fargo Fixed Income Fund J

Investment management fees for Dodge & Cox are paid from the Wells Fargo Fixed Income Fund J (“Fund J”) and are based on total assets applied to the following fee schedule:

First \$10 million	0.35%
Next \$20 million	0.25%
Next \$60 million	0.15%
Balance	0.10%

These embedded investment management fees currently amount to less than 0.12% (12 basis points) of total assets invested in Fund J on an annualized basis and may change over time.

Wells Fargo may also charge third party expenses incurred on behalf of Fund J, including valuation and other administrative expenses. Wells Fargo may charge a fee for the services it provides as a trustee for Fund J. These embedded fees currently amount to less than 0.04% (4 basis points) of total assets in Fund J and may change over time.

Wells Fargo Fixed Income Fund M

Investment management fees for Prudential Investment Management, Inc. are paid from the Wells Fargo Fixed Income Fund M (“Fund M”) and are based on total assets applied to the following Standard Fee Schedule:

First \$200 million	0.12%
Next \$200 million	0.08%
Thereafter	0.05%

In the event that the assets in Fund M reach or exceed \$1 billion, and for so long as such assets remain above \$1 billion, then the following fee schedule with the Relationship Discount shall be applied to the assets in Fund M:

First \$200 million	0.10%
Next \$200 million	0.08%
Thereafter	0.05%

If the aggregated amount of Fund M and the other Qualifying Accounts falls below \$1 billion then the Relationship Discount shall no longer apply and the Standard Fee Schedule shall apply to Fund M.

A "Qualifying Account" shall be any account of \$150 million or more in assets, where Galliard has entered into an investment management agreement with the Investment Manager for the management of an account using a core conservative investment strategy. In the event that any such account should fall below \$150 million, such account shall no longer be considered a Qualifying Account.

For the purpose of determining the assets applicable to the Relationship Discount, the minimum account amounts shall be defined as deposits less withdrawals without respect to an account's performance and shall be evaluated at the time a deposit is made or a withdrawal is taken. When an account drops below its required minimum the Relationship Discount shall no longer apply to such account.

These embedded investment management fees currently amount to less than 0.06% (6 basis points) of total assets invested in Fund M on an annualized basis.

Wells Fargo may also charge third party expenses incurred on behalf of Fund M including valuation and other administrative expenses. Wells Fargo may charge a fee for the services it provides as a trustee for Fund M. These embedded fees currently amount to less than 0.04% (4 basis points) of total assets in Fund M and may change over time.

Wells Fargo Fixed Income Fund N

Investment management fees for Jennison Associates, LLC ("Jennison") are paid from the Wells Fargo Fixed Income Fund N ("Fund N") and are based on total assets applied to the following fee schedule:

So long as the combined assets of all accounts managed by Jennison on behalf of Galliard Capital Management clients ("Galliard Portfolios") meet or exceed \$2 Billion (calculated as of the end of each calendar quarter), the management fee for each Galliard Portfolio shall be the lower of 0.10% per annum or the effective basis point rate calculated by applying the following fee schedule:

0.15% per annum on the first \$100 million of assets
0.12% on the next \$400 million
0.10% on the next \$1 Billion and
0.08% on the balance.

If the market value of the combined assets of the Galliard Portfolios is less than \$2 Billion, then the fee schedule above shall be applied to all Galliard Portfolios. The embedded

investment management fees for Fund N currently amount to 0.09% (9 basis points) of total assets invested in Fund N on an annualized basis and may change over time.

Wells Fargo may also charge third party expenses incurred on behalf of Fund N, including valuation and other administrative expenses. Wells Fargo may charge a fee for the services it provides as a trustee for Fund N. These embedded fees currently amount to less than 0.04% (4 basis points) of total assets in Fund N and may change over time.

ADDITIONAL PROVISIONS AND DISCLOSURES FOR STABLE VALUE/RETURN FUND INVESTORS

1. Wells Fargo reserves the right to require a 12-month notice for withdrawal of assets from the Fund initiated by the Sponsor or Fiduciary. Withdrawals initiated by participants of the Qualified Account will be honored when received unless payments are being delayed to all Fund unit holders. In such event, Wells Fargo will work with Sponsor or Fiduciary to arrive at a mutually agreeable payout structure. At the discretion of Wells Fargo, the notification periods identified for withdrawals may be waived.
2. Where an investment manager, who is not Wells Fargo or an affiliate or subsidiary of Wells Fargo, has been appointed by Sponsor or Fiduciary, Sponsor or the Fiduciary is responsible for notifying the investment manager of the restrictions and limitations set forth in the Agreement.

ATTACHMENT D

Collective Investment Fund Disclosure

Galliard Capital Management, Inc. is a wholly-owned subsidiary of Wells Fargo Bank, N.A. Wells Fargo Bank is a subsidiary of Wells Fargo & Company, a bank holding company. Some subsidiaries of Wells Fargo are broker dealers and investment advisors. To limit the potential for conflicts of interest, Galliard does not execute transactions with affiliated broker/dealers. Galliard may purchase new issues through a non-affiliated underwriter in which an affiliate is a part of the underwriting syndicate. However, in such cases, Galliard's procedures call for our affiliate to not receive any compensation for the securities purchased by Galliard. Galliard clients who have relationships with Wells Fargo affiliates that provide brokerage should note that this policy may impact the brokerage services that Wells Fargo affiliates can perform with respect to assets under management at Galliard. Galliard provides investment advisory and/or sub-advisory services to Wells Fargo Bank including certain collective investment funds ("Collective Funds") of which Wells Fargo Bank serves as trustee. Wells Fargo may charge a fee for its services as trustee of the Collective Funds. Wells Fargo affiliates may serve as custodian to current and future clients of Galliard. Galliard may recommend that all or part of a client's assets be invested in Collective Funds as a part of its management strategy. Galliard has an agreement that for any funds so invested, Galliard will waive the fee charged to Wells Fargo Bank for the Collective Fund assets and receive only the fee paid directly by the Client to Galliard.

Wells Capital Management, an affiliate of Wells Fargo, performs investment advisory services for the Wells Fargo Short Term Investment Fund and receives compensation from Wells Fargo for such services. Wells Fargo Funds Management, LLC serves as investment advisor to the Wells Fargo Funds ("Mutual Funds") governed by the Wells Fargo Master Trust. Wells Fargo Funds Management, LLC is a registered investment company under the Investment Company Act of 1940. Galliard serves as sub-advisor to Wells Fargo Bank and Wells Fargo Funds Management, LLC for certain Mutual Funds and Collective Funds and is paid a fee for its advisory services.

A portion of the assets of the Account may be managed by investment advisors who are not affiliated with Wells Fargo or Galliard. These non-affiliated investment advisors have full authority to invest the assets held in the Collective Funds in accordance with the investment guidelines for each Collective Fund. In addition to serving as an investment adviser to the Fund, Galliard performs due diligence and other services relating to the non-affiliated investment advisors on behalf of Wells Fargo with respect to the assets of the Fund pursuant to contractual arrangements between Wells Fargo and Galliard. In performing such services, Galliard may be privy to certain information regarding the non-affiliated investment advisors that is not otherwise publicly available. Galliard is obligated to share this information with Wells Fargo and if Wells Fargo deems the non-affiliated investment advisor to be unsuitable to manage the Collective Fund for any reason, Wells Fargo may change the investment advisor to any of the Collective Funds at any time in its sole discretion. Wells Fargo or Galliard will promptly notify the Fund and its named fiduciary of any such change.

ATTACHMENT E

Fee Schedule

Contractor shall charge an investment management fee of .075% annually (7.5 basis points) on all assets of the Account.

The investment management fees of other underlying investment managers and any fees and expenses charged by the Collective Funds shall be in addition to the investment management fee charged by Contractor, and such fees will be disclosed to City as specified in Attachment C, Schedule A.

Investment contract fees related to Wrap Agreement Services and applicable to the Account will also be charged separately and shall be in addition to the investment management fees set forth above.

The Account's total fees as outlined above will be reflected in the Account's daily net asset value ("NAV"). Exclusive of the Contractor's investment management fee of .075% annually, the fees indicated above are subject to change based on asset allocation and plan underwriting and will vary over time.

The table below shows an example of the Account's total fees, otherwise shown as estimated annual operating expenses for the Account, which are deducted directly from the Account and reduce the rate of return.

Expense	Estimated Expenses as of 6/30/15
Investment Management Fees Paid to Galliard	0.075%
Investment Management Fees paid to Non-Affiliated Investment Advisors	0.011%
Investment Contract Fees ¹	0.173%
Acquired Fund Fees ²	0.058%
-Investment Contract Fees	0.020%
-Other Acquired Fund Fees and Non-affiliated Investment Management Fees Paid to Non-Affiliated Investment Advisors ³	0.038%
12b- Distribution Fee	None
Other Expenses	None
Total Estimated Operating Expense⁴	0.317%

¹These are fees paid to create and maintain the investments used by a stable value fund

²These are fees borne indirectly by the Fund when it acquires an interest in another fund which pays its own separate fees

³Includes audit fees for the cost of producing a report by a qualified auditor

⁴Total Operating Expenses are reflected daily in the Account's net asset value (NAV)

The Account's total fees will be reported to the City on a quarterly basis as part of its standard reporting package.

Wells Fargo may receive a portion of any fees paid from the Account. This payment does not increase the fees paid. This disclosure is provided in accordance with Rule 206(4)-3(a)(2)(ii) of the Investment Advisors Act.