# COUNTY OF LOS ANGELES
## TREASURER AND TAX COLLECTOR

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**JOSEPH KELLY**
TREASURER AND TAX COLLECTOR

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PROPERTY TAX PORTAL
**LACOUNTYPROPERTYTAX.COM**


March 20, 2015

**SENT VIA EMAIL**

Dear Prospective Bidder:

**REQUEST FOR PROPOSAL**
**PROXY VOTING PROGRAM SERVICES**

The County of Los Angeles Board of Supervisors has authorized the Savings Plan and Horizons Plan Administrative Committees (the "PACs") to administer the County of Los Angeles Savings Plan and Deferred Compensation and Thrift Plan, also known as the Horizons Plan. The Savings Plan and the Horizons Plan (collectively referred to as the "Plans") are deferred compensation plans governed under Section 401(k) and 457 of the Internal Revenue Codes, respectively.

Each of the two plans currently offers twenty investment options with combined assets totaling $10.2 billion. The Savings Plan has five separately managed equity accounts and the Horizons Plan has nine separately managed equity accounts. It is anticipated that the Horizons Plan will add another account by the time this solicitation process concludes. Attached for your consideration is a Request for Proposal ("RFP") to provide Proxy Voting Consulting Services. Services requested by this RFP include an annual update of the Plans' Proxy Policy Statement, research and analysis of proxy issues for the purpose of voting all of the Plans' proxies, monitoring all proxies received are cast and are in accordance with the Plans' Proxy Policy Statement, and providing a written report and presentation to the PACs on an annual basis.

Proposers may elect to submit a proposal to provide services for one Plan or for both Plans. The PACs will execute an agreement for each of the Plans individually. The term of the agreements will be for three years plus two additional one-year renewals, up to a maximum agreement term of five years.

Qualified firms desiring to submit a proposal in response to the attached RFP must submit seven (7) hard copies (including the original), and an electronic (PDF) copy by email no later than **12:00 p.m. Pacific Standard Time on April 10, 2015** delivered to the following address:

Glenn Byers
Assistant Treasurer and Tax Collector
County of Los Angeles
500 West Temple Street – Room 432
Los Angeles, California 90012
E-mail address: gbyers@ttc.lacounty.gov

The fees contained in your proposal must be guaranteed by your firm for a minimum of 180 days. Questions regarding this RFP and requests to receive this RFP electronically should be directed to Teresa Gee at (213) 974-2335 or at tgee@ttc.lacounty.gov.

Very truly yours,

JOSEPH KELLY
Treasurer and Tax Collector

Glenn Byers
Assistant Treasurer and Tax Collector

JK:GB:TG:BY
Pb/plans/proxy:rfpltr

Attachments

# COUNTY OF LOS ANGELES
# TREASURER AND TAX COLLECTOR

# REQUEST FOR PROPOSALS

# PROXY VOTING PROGRAM SERVICES

# FOR

# DEFERRED COMPENSATION AND THRIFT PLAN

# AND

# SAVINGS PLAN

# MARCH 2015

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**A** **Statement of Work**

**B** **Statement of Work Exhibits:** Explains in detail the required services to be performed by the Contract, include Exhibits to the Statement of Work.

**C** **Sample Contract:** Identifies the terms and conditions in the Contract.

**D** **Required Forms:** Forms that must be completed and included in the proposal.

**E** **Transmittal form to Request a Solicitation Requirements Review:** Transmittal sent to Department requesting a Solicitation Requirements Review.

**F** **County of Los Angeles Policy on Doing Business with Small Business:** County Policy

**G** **Jury Service Ordinance:** County Code

**H** **IRS Notice 1015:** Provides information on Federal Earned Income Credit.

**I** **Safely Surrendered Baby Law:** County Program

**J** **Listing of Contractors Debarred in Los Angeles County:** Contractors who are not allowed to contract with the County for a specific length of time.

**K** **Defaulted Property Tax Reduction Program:** County Code

## 1.0 INTRODUCTION

The County of Los Angeles (County) Treasurer and Tax Collector (TTC) is issuing this Request for Proposals (RFP) to solicit proposals for a Contract with a firm who can provide a Proxy Voting Program Services (PVPS) to the County's two large deferred contribution plans.

The County 457 Horizons Plan also known as the Deferred Compensation and Thrift Plan was established in 1991. The Horizons Plan is the product of an agreement with the County unions merging the Deferred Compensation Plan (established in 1978) and the Thrift Plan (established in 1984). On a voluntary basis, the Horizons Plan is available to all full-time permanent employees with a dollar-for-dollar match up to 4% of regular earnings with immediate 100% vesting. The match for represented employees is subject to a negotiated aggregate cap. The Plan is subject to Section 457 of the Internal Revenue Code of 1986, as amended, and other applicable laws and regulations. The 457 Plan Administrative Committee (PAC) oversees and administers this plan.

The County Savings Plan was established in 1984. The Plan is subject to Section 401(k) of the Internal Revenue Code and complies with the Internal Revenue Code of 1986, as amended, and other applicable laws and regulations. The 401(k) PAC oversees and administers the 401(k) Plan.

On a voluntary basis, the Savings Plan is open to only full-time permanent County employees who are not represented by a County employee organization and who are not Physicians, Deputy District Attorneys I-IV, or Deputy Public Defenders I-IV.

A third party administrator (TPA) performs the recordkeeping for both Plans. Great West Financial (GWF) is the current TPA for both Plans. The TPA is responsible to maintain the account records for each participant and provide daily valuation for these accounts. Participants receive quarterly statements on their portfolios. The TPA accepts monthly contributions through automatic payroll deductions and allocates the funds among the various investment options available in the Plans in accordance with participants' directions. Participants can change their investment allocations daily, except must observe the limitations imposed by the Plans' Trade Restriction Policy given in *Exhibit K of Appendix C - Sample Contract.*

### 1.1 Plan Participants

As of December 31, 2014, the 457 Plan had approximately 92,957 participants and the Savings Plan had approximately 14,411 participants. The plan year for both Plans is the calendar year.

### 1.2 Plan Investments

This RFP requires Proposers to submit a proposal to provide proxy voting program services for the 457 Plan and/or the 401(k) Plan. The investments

currently in the 457 and 401(k) Plan are target dated pre-assembled funds, FDIC insured bank fund, stable value fund, balanced fund, and asset class pre-assembled funds (large-cap fund, non-US equity fund, mid-cap fund and small-cap fund). Fund balances and investment asset categories for the Plans as of December 31, 2014 were:

**Investment Assets (as of 12/31/2014)**

| | Amount |
|---|---|
| 457 Deferred Compensation and Thrift Plan: | |
| Horizons Target 2010 Fund | $ 170,361,000 |
| Horizons Target 2015 Fund | 248,903,000 |
| Horizons Target 2020 Fund | 464,116,000 |
| Horizons Target 2025 Fund | 554,208,000 |
| Horizons Target 2030 Fund | 85,295,000 |
| Horizons Target 2035 Fund | 70,376,000 |
| Horizons Target 2040 Fund | 55,053,000 |
| Horizons Target 2045 Fund | 46,607,000 |
| Horizons Target 2050 Fund | 20,685,000 |
| Horizons Retirement Income Fund | 61,641,000 |
| Horizons Non US Equity Fund | 272,581,000 |
| Horizons Small Cap Equity Fund | 556,020,000 |
| Horizons Mid Cap Equity Fund | 973,510,000 |
| Horizons Large Cap Equity Fund | 1,135,648,000 |
| Horizons Balanced Fund | 187,876,000 |
| Horizons Bond Fund | 119,685,000 |
| Horizons Inflation Protection Fund | 10,365,000 |
| Horizons Bank Depository Fund | 145,897,000 |
| Horizons Schwab SDB Account | 94,988,000 |
| Horizons Stable Income Fund | 2,797,050,000 |
| TOTAL ASSETS IN 457 PLAN | **$8,070,865,000** |
| 401(k) – Savings Plan: | |
| Savings Target 2010 Fund | $ 30,364,000 |
| Savings Target 2015 Fund | 98,034,000 |
| Savings Target 2020 Fund | 123,661,000 |
| Savings Target 2025 Fund | 38,840,000 |
| Savings Target 2030 Fund | 26,276,000 |
| Savings Target 2035 Fund | 15,774,000 |
| Savings Target 2040 Fund | 9,532,000 |
| Savings Target 2045 Fund | 7,888,000 |
| Savings Target 2050 Fund | 3,596,000 |
| Savings Retirement Income Fund | 17,325,000 |
| Savings Non-US Equity Fund | 82,807,000 |
| Savings Small Cap Equity Fund | 245,561,000 |
| Savings Mid Cap Equity Fund | 85,144,000 |
| Savings Large Cap Equity Fund | 461,089,000 |
| Savings Balanced Fund | 124,012,000 |

| | |
|---|---|
| Savings Bond Fund | 40,009,000 |
| Savings Inflation Protection Fund | 3,009,000 |
| Savings Bank Depository Fund | 55,650,000 |
| Savings Schwab SDB Account | 31,181,000 |
| Savings Stable Value Fund | 695,262,000 |
| TOTAL ASSETS IN 401(K) PLAN | **$2,195,014,000** |

## 2.0 PURPOSE

The TTC representing the County as Sponsor and the Plan Administrative Committees (PAC) of Los Angeles County's defined contribution (DC) plans invite qualified firms to submit their proposals in accordance with this Request for Proposals (RFP).

The PAC is soliciting proposals from qualified proxy voting firms who can provide proxy voting program services for the County's defined contribution plans: the Deferred Compensation and Thrift Plan or Horizons Plan (457 Plan) and the Savings Plan (401(k)). The services being sought by this RFP are set forth in Appendix A, Statement of Work (SOW) and in Appendix B, Exhibits B-1 and B-2. Proposers are invited to submit proxy voting program services proposals for the Deferred Compensation and Thrift Plan (457 Plan) and/or the Savings Plan (401(k)) as detailed in the SOW. **If one Proposer is selected to provide proxy voting services for both Plans, the Proposer shall be awarded two (2) separate contracts to cover the 457 Plan and the 401(k) Plan.**

**Standard County/PAC Terms and Conditions**

Contractor shall be expected to implement the Sample Contract as contained in Appendix C, of this RFP.

### 2.1 Anticipated Contract Term

In accordance with the Sample Contract, subparagraph 6.1 (Term of Contract), the contract term shall commence on the date first set forth in the Contract for an initial period of three (3) years, with up to two (2) one-year renewal options for a maximum total Contract term of five (5) years, and month-to-month extensions thereafter until a new contract is signed.

### 2.2 Contract Rates

For each one-year term renewal of this Contract, the Pricing Schedule attached hereto as *Exhibit 11 of Appendix D* shall remain the same as that which applies to the current contract term for all services which Contractor has performed or is reasonably expected to render during such term.

### 2.3 Days of Operation

The Contractor shall be required to provide proxy voting services by casting its proxies at annual and special meetings of shareholders. The Contractor is not required to provide services on County recognized holidays and may request to obtain a list of the County holidays at the time the Contract is approved, and annually from the PAC's Project Manager.

### 2.4 Indemnification and Insurance

Contractor shall be required to comply with the indemnification provisions contained in the - Appendix C, Sample Contract, Subparagraph 9.24. The Contractor shall procure, maintain, and provide to the County proof of insurance coverage for all the programs of insurance along with associated amounts specified in the Appendix C, Sample Contract, Subparagraphs 9.25 and 9.26.

### 2.5 SPARTA Program

A County program, known as 'SPARTA' (Service Providers, Artisan and Tradesman Activities) may be able to assist potential Contractors in obtaining affordable liability insurance. The SPARTA Program is administered by the County's insurance broker, Merriwether & Williams. For additional information, Proposers may call Merriwether & Williams toll free at (800) 420-0555 or can access their website directly at www.2sparta.com

### 2.6 Terms and Definitions

Throughout this RFP, references are made to certain persons, groups, or Departments/Agencies. For convenience, a description of specific definitions can be found in Appendix C, Sample Contract, Paragraph 2.0, Definitions.

## 3.0 PROPOSER'S MINIMUM MANDATORY QUALIFICATIONS

Interested and qualified Proposers that can demonstrate their ability to successfully provide the required services outlined in Appendix A, SOW, of this RFP are invited to submit proposal(s), provided they meet the following requirements:

**3.1** Proposer must have been in business five years and have at least three years documented experience including, but not limited to providing Proxy Voting and Reporting Services or services equivalent or similar to the Services identified in Appendix A, SOW. In the event the firm itself does not have the requisite three years, but one or more of the principals involved in managing the daily operation of the firm individually do, then their individual or collective experience performing services equivalent or similar to the Services identified in Appendix A, SOW, may be considered in meeting this requirement in the TTC's sole discretion. Proposer must provide a written

detailed description and/or resume demonstrating their Principal's three years' experience to fulfill this requirement and submit this documentation with their Proposal Submission under Proposer's Background and Experience (Section B.1).

**3.2** Proposer must have a Contract Manager with a minimum of three years of documented related experience (e.g., professional license, certificate of completion, degree, resume) in providing the required services equivalent or similar to the Services identified in Appendix A, SOW, either with the proposer or with another firm.

**3.3** Proposer's proposed staff member(s) for the Contract must have at least three years documented related experience in providing the required services equivalent or similar to the Services identified in Appendix A, *SOW,* either with the proposer or with another firm.

**3.4** Proposer must provide a representative of the firm at a PAC Meeting when requested by PAC (Appendix A - Statement of Work).

**3.5** Proposer must comply with the RFP format and requirements set forth in the Proposal Submission Requirements, Paragraph 7.0, of this RFP when submitting its proposal.

## 4.0 PAC Rights & Responsibilities

The PAC is not responsible for representations made by any of its officers or employees prior to the execution of the Contract unless such understanding or representation is included in the Contract.

### 4.1 Final Contract Award by the PAC

Notwithstanding a recommendation of a Department, agency, individual, or other, the PAC retains the right to exercise its judgment concerning the selection of a proposal and the terms of any resultant agreement, and to determine which proposal best serves the interests of the Plan(s).

Acceptance or recommendation of a proposal does not constitute formation of a contract. A contract can be created only by formal approval by the PAC and executed according to law.

### 4.2 PAC Option to Reject Proposals

Proposers are hereby advised that this RFP is an informal solicitation for proposals only, and is not intended, and is not to be construed as, an offer to enter into a contract or as a promise to engage in any formal competitive bidding or negotiations pursuant to any statute, ordinance, rule, or regulation. The PAC may, at its sole discretion, reject any or all proposals submitted in response to this RFP or may, in its sole discretion, reject all proposals and

cancel the RFP in its entirety. The County/PAC shall not be liable for any costs incurred by the Proposer in connection with the preparation and submission of any proposal. The PAC reserves the right to waive inconsequential disparities in a submitted proposal.

### 4.3 PAC's Right to Amend Request for Proposals

The PAC has the right to amend the RFP by written addendum. The PAC is responsible only for that which is expressly stated in the solicitation document and any authorized written addenda thereto. Such addendum shall be made available to each person or organization which PAC records indicate has received this RFP. Should such addendum require additional information not previously requested, failure to address the requirements of such addendum may result in the Proposal being found non-responsive and not being considered, as determined in the sole discretion of the PAC. The PAC is not responsible for and shall not be bound by any representations otherwise made by any individual acting or purporting to act on its behalf.

### 4.4 Background and Security Investigations

Background and security investigation clearance of Contractor's staff will be required by the PAC as a condition of beginning and continuing work under this Contract. Contractor shall maintain a background check/report encompassing criminal investigations.

Each of Contractor's staff performing services under this Contract who is in a designated sensitive position, as determined by PAC in PAC's sole discretion, shall undergo and pass a background investigation to the satisfaction of PAC as a condition of beginning and continuing to perform services under this Contract. Such background investigation must be obtained through fingerprints submitted to the California or Federal Department of Justice to include State, local, and federal-level review, which may include, but shall not be limited to, criminal conviction information. The fees associated with the background investigation shall be at the expense of the Contractor, regardless if the member of Contractor's staff passes or fails the background investigation.
Contractor shall assure that any employee whose background report contains a conviction for a crime and where employment of such person in the position held or to which such employee would be assigned would be prohibited under 12 U.S.C. Section 1820, ERISA or the SEC, as applicable to the employee as a result of such conviction, such employee shall not be associated with the work performed under this Contract.

### 4.5 PAC's Quality Assurance Plan

After contract award, the TTC or its agent will evaluate the Contractor's performance under the contract on a periodic basis. Such evaluation will include assessing Contractor's compliance with all terms in the Contract and performance standards identified in the Statement of Work. Contractor's

deficiencies which the TTC determines are severe or continuing and that may jeopardize performance of the Contract may be reported to the PAC. The report will include improvement/corrective action measures taken by the TTC and Contractor. If improvement does not occur consistent with the corrective action measures, the PAC may terminate the Contract in whole or in part, or impose other penalties as specified in the Contract.

## 5.0 PROPOSER'S REQUIREMENTS AND CERTIFICATIONS

### 5.1 Notice to Proposers Concerning the Public Records Act

5.1.1 Responses to this solicitation shall become the exclusive property of the PAC. Absent extraordinary circumstances, the recommended proposer's proposal will become a matter of public record when (1) contract negotiations are complete; (2) (Department) receives a letter from the recommended Proposer's authorized officer that the negotiated contract is the firm offer of the recommended Proposer; and (3) (Department) releases a copy of the recommended Proposer's proposal in response to a Notice of Intent to Request a Proposed Contractor Selection Review under Board Policy No. 5.055.

Notwithstanding the above, absent extraordinary circumstances, all proposals will become a matter of public record when the Department's proposer recommendation appears on the Board agenda.

Exceptions to disclosure are those parts or portions of all proposals that are justifiably defined as business or trade secrets, and plainly marked by the Proposer as "Trade Secret," "Confidential," or "Proprietary."

5.1.2 The County/PAC shall not, in any way, be liable or responsible for the disclosure of any such record or any parts thereof, if disclosure is required or permitted under the California Public Records Act or otherwise by law. A blanket statement of confidentiality or the marking of each page of the proposal as confidential shall not be deemed sufficient notice of exception. The Proposers must specifically label only those provisions of their respective proposal which are "Trade Secrets," "Confidential," or "Proprietary" in nature.

5.1.3 In the event the County/PAC 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 "confidential," "trade secrets," or "proprietary," Proposer agrees to defend and indemnify County/PAC from all costs and expenses,

including reasonable attorneys' fees, incurred in connection with any action, proceedings, or liability arising in connection with the Public Records Act request.

## 5.2 Contact with PAC Personnel

All contact regarding this RFP or any matter relating thereto must be in writing and may be mailed, e-mailed or faxed as follows:

Glenn Byers
Assistant Treasurer and Tax Collector
County of Los Angeles
500 West Temple Street – Room 432
Los Angeles, California 90012
E-mail address: gbyers@ttc.lacounty.gov and
tgee@ttc.lacounty.gov
Fax Number: (213) 625-2249

## 5.3 Mandatory Requirement to Register on County's WebVen

Prior to a contract award, all potential Contractors must register in the County's WebVen. The WebVen contains the Vendor's business profile and identifies the goods/services the business provides. Registration can be accomplished online via the Internet by accessing the County's home page at http://camisvr.co.la.ca.us/webven/

## 5.4 Protest Policy Review Process

5.4.1 Under Board Policy No. 5.055 (Services Contract Solicitation Protest), any prospective Proposer may request a review of the requirements under a solicitation for a PAC-approved services contract, as described in Subparagraph 5.4.3 below. Additionally, any actual Proposer may request a review of a disqualification or of a proposed Contract Award under such a solicitation, as described respectively in the Sections below. It is the responsibility of the Proposer challenging the decision of a County Department to demonstrate that the Department committed a sufficiently material error in the solicitation process to justify invalidation of a proposed Contract Award.

5.4.2 Throughout the review process, the PAC has no obligation to delay or otherwise postpone a Contract Award based on a Proposer's protest. In all cases, the PAC reserves the right to make an award when it is determined to be in the best interest of the Plans to do so.

5.4.3 Grounds for Review

Unless State or Federal statutes or regulations otherwise provide, the grounds for review of a solicitation for a PAC-approved services

contract provided for under Board Policy No. 5.055 are limited to the following:

1. Review of Solicitation Requirements (Reference Subparagraph 7.3 in the Proposal Submission Requirements Section)

2. Review of a Disqualified Proposal (Reference Subparagraph 8.3 in the Selection Process and Evaluation Criteria Section)

3. Review of Proposed Contractor Selection (Reference Subparagraph 8.4 in the Selection Process and Evaluation Criteria Section)

### 5.5 Injury and Illness Prevention Program (IIPP)

Contractor shall be required to comply with the State of California's Cal OSHA's regulations. Section 3203 of Title 8 in the California Code of Regulations requires all California employers to have a written, effective IIPP that addresses hazards pertaining to the particular workplace covered by the program.

### 5.6 Confidentiality and Independent Contractor Status

As appropriate, Contractor shall be required to comply with the Confidentiality provision contained in Subparagraph 8.7 and the Independent Contractor Status provision contained in Subparagraph 9.23 in Appendix C, Sample Contract.

### 5.7 Conflict of Interest

No County employee whose position in the County enables him/her to influence the selection of a Contractor for this RFP, or any competing RFP, nor any spouse of economic dependent of such employees shall be employed in any capacity by a Proposer or have any other direct or indirect financial interest in the selection of a Contractor. Proposer shall certify that he/she is aware of and has read Section 2.180.010 of the County Code as stated in Appendix D - Required Forms Exhibit 5, Certification of No Conflict of Interest.

### 5.8 Determination of Proposer Responsibility

5.8.1 A responsible Proposer is a Proposer who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the Contract. It is the PAC's policy to conduct business only with responsible Proposers.

5.8.2 Proposers are hereby notified that, in accordance with Chapter 2.202 of the County Code, the County may determine whether the

Proposer is responsible based on a review of the Proposer's performance on any contracts including, but not limited to the County and/or PAC contracts. Particular attention will be given to violations of labor laws related to employee compensation and benefits, and evidence of false claims made by the Proposer against public entities. Labor law violations which are the fault of the subcontractors and of which the Proposer had no knowledge shall not be the basis of a determination that the Proposer is not responsible.

5.8.3 The PAC may declare a Proposer to be non-responsible for purposes of this contract if the PAC, in its discretion, finds that the Proposer has done any of the following: (1) violated a term of a contract with the PAC; (2) committed an act or omission which negatively reflects on the Proposer's quality, fitness or capacity to perform a contract with the PAC, any other public entity, 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 PAC, County or any other public entity.

5.8.4 If there is evidence that the apparent highest ranked Proposer may not be responsible, the PAC shall notify the Proposer in writing of the evidence relating to the Proposer's responsibility, and that the Proposer be found not responsible. The PAC shall provide the Proposer and/or the Proposer's representative with an opportunity to present evidence as to why the Proposer should be found to be responsible and to rebut evidence which is the basis for the PAC's recommendation.

5.8.5 If the Proposer presents evidence in rebuttal to the PAC, the PAC shall evaluate the merits of such evidence. The final decision concerning the responsibility of the Proposer shall reside with the PAC.

5.8.6 These terms shall also apply to proposed subcontractors of Proposers on PAC contracts.

## 5.9 Proposer Debarment

5.9.1 The Proposer is hereby notified that, in accordance with Chapter 2.202 of the County Code, the PAC may debar the Proposer from bidding or proposing on, or being awarded, and/or performing work on other PAC 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 the PAC may terminate any or all of the Proposer's existing contracts with the Plans, if the PAC find, in their discretion, that the Proposer has done

any of the following: (1) violated a term of a contract with the Plans; (2) committed an act or omission which negatively reflects on the Proposer's quality, fitness or capacity to perform a contract with the Plans, 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 Plans or any other public entity.

5.9.2 If there is evidence that the apparent highest ranked Proposer may be subject to debarment, the Department shall notify the Proposer in writing of the evidence which is the basis for the proposed debarment, and shall advise the Proposer of the scheduled date for a debarment hearing before the Contractor Hearing Board.

5.9.3 The Contractor Hearing Board shall conduct a hearing where evidence on the proposed debarment is presented. The Proposer and/or Proposer'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 Proposer should be debarred, and, if so, the appropriate length of time of the debarment. The Proposer and the PAC shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board.

5.9.4 After consideration of any objections, or if no objections are received, a record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board. The Board shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.

5.9.5 If a Proposer has been debarred for a period longer than five years, that Proposer may, after the debarment has been in effect for at least five 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 Proposer 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.

5.9.6 The Contractor Hearing Board will consider requests for review of a debarment determination only where (1) the Proposer has been debarred for a period longer than five years; (2) the debarment has been in effect for at least five 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.

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

5.9.8 These terms shall also apply to proposed subcontractors of Proposers on the Plans contracts.

5.9.9 Appendix J provides a link to the County's website where there is a listing of Contractors that are currently on the Debarment List for Los Angeles County.

## 5.10 Adherence to County's Child Support Compliance Program

Proposers shall: 1) fully comply with all applicable State and Federal reporting requirements relating to employment reporting for its employees; and 2) comply with all lawfully served Wage and Earnings Assignment Orders and Notice of Assignment and continue to maintain compliance during the term of any contract that may be awarded pursuant to this solicitation. Failure to comply may be cause for termination of a contract or initiation of debarment proceedings against the non-compliant Contractor (County Code Chapter 2.202).

## 5.11 Gratuities

5.11.1 Attempt to Secure Favorable Treatment

It is improper for any County officer, employee or agent to solicit consideration, in any form, from a Proposer with the implication, suggestion or statement that the Proposer's provision of the consideration may secure more favorable treatment for the Proposer in the award of the Contract or that the Proposer's failure to provide such consideration may negatively affect the County's consideration of the Proposer's submission. A Proposer shall not offer or give

either directly or through an intermediary, consideration, in any form, to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the Contract.

5.11.2 Proposer Notification to PAC/County

A Proposer shall immediately report any attempt by a County officer, employee or agent 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. Failure to report such a solicitation may result in the Proposer's submission being eliminated from consideration.

5.11.3 Form of Improper Consideration

Among other items, such improper consideration may take the form of cash, discounts, services, the provision of travel or entertainment, or tangible gifts.

## 5.12 Notice to Proposers Regarding the County Lobbyist Ordinance

The Board of the County has enacted an ordinance regulating the activities of persons who lobby County Officials. This ordinance, referred to as the "Lobbyist Ordinance", defines a County Lobbyist and imposes certain registration requirements upon individuals meeting the definition. The complete text of the ordinance can be found in County Code Chapter 2.160. In effect, each person, corporation or other entity that seeks a County permit, license, franchise or contract must certify compliance with the ordinance. As part of this solicitation process, it will be the responsibility of each Proposer to review the ordinance independently as the text of said ordinance is not contained within this RFP. Thereafter, each person, corporation, or other entity submitting a response to this solicitation, must certify that each County Lobbyist, as defined by Los Angeles County Code Section 2.160.010, retained by the Proposer is in full compliance with Chapter 2.160 of the Los Angeles County Code and each such County Lobbyist is **not** on the Executive Office's List of Terminated Registered Lobbyists by completing and submitting the Familiarity with the County Lobbyist Ordinance Certification, as set forth in Appendix D - Required Forms Exhibit 6, as part of their proposal.

## 5.13 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. Reference Appendix H.

## 5.14 Consideration of GAIN/GROW Participants for Employment

As a threshold requirement for consideration for contract award, Proposers shall demonstrate a proven record of hiring participants in the County's Department of Public Social Services Greater Avenues for Independence (GAIN) or General Relief Opportunity for Work (GROW) Programs or shall attest to a willingness to consider GAIN/GROW participants for any future employment openings if they meet the minimum qualifications for that opening. Proposers shall attest to a willingness to provide employed GAIN/GROW participants access to the Proposers' employee mentoring program, if available, to assist these individuals in obtaining permanent employment and/or promotional opportunities.

Proposers who are unable to meet this requirement shall not be considered for contract award. Proposers shall submit a completed, "Attestation of Willingness to Consider GAIN/GROW Participants", form, as set forth in Appendix D - Required Forms, Exhibit 9, along with their proposal.

## 5.15 Recycled Bond Paper

Proposer shall be required to comply with the County's policy on recycled bond paper as specified in Appendix C, Sample Contract, Subparagraph 9.41.

## 5.16 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, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Appendix I of this solicitation document and is also available on the Internet at www.babysafela.org for printing purposes.

## 5.17 Jury Service Program

The prospective contract is subject to the requirements of the County's Contractor Employee Jury Service Ordinance ("Jury Service Program") (Los Angeles County Code, Chapter 2.203). Prospective Contractors should carefully read the Jury Service Ordinance, Appendix G, and the pertinent jury service provisions of the Sample Contract, Appendix C, Subparagraph 9.9, both of which are incorporated by reference into and made a part of this RFP. The Jury Service Program applies to both Contractors and their Subcontractors.

<u>Proposals that fail to comply with the requirements of the Jury Service Program will be considered non-responsive and excluded from further consideration.</u>

5.17.1 The Jury Service Program requires Contractors and their Subcontractors to 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. For purposes of the Jury Service Program, "employee" means any California resident who is a full-time employee of a Contractor and "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) the Contractor has a long-standing practice that defines the lesser number of hours as full-time. Therefore, the Jury Service Program applies to all of a Contractor's full-time California employees, even those not working specifically on the County project. 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.

5.17.2 There are two ways in which a Contractor might not be subject to the Jury Service Program. The first is if the Contractor does not fall within the Jury Service Program's definition of "Contractor". The Jury Service Program defines "Contractor" to mean a person, partnership, corporation of 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. The second is if the Contractor meets one of the two exceptions to the Jury Service Program. The first exception concerns small businesses and applies to Contractors that have 1) ten or fewer employees; and, 2) annual gross revenues in the preceding twelve months which, if added to the annual amount of this Contract is less than $500,000, and, 3) is not an "affiliate or subsidiary of a business dominant in its field of operation". The second exception applies to Contractors that possess a collective bargaining agreement that expressly supersedes the provisions of the Jury Service Program. The Contractor is subject to any provision of the Jury Service Program not expressly superseded by the collective bargaining agreement.

5.17.3 If a Contractor does not fall within the Jury Service Program's definition of "Contractor" or if it meets any of the exceptions to the Jury Service Program, then the Contractor must so indicate in the

Certification Form and Application for Exception, Exhibit 10 in Appendix D - Required Forms, and include with its submission all necessary documentation to support the claim such as tax returns or a collective bargaining agreement, if applicable. Upon reviewing the Contractor's application, the County will determine, in its sole discretion, whether the Contractor falls within the definition of Contractor or meets any of the exceptions to the Jury Service Program. The County's decision will be final.

### 5.18 Notification to PAC of Pending Acquisitions/Mergers

The Proposer shall notify the PAC of any pending acquisitions/mergers of their company. This information shall be provided by the Proposer on Required Form - Exhibit 1 - Proposer's Organization Questionnaire/Affidavit. Failure of the Proposer to provide this information may eliminate its proposal from any further consideration. Proposer shall have a continuing obligation to notify PAC of changes to the information contained in Exhibit 1 (Proposer's Organization Questionnaire/Affidavit) during the pendency of this RFP by providing a revised Exhibit 1 (Proposer's Organization Questionnaire Exhibit 1) to the PAC upon the occurrence of any event giving rise to a change in its previously-reported information.

### 5.19 Defaulted Property Tax Reduction Program

The prospective contract is subject to the requirements of the County's Defaulted Property Tax Reduction Program ("Defaulted Tax Program") (Los Angeles County Code, Chapter 2.206). Prospective Contractors should carefully read the Defaulted Tax Program Ordinance, Appendix K, and the pertinent provisions of the Sample Contract, Appendix C, Subparagraph 9.55 and 9.56, both of which are incorporated by reference into and made a part of this solicitation. The Defaulted Tax Program applies to both Contractors and their Subcontractors.

Proposers shall be required to certify that they are in full compliance with the provisions of the Defaulted Tax Program and shall maintain compliance during the term of any contract that may be awarded pursuant to this solicitation or shall certify that they are exempt from the Defaulted Tax Program by completing Certification of Compliance with The County's Defaulted Property Tax Reduction Program, Exhibit 13 in Appendix D – Required Forms. Failure to maintain compliance, or to timely cure defects, may be cause for termination of a contract or initiation of debarment proceedings against the non-compliance contractor (Los Angeles County Code, Chapter 2.202).

Proposals that fail to comply with the certification requirements of the Defaulted Tax Program will be considered non-responsive and excluded from further consideration.

### 5.20 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 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.

## 6.0 COUNTY'S PREFERENCE PROGRAMS

### 6.1 County Policy on Doing Business with Small Business

6.1.1 The County has multiple programs that address small businesses. The Board of Supervisors encourages small business participation in the County's contracting process by constantly streamlining and simplifying our selection process and expanding opportunities for small businesses to compete for our business.

6.1.2 The Local Small Business Enterprise Preference Program requires the Company to complete a certification process. This program and how to obtain certification are further explained in Subparagraph 6.2 of this solicitation.

6.1.3 The Jury Service Program, provide exceptions to the Program if a company qualifies as a Small Business. Further explanations of the Program is provided in Subparagraph 5.17 - Jury Service Program.

6.1.4 The County also has a Policy on Doing Business with Small Business that is stated in Appendix F.

### 6.2 Local Small Business Enterprise Preference Program

6.2.1 The County will give Local SBE preference during the solicitation process to businesses that meet the definition of a Local Small Business Enterprise (Local SBE), consistent with Chapter 2.204.030C.1 of the Los Angeles County Code. A Local SBE is defined as: 1) A business certified by the State of California as a small business and 2) has had its principal office located in Los Angeles County for at least one year. The business must be certified by Internal Services Department as meeting the requirements set forth in 1 and 2 above prior to requesting the Local SBE Preference in a solicitation.

6.2.2 To apply for certification as a Local SBE, businesses may register with Internal Services Department at http://laosb.org

6.2.3 Certified Local SBEs must request the SBE Preference in their solicitation responses and may not request the preference unless the certification process has been completed and certification affirmed. Businesses must attach the Local SBE Certification Letter to the Required Form - Request for Local SBE Preference Program Consideration and CBE Firm/Organization Information Form - Exhibit 7 in Appendix D - Required Forms with their proposal. Sanctions and financial penalties may apply to a business that knowingly, and with intent to defraud, seeks to obtain or maintain certification as a certified Local SBE.

6.2.4 Information about the State's small business enterprise certification regulations is in the California Code of Regulations, Title 2, Subchapter 8, Section 1896 et seq., and is also available on the California Department of General Services Office of Small Business Certification and Resources Web site at http://www.pd.dgs.ca.gov/smbus/default.

## 6.3 Local Small Business Enterprise (SBE) Prompt Payment Program

It is the intent of the County that Certified Local SBEs receive prompt payment for services they provide to County Departments. Prompt payment is defined as 15 calendar days after receipt of an undisputed invoice.

## 6.4 Disabled Veteran Business Enterprise Preference Program (DVBE)

6.4.1 The County will give preference during the solicitation process to businesses that meet the definition of a Disabled Veteran Business Enterprise, consistent with Chapter 2.211 of the Los Angeles County Code. A Disabled Veteran Business Enterprise vendor is defined as: 1) A business which is certified by the State of California as a Disabled Veteran Business Enterprise; or 2) A business which is certified by the Department of Veterans Affairs as a Service Disabled Veteran Owned Small Business (SDVOSB).

6.4.2 Certified Disabled Veteran Business Enterprise vendors must request the preference in their solicitation responses and may not request the preference unless the certification process has been completed and certification is affirmed.

6.4.3 In no case shall the Disabled Veteran Business Enterprise Preference Program price or scoring preference be combined with any other county preference program to exceed eight percent (8%) in response to any county solicitation.

6.4.4 Sanctions and financial penalties may apply to a business that knowingly, and with intent to defraud, seeks to obtain or maintain certification as a certified Disabled Veteran Business Enterprise.

6.4.5 To request the Disabled Veteran Business Enterprise Preference, Proposer must complete and submit the Request for Disabled Veteran Business Enterprise Consideration form in Appendix D, Required Forms, Exhibit 14, with supporting documentation with their proposal.

Information about the State's DVBE certification regulations is found in the California Code of Regulations, Title 2, Subchapter 8, Section 1896 et seq., and is also available on the California Department of General Services Office of Disabled Veteran Business Certification and Resources Website at http://www.pd.dgs.ca.gov/

Information on the Department of Veteran Affairs SDVOSB certification regulations is found in the Code of Federal Regulations, 38CFR 74 and is also available on the Department of Veterans Affairs Website at: http://www.vetbiz.gov/

## 7.0 PROPOSAL SUBMISSION REQUIREMENTS

This Section contains key project dates and activities as well as instructions to Proposers in how to prepare and submit their proposal.

### 7.1 Truth and Accuracy of Representations

False, misleading, incomplete, or deceptively unresponsive statements in connection with a proposal shall be sufficient cause for rejection of the proposal. The evaluation and determination in this area shall be at the PAC's sole judgment and judgment shall be final.

### 7.2 RFP Timetable

**The timetable for this RFP is as follows:**

**Release of RFP** ..... **3/20/15**

Written Questions Due (11:00 a.m. Pacific Time) ..... 4/02/15

Request for a Solicitation Requirements Review

Due (11:00 a.m. Pacific Time) ..... 4/02/15

Questions and Answers Released (on or about) ..... 4/08/15

**Proposals due by (12:00 Noon, Pacific Time) ..... 4/10/15**

Projected Date for Finalist Presentation/Interviews ..... 5/08/15

Projected Contractor(s) Selection Date ..... 5/08/15

Projected Contract Effective Date (457 and 401(k) Plans - SOW) .. 7/01/15

Projected Implementation Date..... 7/01/15

This schedule is tentative and subject to change at TTC's discretion.

### 7.3 Solicitation Requirements Review

Any person or entity may seek a Solicitation Requirements Review by submitting *Appendix E - Transmittal Form to Request a Solicitation Requirements* Review along with supporting documentation to the TTC address below. A request for a Solicitation Requirements Review may be denied, in the PAC sole discretion, if the request does not satisfy all of the following criteria:

7.3.1 The request for a Solicitation Requirements Review is to be received within ten (10) business days of the issuance of the solicitation document;

7.3.2 The request for a Solicitation Requirements Review includes documentation, which demonstrates the underlying ability of the person or entity to submit a proposal;

7.3.3 The request for a Solicitation Requirements Review itemizes in appropriate detail, each matter contested and factual reasons for the requested review; and

7.3.4 The request for a Solicitation Requirements Review asserts either that:

1. Application of the minimum requirements, evaluation criteria and/or business requirements unfairly disadvantage the Proposer; or,

2. Due to unclear instructions, the process may result in the PAC not receiving the best possible responses from prospective Proposers.

The Solicitation Requirements Review shall be completed and the TTC's determination shall be provided to the Proposer, in writing, within a reasonable time prior to the proposal due date.

All Requests for Solicitation Requirements Review shall be submitted to:

Glenn Byers
Assistant Treasurer and Tax Collector
County of Los Angeles
500 West Temple Street – Room 432
Los Angeles, California 90012
E-mail address: gbyers@ttc.lacounty.gov and

tgee@ttc.lacounty.gov
Fax Number: (213) 625-2249

It is the sole responsibility of the submitting Proposer to ensure that its request is received before the submission deadline. Submitting Proposers shall bear all risks associated with the mail, electronic and facsimile submission.

### 7.4 Proposer's Questions

Proposers may submit written questions regarding this RFP by mail, fax or e-mail to the County person identified below. All questions must be received by no later than the date given in the above 7.2 RFP Timetable. All questions, without identifying the submitting company, will be compiled with the appropriate answers and issued as an addendum to the RFP.

When submitting questions, please specify the RFP section number, paragraph number, and page number and quote the language that prompted the question. This will ensure that the question can be quickly found in the RFP. PAC reserves the right to group similar questions when providing answers.

Questions may address concerns that the application of minimum requirements, evaluation criteria and/or business requirements would unfairly disadvantage Proposers or, due to unclear instructions, may result in the County not receiving the best possible responses from Proposer.

Questions should be addressed to:

Glenn Byers
Assistant Treasurer and Tax Collector
County of Los Angeles
500 West Temple Street – Room 432
Los Angeles, California 90012
Fax #: (213) 625-2249
E-mail address: gbyers@ttc.lacounty.gov and
tgee@ttc.lacounty.gov

It is the sole responsibility of the submitting Proposer to ensure that its request is received before the submission deadline. Submitting Proposers shall bear all risks associated with the electronic and facsimile submission.

### 7.5 Preparation of the Proposal

All Proposals must be bound and submitted in the prescribed format. Any Proposal that deviates from this format may be rejected without review at the PAC's sole discretion.

All Proposals must be typed on 8 ½" x 11" white bond paper, bound and submitted in the format prescribed below. The Proposals are to be made based on the contents of this RFP and according to the format indicated in this *Part 7, Proposal Submission Requirements, Subparagraph 7.6, Proposal Format.* The PAC shall assume no responsibility for any misunderstanding or representations concerning information provided, or conditions given, by any of its employees prior to the execution of a contract unless it is included in the RFP or in an addendum to the RFP. Any Proposal that deviates from this format may be rejected without review at the TTC sole discretion.

In preparing the written Proposal, the Proposer should do so in its own words and take care not to copy the language in this RFP. Care should also be taken to ensure that the Proposal responds completely and thoroughly to all the requirements set forth in this RFP. The objective of the Proposal submission is for the Evaluation Committee to ascertain the Proposer's ability to provide or exceed the required services. In addition, specific information is requested from all Proposers to ensure that the Proposals can be fairly compared and evaluated in a standard manner. Only that information which is contained in the Proposal will be evaluated.

## 7.6 Proposal Format

The content and sequence of the proposal **must** be as follows:

1. Transmittal Letter
2. Table of Contents
3. Section A – Proposer's Organization Questionnaire/Affidavit and Required Support Documents for Corporations and Limited Liability Companies
4. Section B – Executive Summary
5. Section C – Proposer's Qualifications
6. Section D – Proposer's Approach to Provide Required Services
7. Section E – Proposer's Quality Control Plan
8. Section F – Acceptance of / or Exception to Terms and Conditions in Sample Contract, and Requirements of the SOW
9. Section G – Proposal Required Forms
10. Section H – Additional Materials and Data
11. Section I – Proposer's Implementation Process
12. Last Page of Proposal

### 7.6.1 Transmittal Letter

The transmittal letter must be a maximum of one (1) page, transmitting the Proposal on the Proposer's stationery. The transmittal letter must include the Proposer's name, address, e-mail address, telephone and facsimile numbers of the person or persons to be used for contact and who will be authorized to represent the Proposer. **The transmittal letter must bear the original signature**

**of the person authorized to sign on behalf of the Proposer and to bind the applicant in a Contract.** The letter shall indicate whether or not the Proposer intends to perform the Contract as a single Proposer. Clearly indicate the Component(s) to be provided. The letter must contain a statement indicating that the Proposer will bear sole and complete responsibility for all work as defined in *Appendix A, Statement of Work.*

7.6.2 Table of Contents

List all material included in the Proposal. Include a clear definition of the material identified by sequential page numbers and section reference numbers.

7.6.3 Section A – Proposer's Organization Questionnaire/Affidavit and Required Support Documents for Corporations and Limited Liability Companies

The Proposer shall complete, sign, and date the Proposer's Organization Questionnaire/Affidavit - Exhibit 1 as set forth in Appendix D indicating whether they meet the Minimum Mandatory Requirements as stated in *Part 3, Proposer's Minimum Mandatory Qualifications*. To substantiate the Proposer's response, supporting documentation/information shall be included in this section, as appropriate. **The person signing the form must be authorized to sign on behalf of the Proposer and to bind the applicant in a Contract.**

Taking into account the structure of the Proposer's organization, Proposer shall determine which of the below referenced supporting documents the PAC requires. If the Proposer's organization does not fit into one of these categories, upon receipt of the Proposal or at some later time, the PAC may, in its discretion, request additional documentation regarding the Proposer's business organization and authority of individuals to sign Contracts.

If the below referenced documents are not available at the time of Proposal submission, Proposers must request the appropriate documents from the Proposer's state of residence and provide a statement on the status of the request.

7.6.4 Required Support Documents

**Corporations or Limited Liability Company (LLC):**

The Proposer must submit the following documentation with the Proposal:

1. A copy of a “Certificate of Good Standing” with the state of incorporation/organization.

2. A conformed copy of the most recent “Statement of Information” as filed with the state listing corporate officers or members and managers.

**Limited Partnership:**

The Proposer must submit a conformed copy of the Certificate of Limited Partnership or Application for Registration of Foreign Limited Partnership as filed with the state, and any amendments.

7.6.5 Section B – Executive Summary

Condense and highlight the contents of the Proposer’s Business Proposal to provide the PAC with a broad understanding of the Proposer’s approach, qualifications, experience, and staffing.

7.6.6 Section C - Proposer’s Qualifications

Demonstrate that the Proposer’s organization has the experience and financial capability to perform the proxy voting program services. The following sections must be included:

1. Proposer’s organization, administration and general information (Section C.1)

   a. Organization: Describe the firm’s organizational structure; provide a brief history of your organization and the proxy voting department, include year of organization, current ownership/structure, affiliated companies, and location(s) of office for this assignment. Include an organizational chart of your firm with emphasis on the proxy voting program department and the team that will be providing the proxy voting service. Describe in detail your expertise in proxy voting services for governmental entities. Describe how your organization can ensure client satisfaction.

   b. Staff: Must have at least three years of documented experience in proxy voting services (e.g., professional license, certificate of completion, degree, resume) as identified in Appendix A, SOW. Identify the client service officer and proxy voting team that will be assigned to the County Plans. Provide their names and location(s) responsible for our account. Include titles, functions, credentials and number of years experience in proxy voting services for defined contribution plans identifying the firm(s) they worked for by time period. Identify and explain role

of backup personnel. Identify the number of people designated as:

i. Proxy Voting
ii. Client Service
iii. Administrative and Support Personnel
iv. Others

Total Personnel in Organization supporting the above services.

c. Other Services: List all services your firm provides related to defined contribution plans, including services that you may have provided to meet client specific needs. Specify the services that are your special strengths and services provided to defined contribution plans. Describe any and all services provided to plan sponsor organizations.

d. Corporate Philosophy: Summarize your philosophy relating to the Proposer's relationship with administrative committees, staff, money managers, corporate organizations, etc.

e. Conflict of Interest: Describe policies and procedures to prevent possible conflicts of interest with other clients' interests, or which may result from other investment products or services provided by your firm or affiliated organizations.

f. Compensation: Provide a brief description of your firm's compensation arrangements for senior management including incentives, profit sharing and other bonuses. Describe staff participation in equity ownership. Describe any incentives that are in place to encourage key professionals to remain with the firm.

g. Affiliates: Detail any financial relationships which exist with affiliates (i.e., parent company, sister, or subsidiaries) or other organizations (e.g., brokerage firms, insurance companies, commercial banks, investment banking firms, money management firms, including mutual funds, soft dollar relationships, etc.). Clearly define the association and indicate how real or perceived conflicts of interest are addressed.

h. Departures: Provide details on the professional staff that have left during the last (3) three years. Include position/function, date left, reason (voluntary/involuntary) and if position was replaced.

i. Soft Dollars: Under what circumstances/relationships does your firm accept soft dollars as a method of payment for services provided?

j. Regulatory Issues: Does your firm or your parent and/or sister companies have unresolved legal issues with regulators, please explain.

k. Other Services: List all services your firm provides related to defined contribution plans, including services that you may have provided to meet client specific needs. Specify the services that are your special strengths and services provided to defined contribution plans. Describe any and all services provided to plan sponsor organizations.

2. Proposer's References (Section C.2)

It is the Proposer's sole responsibility to ensure that the firm's name, and point of contact's name, title and phone number for each reference is accurate. PAC may disqualify a Proposer's reference if (1) References fail to substantiate Proposer's description of the services provided; or (2) References fail to support that Proposer has a continuing pattern of providing capable, productive and skilled personnel, or (3) The TTC is unable to reach the point of contact with reasonable effort.

The Proposer must complete and include Required Forms *Exhibit 2, Exhibit 3, and Exhibit 4* as set forth in *Appendix D.* If applicable, the same references may be listed on these forms:

Prospective Contractor References, Exhibit 2. Proposer must provide five (5) references for current or recent clients for whom the Proposer provides the same or similar scope of services to those services set forth in *Appendix A, Statement of Work,* of this RFP. **References for existing contracts/projects with PAC will not be accepted to meet this requirement.** It is important to complete *Exhibit 2* in its entirety for each individual reference. References may be verified at the sole discretion of TTC.

Prospective Contractor List of Contracts, Exhibit 3. The listing must include all contracts with public entities, including existing contracts with the County of Los Angeles, PAC or County related entities (i.e., LACERA), if any, for the last three (3) years. Use additional sheets if necessary. If the Proposer had no County of Los Angeles contracts during the last three years, a statement to that effect should be included.

For each reference included on Exhibit 2, Prospective Contractor References and Exhibit 3, Prospective Contractor List of Contracts indicate the type of plan, size of assets, number of investment options, term of contract and description of services provided. Use additional pages, if necessary, and attach it to *Exhibits 2 and 3* accordingly.

Prospective Contractor List of Terminated Contracts, Exhibit 4. The listing must include all contracts terminated (i.e., discontinued prior to the scheduled expiration date) within the past three (3) years with the reason for termination.

3. Proposer's Pending Litigation and Judgments (Section C.3)

   Litigation (Employee): Identify if any officer or principal of the firm and those to be assigned to the contract have been involved in any litigation relating to proxy voting activities during the last five (5) years. If so, describe and provide the current status.

   Litigation (Corporate): Identify by name, case and court jurisdiction any pending litigation in which Proposer is involved, or judgments against Proposer in the past five (5) years. Provide a statement describing the size and scope of any pending or threatening litigation against the Proposer or principals of the Proposer.

4. Proof of Insurability (Section C.4)

   Vendor **must** provide proof of insurability that meets insurance requirements set forth in the ***Appendix C – Sample Contract, Subparagraphs 9.25 and 9.26.*** If a Proposer does not currently have the required coverage, a letter indicating a willingness to provide the required coverage should the Proposer be selected to receive a Contract award may be submitted with the proposal.

5. Applicable Licenses and/or Permits (Section C.5)

   Provide copies of all applicable licenses and/or permits. When a license specifies the post office address of the activity licensed, the licensee may conduct such activity only at the address specified in the license.

6. Financial Capability (Section C.6)

   Proposers must provide copies of the company's most recent three (3) fiscal years (for example 2013, 2012, and 2011) audited financial statements. **If audited statements are available, these should be submitted to meet this requirement. If audited statements for the three (3) most recent fiscal years are not**

**available, this will result in a lower score in this category during the evaluation process as set forth in Evaluation Criteria 9.0, Subparagraph 9.1, 3., Financial Capability).** Statements should include the company's assets, liabilities and net worth. At a minimum, include the Balance Sheet (Statement of Financial Positions), Income Statement (Statement of Operations), and the Retained Earnings Statement. Proposer's Income Tax Returns will not meet this requirement. Financial statements will be kept confidential if so stamped on each page. If audited statements are not submitted, a statement as to why they were not audited must be included in this section.

7.6.7 Section D - Proposer's Approach to Provide Required Services

Present a description of the methodology and schedule of work the Proposer will use to meet Contract work requirements. Describe in detail how the services will be performed to meet the intent of the required services stated in *Appendix A, Statement of Work,* of this RFP. Complete the appropriate section of the Pricing Schedule for the 457 Plan and/or 401(k) Plan that you are submitting a proposal.

Describe in detail:

1. Proxy Voting Experiences: Proposer's experiences to provide the required services.

2. Workload Policies: Describe the policies that are in effect to control workload. Provide the maximum limit on the number of accounts that each service provider staff may handle.

3. Horizons and/or Savings Plans: Identify whether your firm is submitting a proposal for the 457 Plan and/or 401(k) Plan. Fully describe the services your firm will provide by responding to the following items as stated in *Appendix A, Statement of Work,* of this RFP. In responding to the items, please format your response with a restatement of the requested information followed by your firm's response.

    a. Views and Procedures: Describe your view and procedures implementing the 457 Plan and/or 401(k) Plan proxy voting program services. Identify potential recommendations your firm would propose to PAC to improve the Plans proxy voting program services and how your firm can provide superior proxy voting program services.

    b. Approach and Resources: Describe your approach and resources your firm would employ as a basis to provide optimal proxy voting program services to the Plans' investment assets and the relationship with the Plans respective investment

managers.

c. Legislative Issues: Describe your approach and resources your firm would employ as a basis to provide proxy voting program services as affected by legislative, compliance and administrative changes and trends in DC plans.

d. Domestic Proxy Voting Program Services: Describe your domestic proxy voting program services. Describe your procedure for ensuring that all relevant issues are being addressed.

e. Non-U.S. Proxy Voting: Describe your non-U.S. proxy voting program capabilities. When did you begin providing non-U.S. proxy voting services? Provide a brief history of your non-U.S. proxy voting operations including the dates of implementation of key requirements and enhancements.

   List your proxy voting agent(s) and the year the current relationship was initiated. What criteria do you use to select your agents? How frequently do you review agent relationships? How often does your organization assess political and market risk in a foreign country? What agents have been terminated in the last three years and why?

f. Proxy Voting System: Describe your proxy voting system.

   i. Do you vote individually by client proxy voting policies or do you group similar client policies and vote as a group?

   ii. Do you provide statistical analysis on the various entities you voted on by client and/or by industry?

   iii. What other reporting can you provide?

   iv. Can you provide online web-based access to your reports? Describe your on-line capabilities.

      How soon after year-end are annual reports available? What type of reports are available for printing and downloading? What custom report generation services do you provide for clients?

   v. Describe your disaster recovery plans for providing continuing service in the event of a disaster. Include time frame for resuming service.

7.6.8 Section E - Proposer's Quality Control Plan

Present a comprehensive Quality Control Plan to be utilized by the Proposer as a self-monitoring tool to ensure the required services are provided as specified in Appendix A, SOW and Appendix C, Sample Contract.

The following factors may be included in the plan:

1. Activities to be monitored to ensure compliance with all Contract requirements;

2. Monitoring methods to be used;

3. Frequency of monitoring;

4. Samples of forms to be used in monitoring;

5. Title/level and qualifications of personnel performing monitoring functions; and

6. Documentation methods of all monitoring results, including any corrective action taken.

7.6.9 Section F - Acceptance/Exception to Terms and Conditions in Sample Contract, and Requirements of the SOW

1. It is the duty of every Proposer to thoroughly review the Sample Contract and SOW to ensure compliance with all terms, conditions and requirements. It is the PAC's expectation that in submitting a proposal the Proposers will accept, as stated, the PAC's terms and conditions in the Sample Contract and the PAC's requirements in the SOW. However, the Proposers are provided the opportunity to take exceptions to the PAC's terms, conditions, and requirements.

2. Section F of Proposer's response must include:

   a. A statement offering the Proposer's acceptance of or exceptions to all terms and conditions listed in Appendix C, Sample Contract.

   b. A statement offering the Proposer's acceptance of or exceptions to all requirements listed in Appendix A, SOW; and

   c. For each exception, the Proposer shall provide:

      i. An explanation of the reason(s) for the exception;

ii. The proposed alternative language (if any); and

iii. A description of the impact (if any) to the Proposer's pricing.

3. Indicate all exceptions to the Sample Contract and/or the SOW by providing a 'red-lined' version of the language in question. The PAC relies on this procedure and any Proposer who fails to make timely exceptions as required herein, may be barred, at the PAC's sole discretion, from later making such exceptions.

   The PAC reserves the right to determine if Proposers' exceptions are material enough to deem the proposal non-responsive and not subject to further evaluation.

   The PAC reserves the right to make changes to the Sample Contract and its appendices and exhibits at their sole discretion.

7.6.10 Section G – Proposal Required Forms

Proposal shall include all completed, signed, and dated forms identified in Appendix D - Required Forms.

Exhibit 1 Proposer's Organization Questionnaire/Affidavit

Exhibit 2 Prospective Contractor Reference

Exhibit 3 Prospective Contractor List of Contractors

Exhibit 4 Prospective Contractor List of Terminated Contracts

Exhibit 5 Certification of No Conflict of Interest

Exhibit 6 Familiarity with the County Lobbyist Ordinance Certification

Exhibit 7 Request for Local SBE Preference Program Consideration and CBE Firm/Organization Information

**Note: Proposer must already be certified as a Local SBE prior to proposal submission to be eligible to request the Proposal be considered for the Local SBE Preference.**

Exhibit 8 Proposer's EEO Certification

Exhibit 9 Attestation of Willingness to Consider GAIN/GROW Participants

Exhibit 10 Contractor Employee Jury Service Program –

Certification Form and Application for Exception

Exhibit 11 Price Schedule (should be included in the Cost Proposal)

Exhibit 12 Certification of Independent Price Determination and Acknowledgement of RFP Restrictions

Exhibit 13 Certification of Compliance with the County's Default Property Tax Reduction Program

Exhibit 14 Disabled Veteran Business Enterprise Preference Program

7.6.11 Section H – Green Initiatives

Proposer must entitle Section H as "Green Initiatives" and should present a description of your firm's proposed plan for complying with the "green" requirements as specified in Appendix A, Statement of Work, Paragraph 4.0. Describe your firm's current "green" environmental policies and practices and those proposed to be implemented.

7.6.12 Section I – Proposer's Implementation Process

1. Describe your approach to the implementation process of transitioning from the current provider to your proxy system.

2. Provide a list of potential transition and implementation issues and how your firm would handle and resolve these issues in a timely manner.

7.6.13 Last Page of Proposal

The last page of the proposal must list names of all joint ventures, partners, subcontractors or others having any right or interest in the Contract or the proceeds thereof. The page must include the signature of the person authorized to bind the Proposer in a contract, as follows:

Respectfully submitted,
*(Signature of Person Authorized to bind Proposer)*

(Proposer's name and address and names and addresses of joint ventures, partners, subcontractors or other parties)

By_____
By_____
Date_____
Address_____

City_____
Telephone_____

## 7.7 Cost Proposal Format

7.7.1 Cover Page identifying, at a minimum, the RFP and the Proposer's name.

7.7.2 Use the Pricing Schedule in *Exhibit 11, Pricing Schedule,* to indicate the fees to be billed for the term of the contract including any extensions.

7.7.3 Section E shall be based on costs specific to the service component. Proposer must complete and include *Exhibit 11, Pricing Schedule* and *Exhibit 12, Certification of Independent Price Determination & Acknowledgement of RFP Restrictions* of *Appendix D, Required Forms* of this RFP.

7.7.4 The cost proposal indicated on *Exhibit 11, Pricing Schedule*, shall include domestic equity fees and non-US fees.

7.7.5 In completing *Exhibit 11, Pricing Schedule*, the Proposer may select from the following options to develop fees for the 457 Plan and/or 401(k) Plan, as detailed in *Appendix A, Statement of Work*:

1. Individual Plan(s): The Proposer shall provide the annual fees required to complete the proposed SOW for the 457 and/or 401(k) Plan, with separate fees identified for each Plan; and/or

2. Both Plans – 457 and 401(k): The Proposer shall provide the annual fees required to complete the proposed SOW for the 457 and 401(k) Plans (with a cost breakdown by Plan), with a combined fee identified for Both Plans.

7.7.6 In the event fee estimates are not acceptable, the PAC reserves the right to negotiate fees.

## 7.8 Proposal Submission

Proposer must submit seven (7) complete sets individually bound of the Proposal (one (1) original clearly marked and six (6) numbered copies), enclosed in a sealed envelope or box, plainly marked in the upper left-hand corner with the name and address of the Proposer and bear the words: **"RFP DEFERRED COMPENSATION AND THRIFT PLAN PROXY VOTING PROGRAM SERVICES and/or RFP SAVINGS PLAN PROXY VOTING PROGRAM SERVICES – RFP NUMBER – TTC RFP 2015-01 PVPS**" in the lower left-hand corner. The Proposal(s) shall be delivered or mailed to:

County of Los Angeles
Treasurer and Tax Collector
500 West Temple Street – Room 432
Los Angeles, California 90012
Attention: Glenn Byers, Assistant Treasurer and Tax Collector

**Proposals are due no later than 12:00 p.m. (Pacific Time) as listed in Subparagraph 7.2, RFP Timetable. Late Proposals will not be accepted. It is the sole responsibility of the submitting Proposer to ensure that its Proposal is received before the submission deadline. Submitting Proposer shall bear all risks associated with delays in delivery by any person or entity, including but not limited to U.S. Mail. Any proposal received after the scheduled closing time for receipt of Proposals, as listed in Subparagraph 7.2, RFP Timetable, will be returned to the sender unopened. Timely hand-delivered Proposals are acceptable. Timely electronic mail (e-mail) copy of the Proposal will be accepted provided the hard bound copies of the Proposal are delivered by 12:00 p.m. (Pacific Time) one day after the due date.**

### 7.9 Proposal Withdrawal

All proposals to perform the services, the scope of which is set forth in this Request for Proposal (RFP) for the 457 Plan and/or 401(k) Plan Proxy Voting Program Services, shall remain an irrevocable offer of up to and including 300 days following the RFP submission due date as specified in Subparagraph 7.2, RFP Timetable.

## 8.0 SELECTION PROCESS

### 8.1 Selection Process

The PAC reserves the sole right to judge the contents of the proposals submitted pursuant to this RFP and to review, evaluate and select the successful proposal(s). The selection process will begin with receipt of the proposals **at 12:00 p.m. (Pacific Time) as listed in Subparagraph 7.2, RFP Timetable.**

8.1.1 Evaluation of the proposals will be made by an Evaluation Committee. The Evaluation Committee will evaluate the proposals and will use the evaluation approach described herein to rank proposals according to their composite scores. The highest scoring proposals will be included on a list of finalists from which the top two (2) or three (3) candidates will be invited to do a presentation before the PAC. Subsequent to the PAC presentations, a Contractor(s) will be selected by the PAC for negotiation. The TTC and the Contractor(s) will negotiate a Contract for final approval by the PAC. If a satisfactory Contract cannot be negotiated, the TTC may, at its sole discretion,

begin contract negotiations with the next highest scoring Proposer who submitted a proposal, as determined by the PAC.

8.1.2 The recommendation to award a Contract will not bind the PAC to award a Contract to the prospective Contractor.

8.1.3 The PAC retains the right to select a Proposer other than the Proposer receiving the highest score if the PAC or its designee determines, in its sole discretion, another Proposer is the most overall qualified, cost-effective, responsive, responsible and in the best interests of the PAC.

## 8.2 Adherence to Minimum Mandatory Requirements (Pass/Fail)

The TTC shall review the Proposer's Organization Questionnaire/Affidavit - Exhibit 1 of Appendix D, Required Forms, and determine if the Proposer meets the minimum requirements as outlined in Paragraph 3.0 of this RFP. Failure of the Proposer to comply with the minimum requirements may eliminate its proposal from any further consideration. The PAC may elect to waive any informality in a proposal if the sum and substance of the proposal is present.

## 8.3 Disqualification Review

A proposal may be disqualified from consideration because the TTC determined it was a non-responsive proposal at any time during the evaluation process. If the TTC determines that a proposal is disqualified due to non-responsiveness, the TTC shall notify the Proposer in writing.

Upon receipt of the written determination of non-responsiveness, the Proposer may submit a written request for a Disqualification Review within the timeframe specified in the written determination. A request for a Disqualification Review may, in the TTC's sole discretion, be denied if the request does not satisfy all of the following criteria:

8.3.1 The firm/person requesting a Disqualification Review is a Proposer;

8.3.2 The request for a Disqualification Review is submitted timely(i.e., by the date and time specified in the written determination); and,

8.3.3 The request for a Disqualification Review asserts that the department's determination of disqualification due to non-responsiveness was erroneous (e.g., factual errors, etc.) and provides factual support on each ground asserted as well as copies of all documents and other material that support the assertions.

The Disqualification Review shall be completed and the TTC determination shall be provided to the Proposer, in writing, prior to the conclusion of the evaluation process.

## 8.4 Proposed Contractor Selection Review

### 8.4.1 Debriefing Process

Upon PAC's approval, and prior to entering negotiations with the selected Proposer(s), the TTC shall notify the remaining Proposers in writing that the department is entering negotiations with another Proposer. Upon receipt of the letter, a Proposer may request a Debriefing within the time specified in the letter. A Debriefing will not be provided unless the request is made within the timeframe specified.

The purpose of the Debriefing is to compare the requesting Proposer's response to the solicitation document with the evaluation document. The requesting Proposer shall be debriefed only on its response. Because contract negotiations are not yet complete, responses from other Proposers shall not be discussed, although the TTC may inform the requesting Proposer of its relative ranking.

During or following the Debriefing, the Department will instruct the requesting Proposer of the manner and timeframe in which the requesting Proposer must notify the Department of its intent to request a Proposed Contractor Selection Review (see Section 8.4.2 below), if the requesting Proposer is not satisfied with the results of the Debriefing.

### 8.4.2 Proposed Contractor Selection Review

Any Proposer that has timely submitted a notice of its intent to request a Proposed Contractor Selection Review as described in this Section may submit a written request for a Proposed Contractor Selection Review, in the manner and timeframe as shall be specified by the TTC.

A request for a Proposed Contractor Selection Review may, in the TTC's sole discretion, be denied if the request does not satisfy all of the following criteria:

1. The person or entity requesting a Proposed Contractor Selection Review is a Proposer;

2. The request for a Proposed Contractor Selection Review is submitted timely (i.e., by the date and time specified by the TTC);

3. The person or entity requesting a Proposed Contractor Selection Review asserts in appropriate detail with factual reasons one or more of the following grounds for review:

   a. The TTC materially failed to follow procedures specified in its solicitation document. This includes:

      i. Failure to correctly apply the standards for reviewing the proposal format requirements.

      ii. Failure to correctly apply the standards and/or follow the prescribed methods for evaluating the proposals as specified in the solicitation document.

      iii. Use of evaluation criteria that were different from the evaluation criteria disclosed in the solicitation document.

   b. The TTC made identifiable mathematical or other errors in evaluating proposals, resulting in the Proposer receiving an incorrect score and not being selected as the recommended contractor.

   c. A member of the Evaluation Committee demonstrated bias in the conduct of the evaluation.

   d. Another basis for review as provided by state or federal law.

4. The request for a Proposed Contractor Selection Review sets forth sufficient detail to demonstrate that, but for the TTC's alleged failure, the Proposer would have been the lowest cost, responsive and responsible bid or the highest-scored proposal, as the case may be.

   Upon completing the Proposed Contractor Selection Review, the TTC shall issue a written decision to the Proposer within a reasonable time following receipt of the request for a Proposed Contractor Selection Review, and always before the date the contract is to be awarded by the PAC. The written decision shall additionally instruct the Proposer of the manner and timeframe for requesting a PAC Independent Review as set forth below.

### 8.5 PAC Independent Review Panel Process

Any Proposer that is not satisfied with the results of the Proposed Contractor Selection Review may submit a written request for a PAC Independent Review Panel in the manner and timeframe specified by the TTC in the TTC’s written decision regarding the Proposed Contractor Selection Review.

A request for the PAC Independent Review Panel may, in the PAC's sole discretion, be denied if the request does not satisfy all of the following criteria:

8.5.1 The person or entity requesting a PAC Independent Review is a Proposer;

8.5.2 The request for a PAC Independent Review Panel is submitted timely (i.e., by the date and time specified by TTC); and

8.5.3 The person or entity requesting review by a PAC Independent Review Panel has limited the request to items raised in the Proposed Contractor Selection Review and new items that (a) arise from TTC's written decision and (b) are one of the appropriate grounds for requesting a Proposed Contractor Selection Review as listed in Section 1.4 above.

Upon completion of the Panel's Review, the Panel will forward its report to the TTC, which will provide a copy to the Proposer.

## 9.0 EVALUATION CRITERIA

**Evaluation Criteria (100%)**

Proposals will be evaluated based on the criteria listed below. All evaluated proposals will receive a composite score and be ranked in numerical sequence from high to low. The Evaluation Committee may utilize the services of appropriate experts to assist in this evaluation. The Evaluation Committee will invite the two (2) or three (3) highest scoring Proposers being evaluated to make an oral presentation to the PAC. PAC will select the Proposer(s) from among the presenters or at PAC's discretion, reject all presenters and request a new RFP.

The Proposer will be evaluated on willingness to accept Terms and Conditions outlined in the *Appendix C, Sample Contract*. All exceptions, if any, to the Terms and Conditions will be evaluated together with reasons, proposed alternative language, and impact, if any, on the Proposer's price.

The PAC may deduct up to 25% of the total score from any proposal that takes exception to a contract clause or, in its sole discretion, determine that such exceptions are material enough to deem the proposal non-responsive. Proposers are further notified that the PAC may, in its sole determination, disqualify any Proposer with whom the PAC cannot satisfactorily negotiate a Contract.

## 9.1 Proposer's Qualifications (35%)

### 9.1.1 Proposer's Background and Experience (25%)

Proposer will be evaluated on their assigned personnel's proxy voting program services experiences in large defined contribution plans (especially 457 plans). The firm must have adequate staff, including experienced proxy voting services professionals and technical resources to properly service the Plans. Proposer will be evaluated on their depth and breadth of proxy voting services expertise and capacities within defined contribution plans, including laws and regulations based on information provided.

### 9.1.2 Proposer's References (10%)

Proposer will be evaluated on the verification of references as provided. In addition to the references provided, an evaluation of the Proposer's references review will include the County's Contract Database reflecting past performance history on County contracts, a review of terminated contracts and a review to determine the magnitude of any pending litigation or judgments against the Proposer.

### 9.1.3 Financial Capability (low, medium, high risk)

Evaluation of the Proposer's financial capability based on a review of the financial statements provided. The PAC reserves the right, in its sole discretion, to disqualify the proposer where the proposer's financial statements demonstrate a risk which the PAC determines, in its sole discretion, it cannot assume.

## 9.2 Proposer's Reporting and On-line Services (20%)

The Proposer will be evaluated on its approach in providing a thorough description of the services identified in the SOW and a thorough description of the proxy voting services and functions as requested in support of the SOW. Proposer shall demonstrate that they can provide accurate, timely and thorough services that are reported in a simple and clear format to the PAC.

## 9.3 Proposer's Cost to Provide the Required Services (40%)

The proposed cost(s) to provide the proposed SOW – Component(s) shall be evaluated and scored according to cost. The maximum number of possible points will be awarded to the lowest cost proposal. All other proposals will be compared to the lowest cost and points awarded accordingly.

However, should one or more of the Proposers request and be granted the Local SBE Preference, the cost component points will be added based on the PAC's discretion.

### 9.4 Proposer's Implementation Process (5%)

The Proposer's implementation process will be evaluated for its efficiency, timeliness, and accuracy of process.

# APPENDIX A

# STATEMENT OF WORK
# FOR PROXY VOTING PROGRAM SERVICES

**APPENDIX A**
**STATEMENT OF WORK**
**PROXY VOTING PROGRAM SERVICES**

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# STATEMENT OF WORK

This Statement of Work is attached as Appendix A to the Proxy Voting Program Services Contract (the "Contract"), between the [Deferred Compensation & Thrift Plan Administrative Committee] and [Savings Plan Administrative Committee] and {Contractor} (the "Contractor"). Pursuant to the terms of the Contract, Contractor shall assume fiduciary responsibility for the proxy voting of participant assets of the [Deferred Compensation & Thrift Plan] and [Savings Plan] (collectively known as the "Plans").

{Contractor} shall provide all of the work detailed below pursuant to the terms of the Contract, including the Pricing Schedule, and execute services in accordance with the most current tax and securities laws and regulations.

Capitalized terms that are not defined in this Statement of Work are used as defined in the Contract.

## SECTION 1.0 The Goal of Proxy Voting

1.1 <u>The Goal</u>

To encourage good corporate governance with the ultimate goal of enhancing participant returns. The Proxy Voting Program primarily focuses on U.S. based (domestic) publicly traded companies. The Proxy Voting Program Policy and Guidelines is incorporated in the Deferred Compensation and Thrift Plan [and] Savings Plan's Investment Policy (Exhibit J) and will provide direction on voting the proxy.

## SECTION 2.0 Providing Ongoing Services to Vote the Proxy

2.1 <u>Research, Analysis and Evaluation Procedures</u>

Contractor shall: (1) research, analyze and evaluate proxy issues to ensure that votes are cast in accordance with the policies, guidelines and goals established by the PAC, (2) analyze the legal/regulatory, financial, and/or social impacts on the organization and the effect a vote may have on the long-term value of plan holdings, and (3) annually review and update the Proxy Policy based on the goal to encourage good corporate governance which ultimately enhance participant returns.

2.2 <u>Execution of Proxy Voting Program</u>

Contractor shall execute proxy votes with the assurance that a clear audit trail exists detailing the voting procedures and actions taken in individual proxy voting situations.

2.3 Monitoring Procedures

Contractor shall monitor, review, and track the actual votes cast. Monitoring shall be performed to ensure the accuracy and appropriateness of the votes cast. Also, Contractor shall, as part of its annual presentation to the PAC (as described in subparagraph 2.4 below), describe its methodology for reconciling share discrepancies and tracking missing proxies.

2.4 Contractor's Report

Contractor shall summarize the proxy environment, recent proxy developments and issues, and all the proxy votes casted on a well-defined report for presentation to the PAC. In addition, Contractor shall provide hard copies and an electronic PDF file of the proxy votes cast with supporting reasons on how votes were cast by individual company and by investment manager investment company.

## SECTION 3.0 Presentation

3.1 Presentation

Upon completion of the services described above, the Contractor shall be required to present and discuss their results annually to the PAC during scheduled meeting(s), and upon PAC's request as needed.

## SECTION 4.0 Green Initiatives

4.1 Green Initiatives

The Contractor shall use reasonable efforts to initiate "green" practices for environmental and energy conservation benefits. Furthermore, the Contactor shall notify PAC Project Manager of Contractor's new green initiatives prior to the contract commencement.

# APPENDIX B

## STATEMENT OF WORK EXHIBITS

## PROXY VOTING PROGRAM SERVICES

## APPENDIX B - STATEMENT OF WORK EXHIBITS

## EXHIBIT B-1

## HORIZONS PLAN INVESTMENT MANAGERS

| **Equity Separate Accounts** | **Asset Classes** |
|---|---|
| Artisan Partners Limited | Mid-Cap Growth |
| Brandywine Asset Management, Inc. | Small Cap Value |
| Causeway Capital Management LLC | International Value |
| NorthPointe Capital[1] | Small Cap Growth |
| Peregrine Capital Management, Inc. | Small Cap Growth |
| Phocas Financial | Small Cap Value |
| Sasco Capital Inc. | Mid Cap Value |
| WEDGE Capital Management | Mid Cap Value |
| William Blair & Company | Mid Cap Growth |

| **Equity Retail and Institutional Funds** | |
|---|---|
| Capital Guardian Trust Company | International Growth |
| Dimensional Fund Advisors | EM Equity & Small-Cap Value |
| Dodge & Cox Investment Managers | Balanced |
| JP Morgan Asset Management | Commercial Real Estate |
| Mellon Capital Management | Global Alpha I |
| PIMCO | All Assets |
| State Street Global Advisors | S&P 500; Mid Cap; Small Cap Indices |
| State Street Global Advisors | Real Asset Index |
| Wellington Management Company, LLP | Unconstrained Theme |

| **Fixed Income Separate Accounts** | |
|---|---|
| Invesco | Stable Value |
| TCW MetWest | Core |

| **Fixed Income Retail and Institutional Funds** | |
|---|---|
| Loomis, Sayles & Company, L.P. | Core Plus |
| PIMCO | High Yield |
| Standish Mellon Asset Management | EM Debt |
| State Street Global Advisors | TIPs Index |

Note: 1 – To be replaced with two small cap growth managers.

## APPENDIX B - STATEMENT OF WORK EXHIBITS

## EXHIBIT B-2

## SAVINGS PLAN INVESTMENT MANAGERS

| **Equity Separate Accounts** | **Asset Classes** |
|---|---|
| ICM Asset Management, Inc. | Small-Cap Value |
| Mainstay ICAP Investment Managers | Large-Cap Value |
| MFS Investment Management | International Core |
| Sound Shore Management, Inc. | Large-Cap Value |
| TCW Asset Management Company | Large-Cap Growth |

| **Equity Retail and Institutional Funds** | |
|---|---|
| Dimensional Fund Advisors | Emerging Markets (EM) Equity |
| Dodge & Cox Investment Managers | Balanced |
| JP Morgan Asset Management | Commercial Real Estate |
| Mellon Capital Management | Global Alpha I |
| PIMCO | All Assets |
| State Street Global Advisors | S&P 500; Mid-Cap; Small-Cap Indices |
| State Street Global Advisors | Real Asset Index |
| T. Rowe Price Investment Managers | Small-Cap Growth |
| Wellington Management Company, LLP | Unconstrained Theme |

| **Fixed Income Separate Accounts** | |
|---|---|
| Invesco | Stable Value |
| Metropolitan West | Core Bond |

| **Fixed Income Retail and Institutional Funds** | |
|---|---|
| Loomis, Sayles & Company, L.P. | Core Plus Bond |
| PIMCO | High Yield |
| Standish Mellon Asset Management | EM Debt |
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# APPENDIX C

# SAMPLE RFP CONTRACT

## CONTRACT # 457-15PXY

## PROXY VOTING PROGRAM SERVICES

## BY AND BETWEEN
## COUNTY OF LOS ANGELES
## DEFERRED COMPENSATION AND THRIFT
## PLAN ADMINISTRATIVE COMMITTEE

## AND

## PROXY VOTING PROGRAM SERVICES PROVIDER

## FOR

## PROXY VOTING PROGRAM SERVICES

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**EXHIBITS SPECIFICALLY TO THE COUNTY DEFINED CONTRIBUTION PLANS**

J STATEMENT OF INVESTMENT POLICY

K TRADE RESTRICTION POLICY

# CONTRACT BETWEEN
# COUNTY OF LOS ANGELES
# DEFERRED COMPENSATION AND THRIFT PLAN
# ADMINISTRATIVE COMMITTEE
# AND
# PROXY VOTING PROGRAM SERVICES PROVIDER
# FOR PROXY VOTING PROGRAM SERVICES
# CONTRACT NO: 457-15PRX

This Contract and Exhibits made and entered into this ___ day of_____, 2015 by and between the County of Los Angeles Plan Administrative Committee, hereinafter referred to as ("PAC") and _____, hereinafter referred to as Contractor as Proxy Voting Program Provider, is located at _____.

## ***RECITALS***

WHEREAS, the County of Los Angeles ("County") has established the County of Los Angeles Deferred Compensation and Thrift Plan ("Plan"), a deferred compensation plan governed under Section 457 of the Internal Revenue Code as amended in 1986,

WHEREAS, under Section 5.25.090 of the Los Angeles County Code, the PAC has authority to contract with one or more private firms for services related to the Plans, consistent with Article IX Civil Service Section 44.7 of the Los Angeles County Charter and Chapter 7, Conflict of Interest, of Title 9 of the California Government Code (Section 87100, et seq);

WHEREAS, the PAC has determined that it is in the best interests of the Plan, its members, and participants to contract with Contractor to act as proxy voting consultant and the Contractor desires to provide such services to the Plan;

WHEREAS, Contractor is a private firm duly constituted in accordance with all applicable laws to render proxy voting program services, and is authorized to conduct the business of a proxy voting program services in the State of California; and

WHEREAS, PAC and Contractor desire to establish a proxy voting services to provide for the proxy voting of certain assets beneficially owned by the Plan.

NOW THEREFORE, in consideration of the above stated recitals, the mutual covenants, representations and undertakings contained herein, and for good and valuable consideration, the Plan and Contractor agree to the following:

## 1.0 APPLICABLE DOCUMENTS

Exhibits A, B, D, E, F, G, H, I, J, and K 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 and the Exhibits, or between Exhibits, such conflict or inconsistency shall be resolved by giving precedence first to the Contract and then to the Exhibits according to the following priority.

**Standard Exhibits:**

EXHIBIT A - Statement of Work
EXHIBIT B - Pricing Schedule
EXHIBIT C - Certification of No Conflict of Interest
EXHIBIT D - Contractor's EEO Certification
EXHIBIT E - PAC's Administration
EXHIBIT F - Contractor's Administration
EXHIBIT G - Forms Required at the Time of Contract Execution
EXHIBIT H - Jury Service Ordinance
EXHIBIT I - Safely Surrendered Baby Law

**Exhibits Specifically to the County Defined Contribution Plans:**

EXHIBIT J - Statement of Investment Policy
EXHIBIT K - Trade Restriction Policy

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 Subparagraph 8.4 – Change Notices and Amendments and signed by both parties.

## 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. Unless the context otherwise requires, the masculine, feminine and neuter genders and the singular and plural include one another.

**2.1 Account:** means the custody account established and maintained by the Plan Custodian for the safekeeping of Plan's Property and

collectively comprises individual sub-accounts (Sub-Account) to hold such Property created for Plan and for each of Plan's Investment Managers.

**2.2** **Affiliate:** means the Contractor and an affiliate of Contractor having the same parent corporation as Contractor.

**2.3** **Agent(s):** means any agents, representatives or subcontractors acting on behalf of Contractor pursuant to this Contract but, for avoidance of doubt, shall not include any clearing facility, book-entry system or similar organization.

**2.4** **Authorized Person:** means any employee or agent of PAC, including any investment manager which PAC may designate to manage Property held by Plan's Custodian, who are authorized to issue Authorized Instructions.

**2.5** **Authorized Instructions:** means all directions and instructions to Contractor from any Authorized Person shall be in writing and transmitted by first class mail, facsimile, or other electronic transmission.

**2.6** **Contractor:** The sole proprietor, partnership, or corporation that has entered into a contract with the PAC to perform or execute the work covered by the Statement of Work.

**2.7** **Contractor Project Director:** The individual designated by the Contractor as principal officer to oversee contractual or administrative matters relating to this Contract that cannot be resolved by the Contractor Project Manager.

**2.8** **Contractor Project Manager:** The individual designated by the Contractor to administer the Contract operations after the Contract award.

**2.9** **Contractor's Proposal:** means the document which Contractor prepared in response to PAC Request for Proposal to provide domestic and global proxy voting program services, which document describes the proxy voting and related services that Contractor offers to provide to Plan and the general terms under which Contractor will provide such services.

**2.10** **Certificate:** means the form of *Certification of No Conflict of Interest*, attached hereto as *Exhibit C*, which Contractor will file with PAC at least annually.

**2.11 Claims:** means any and all claims, damages, losses, liabilities, suits, costs, charges, expenses (including but not limited to reasonable attorneys' fees and costs), judgments, fines and penalties, of any nature whatever, which may be asserted or brought against either or both parties hereto in connection with the performance of this Contract.

**2.12 Contract:** Agreement executed between PAC and Contractor. It sets forth the terms and conditions for the issuance and performance of the *Statement of Work, Exhibit A*.

**2.13 County:** County of Los Angeles.

**2.14 Custodian:** Is the entity that maintains the custody of the Plan's assets, providing custodial arrangements, stock transfer and registration, and other related services.

**2.15 Day(s):** Calendar day(s) unless otherwise specified.

**2.16 Distributions:** means any and all interest, payment in lieu of interest, dividends or other distributions declared or paid on Securities owned by Plan.

**2.17 Effective Termination Date:** means date PAC terminates this Contract in its entirety without cause at any time by delivering to Contractor a written Notice of Termination for Convenience, which specifies the extent to which Contractor's performance of work is terminated and the date to cease work hereunder. The Effective Termination Date shall be the date on which the proxy voting program services hereunder will formally cease, as specified in the Notice of Termination, after Notice of Termination is delivered to Contractor. In no event shall Plan's termination of this Contract be deemed a waiver of Plan's right to make a claim against Contractor for damages resulting from any default by Contractor or its Agents which occurred prior to the Effective Termination Date.

**2.18 Excess Costs:** Any reasonable costs which Plan incurs for the provision of proxy voting program services from another proxy voting contractor or similar service provider other than Contractor if and when Plan terminates this Contract for default.

**2.19 Fed Funds Rate:** means the average Federal Funds rate as published daily in the Wall Street Journal, which rate shall be used to calculate any interest required to be paid under this Contract unless otherwise specified herein.

**2.20 Intentionally Omitted**

**2.21 Investment Manager:** Any entity providing investment asset management advisory services to the Plan unless otherwise specified herein.

**2.22 Notice of Suspension:** A notice delivered by PAC to Contractor limiting or suspending Contractor's authority to enter into any agreement binding upon Plan.

**2.23 Notice of Termination for Convenience:** A notice delivered by one party to the other when the notifying party wishes to terminate this Contract for its convenience.

**2.24 Notice of Termination for Default:** A notice delivered by one party to the other when the notifying party wishes to terminate this Contract due to a default by the other party.

**2.25 Plan Administrative Committee ("PAC"):** Los Angeles County Deferred Compensation and Thrift nine-member Plan Administrative Committee.

**2.26 PAC Project Director:** Person designated by PAC with authority for PAC on contractual or administrative matters relating to this Contract that cannot be resolved by the PAC Project Manager.

**2.27 PAC Project Manager:** Person designated by PAC Project Director to manage the operations under this Contract.

**2.28 PAC Project Monitor:** Person with responsibility to oversee the day to day activities of this Contract. Responsibility for inspections of any and all tasks, deliverables, goods, services and other work provided by the Contractor.

**2.29 Plan Records:** means all records related to the Plan, including but not limited to any pertinent transaction, activity, time sheets, cost, billing,

**2.30 Plan Year:** The twelve (12) month period beginning January 1st and ending December 31st.

**2.31 Pricing Schedule:** The document which sets forth the fees and expenses to be paid to Contractor hereunder, attached as Exhibit B.

**2.32 Property:** Collectively includes cash in any currency, any securities and any other property; provided, however, that the term "Property",

as used herein, shall not include any direct interest in real property, title holding companies, leaseholds or mineral interests.

**2.33 Separate Account:** An investment portfolio created for the Plan by an Investment Manager hired by the Plan for its' participants.

**2.34 Standard of Care:** refers to the standard governing the Contractor's performance as a fiduciary of the Plan under this Contract, which standard requires Contactor to discharge each of its duties and exercise each of its powers under this Contract with the competence, care, skill, prudence and diligence prevailing in the proxy voting program services and which a prudent person acting in a like capacity and familiar with proxy voting program services would use in the conduct of a like enterprise with like aims.

**2.35 Statement of Work ("SOW"):** The document which describes the manner and form of the proxy voting program, reporting and related services which Contractor will provide to Plan, attached as *Exhibit A.*

**2.36 Sub-contractor:** An entity retained by Contractor as the entity which is obligated to perform proxy voting program services for Plan.

**2.37 Termination Invoice:** The final invoice itemizing Contractor's prorated fees and reasonable expenses incurred during the relevant billing period, which Contractor shall submit to PAC no later than three (3) months following the Effective Termination Date.

**2.38 Third Party Administrator ("TPA"):** The administrator the County has designated to provide administration and recordkeeping services for the Plan.

**2.39 Transition Period:** A period of up to twelve (12) months following the Effective Termination Date where Contractor continues to perform those services required hereunder in order to complete any transactions pending on the Effective Termination Date and to facilitate an orderly transition to a successor contractor.

**2.40 Treasurer and Tax Collector ("TTC"):** The Los Angeles County Treasurer and Tax Collector.

**2.41 Trustee:** An entity that performs trust functions with Plan assets held in trust in accordance with the Internal Revenue Code Section 457(a). The Plan's Trustee is directed by the Plan Administrative Committee.

## 3.0 APPOINTMENT OF CONTRACTOR

**3.1 Appointment:** PAC hereby appoints the Contractor as proxy voting program services provider for the Plan. The Contractor and its Agents agree to serve as proxy voting program services provider for the Plan.

**3.2 Discretion:** With respect to proxy voting program services, Contractor has no discretionary authority with respect to investment management of the Account, nor reporting nor disclosure responsibilities to benefit plan participants or governmental regulatory agencies. Contractor shall be under no duty to question any direction of an Authorized Person (as the term is defined in Subparagrph 2.4) with respect to the portion of the Account over which such Authorized Person has authority, to review any property held in the Account, to make any suggestions with respect to the investment and reinvestment of the assets in the Account, or to evaluate or question the performance of any Authorized Person. Contractor shall not be responsible or liable for any diminution of value of any securities or other property held by the Custodian (or Custodian's agents).

## 4.0 SERVICES (WORK) DESCRIPTION

**4.1 Services: Pursuant to the provisions of this Contract, the Contractor shall fully perform, complete and deliver on time, all tasks, deliverables, services and other work in the manner and form described in the body of this Contract and as set forth in the *Statement of Work*, attached hereto as *Exhibit A*.**

**4.2 Standard of Care:** The Contractor agrees that the performance of work and services pursuant to the requirements of this Contract shall conform to the highest professional standards as exist in the Contractor's profession or field of practice.

**4.3 Gratuitous Efforts: 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.**

**4.4 Training Program:** When requested, Contractor shall develop a proxy voting training program for PAC members and County staff on the need and benefits of proxy voting.

## 5.0 CONTRACT SUM

**5.1 Compensation:** The *Statement of Work* described in *Exhibit A* provides for a level of effort by Contractor. In recognition of the varying work effort, the parties agree that all services shall be reimbursed in accordance with the fee or rates set forth in the *Pricing Schedule* attached hereto as *Exhibit B.* Compensation for these efforts as set forth in the *Pricing Schedule* in *Exhibit B* shall be in full force and effect for the entire term of this Contract.

**5.2 Incidental Expenses:** The Contractor shall not be entitled to payment or reimbursement for any tasks or services performed, nor for any out-of-pocket, incidental or administrative expenses whatsoever incurred in or incidental to performance hereunder, except as specified herein.

**5.3 Third Party Performance:** Except as otherwise permitted in Subparagraph 9.1 hereof, assumption or takeover of any of the Contractor's duties, responsibilities, or 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, shall occur only with the PAC express prior written approval.

**5.4 Record Keeping:** The Contractor shall maintain a system of record keeping that will allow the Contractor to determine when it has incurred seventy-five percent (75%) of the total contract authorization under this Contract. Upon occurrence of this event, the Contractor shall send written notification to PAC at the address herein provided in *Exhibit E – PAC's Administration.*

**5.5 No Payment for Services Provided Following Expiration/ Termination of Contract:**

The Contractor shall have no claim against PAC or 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 any such payment it shall immediately notify PAC and shall immediately repay all such funds to Plan. Payment by Plan for services rendered after expiration/termination of this Contract shall not constitute a waiver of PAC's right to recover such payment from the Contractor. This provision shall survive the expiration or other termination of this Contract.

**5.6 Errors and Omissions:** All services performed shall be thorough, complete and secured. Contractor understands that PAC examination of Contractor's work product is discretionary and the Contractor shall not assume PAC will discover errors and/or omissions. In any event, should any errors or omissions be discovered in any services, Contractor will make every effort to provide prompt resolution to the satisfaction of PAC. Should PAC determine that the extent and impact of the Contractor's errors and/or omissions to be substantive, costing the Plan significantly in financial and/or staff resources, the PAC may, in its sole discretion, reduce Contractor's billing to the actual cost of damages incurred by the Plan as determined by PAC.

**5.7 Unanticipated Services:** In the event Contractor is required or requested to perform services which were not anticipated under this Contract, the period for providing written notice to the Plan to renegotiate compensation for such unanticipated services shall be sixty (60) days prior to the expiration of the then current contract term. Any renegotiated compensation shall be set forth in a written amendment to this Contract pursuant to the requirements of Subparagraph 9.4 below. If the parties are unable to agree to an amendment to the *Pricing Schedule*, Plan may terminate this Contract for convenience pursuant to Subparagraph 9.44 below. If such termination occurs, Contractor and its Agents shall continue to provide the services described hereunder for a period not to exceed twelve (12) months following the Effective Termination Date at the compensation set forth in the then current *Pricing Schedule* and subject to all of the terms and conditions of this Contract.

**5.8 Transition Period Fee:** PAC and Contractor shall agree on a Transition Period fee payment upon expiration or termination of Contract. Other than the Transition Period fee payment, Contractor shall have no claim against PAC for payment of any money or reimbursement, of any kind whatsoever, for any service provided by Contractor after the expiration or other termination of this Contract. Should Contractor receive any such payment it shall immediately notify TTC and shall immediately repay all such funds to PAC. Payment by PAC for services rendered after expiration/termination of this Contract shall not constitute a waiver of PAC right to recover such payment from Contractor. This provision shall survive the expiration or other termination of this Contract.

**5.9 Invoices, Payments and Related Issues:**

5.9.1 <u>Invoices</u>

The Contractor shall submit to the PAC monthly fee statement (invoice) within thirty (30) calendar days of the close of the services specified in *Exhibit A - Statement of Work* and elsewhere hereunder. The Contractor's payments shall be as provided in *Exhibit B – Pricing Schedule*. If the PAC does not approve work in writing, no payment shall be due to the Contractor for that work. Invoices shall only cover work already performed; no compensation shall be paid to Contractor in advance of services rendered.

Address the Invoice to the PAC Project Manager and mail to the address provided in *Exhibit E*. The invoice, at minimum, shall include the Contractor's name, payment address, invoice date, billing period, service component, specific services performed during the billing period, amount due and payee name. Contractor shall be responsible for the accuracy of all invoices submitted. Contractor shall be responsible to reconcile or otherwise correct inaccuracies or inconsistencies in invoices submitted.

5.9.2 Payments

All invoices submitted by the Contractor for payment must have the written approval of the PAC Project Manager prior to any payment thereof. In no event shall the PAC be liable or responsible for any payment prior to such written approval. PAC will authorize payment within 30 days following receipt of any undisputed invoice.

5.9.3 Disputed Fees

PAC shall review each invoice and report any discrepancies or disputed fees to Contractor in writing or email within fifteen (15) working days from receipt of an invoice. Within thirty (30) calendar days after Contractor receives PAC notification of any discrepancies or disputed fees, Contractor shall provide PAC a written justification detailing the basis for such fees. If PAC does not hear from Contractor within the thirty (30) calendar day period, the discrepancies noted and charges approved by PAC shall be deemed accepted and agreed to by Contractor. PAC shall authorize payment of disputed fees promptly upon resolution of such dispute to the reasonable satisfaction of PAC and Contractor.

5.9.4 Overpayments of Invoices

Any overpayment received by Contractor shall be returned to PAC within 30 days of discovery by Contractor or notification by PAC Project Manager, whichever occurs first.

5.9.5 Mailing Address

Contractor shall mail invoices to PAC Project Manager as identified in *Exhibit E*.

**5.10 Local Small Business Enterprises – Prompt Payment Program** (if applicable)

Certified Local SBEs will receive prompt payment for services they provide to County departments. Prompt payment is defined as 15 calendar days after receipt of an undisputed invoice.

## 6.0 TERM OF CONTRACT

**6.1 Term of Contract:** The Term of this Contract shall be three years commencing upon approval by the PAC on the date first set forth above. Thereafter, unless Contractor is notified by PAC prior to any extension, the Contract will automatically renew for up to two additional one-year periods, and six month-to-month extensions until a new contract is signed, unless the Contract is sooner terminated by the PAC pursuant to the provisions of Subparagraphs 9.43 to 9.50.

**6.2 Annual Renewals:** For each one-year term renewal of this Contract, the *Pricing Schedule* attached hereto as *Exhibit B – Pricing Schedule* shall remain the same as that which applies to the then current contract term for all services which Contractor has performed or is reasonably expected to render during such term. For each month-to-month extension, Contractor will be compensated 1/12$^{th}$ of the then current annual cost as set forth in *Exhibit B – Pricing Schedule*.

The Contractor shall notify the PAC when this Contract is within six (6) months from the expiration of the term and any extension thereto as provided for hereinabove. Upon occurrence of this event, the Contractor shall send a written notification to the PAC at the address herein provided in *Exhibit E - PAC's Administration.*

# 7.0 ADMINISTRATION OF CONTRACT - PAC

**Administration**

A listing of all PAC Administration referenced in the following Subparagraphs are designated in *Exhibit E – PAC's Administration*. The PAC shall notify the Contractor in writing of any change in the names or addresses shown.

**Personnel**

The PAC shall assign a PAC Project Director and a PAC Project Manager to provide overall management and coordination of the Contract and act as liaisons for the PAC. The PAC Project Director shall provide information to the Contractor in areas relating to policy and procedural requirements and the PAC Project Manager will monitor the Contractor's performance during the Term of the Contract. The PAC shall inform the Contractor in writing of the name, address, and telephone number of the individuals designated to act as PAC Project Director and PAC Project Manager, or any alternate identified in Exhibit E, County's Administration, of this Contract at the time the Contract is executed and notify the Contractor as changes occur.

**7.1 PAC Project Director:** Responsibilities of the PAC Project Director include:

7.1.1 The PAC Project Director is designated in Exhibit E – PAC's Administration. The PAC shall contact the Contractor in writing of any changes in the name or address of the PAC's Project Director.

7.1.2 The PAC Project Director shall be responsible for ensuring that the objectives of this Contract are met and determining Contractor's compliance with the Contract and inspecting all tasks, deliverable, goods, services, or other work provided by or on behalf of Contractor.

7.1.3 The PAC Project Director is responsible for providing overall direction to Contractor in the areas relating to the Plan policy, information requirements, and procedural requirements.

7.1.4 The PAC Project Director is not authorized to make any changes in any of the terms and conditions of this Contract, except as permitted in accordance with Subparagraph 9.4, Change Notices and Amendments, of this Contract and are not authorized to further obligate the PAC in any respect whatsoever.

**7.2 PAC Project Manager:** The responsibilities of the PAC Project Manager include:

7.2.1 As needed, request meeting with Contractor Project Manager; and

7.2.2 Inspect any and all tasks, deliverables, goods, services, or other work provided by or on behalf of Contractor.

**7.3 PAC Project Monitor:** The PAC Project Monitor is responsible for overseeing the day-to-day administration of this Contract. The Contract Monitor reports to the County's Contract Manager/Alternate Contract Manager.

**7.4 Authorized County Personnel:** Upon execution of this Contract, PAC shall provide Contractor a list of all Authorized Persons who will be permitted to direct Contractor on Plan's behalf, together with signature specimens of certain Authorized Persons who may execute specific tasks pursuant to the terms of this Agreement. The list of Authorized Persons and any changes to such list shall be made in writing to Contractor and signed by County's Treasurer or his designee.

Custodian shall provide Contractor with the names and signature specimens of Authorized Persons who may represent Custodian in its dealings with Contractor, PAC, in its sole discretion, may appoint or remove Custodian at any time and shall advise Contractor accordingly in writing.

Contractor shall deal with any Authorized Person identified by PAC or by Plan's Custodian until PAC notifies Contractor in writing to the contrary. Contractor agrees not to furnish any information, written or oral, to any person not specifically named on the then current list of Authorized Persons; provided, however, that Contractor may furnish such information to (i) the personnel of Authorized Persons who customarily have responsibility for communicating or otherwise transferring such information to Authorized Persons in the ordinary course of business, and (ii) government officials when such information must be provided to comply with the requirements of the applicable governing authority's laws, regulations or ordinances.

**7.5 Authorized Instructions:** Contractor may, in its discretion, accept verbal Authorized Instructions subject to written confirmation of same from such Authorized Person. All Authorized Instructions, whether written or verbal, shall be confirmed by Contractor in writing within 48 hours and shall bind Contractor upon receipt. Where Contractor acts

on a verbal direction prior to receipt of a written confirmation, Contractor shall not be liable if a subsequent written confirmation fails to conform to the verbal direction.

Plan shall fully protect Contractor against all loss, liability, claims and demands which result from Contractor acting in accordance with Authorized Instructions, or for failing to act in the absence of Authorized Instructions, or from misrepresentations made by any Authorized Person; provided, however, Contractor shall not receive such protection where any Authorized Instructions result in violations of Contractor's internal policies or applicable law. If Contractor receives instructions from a source other than an Authorized Person, Contractor shall not comply with such instructions and shall immediately notify County TTC in writing of such unauthorized instructions.

**7.6 PAC Representations, Warranties and Covenants:** PAC represents, warrants, and covenants that this Contract has been duly authorized, executed and delivered by PAC and constitutes the legal, valid and binding agreement and obligation of Plan, enforceable against it in accordance with its terms except insofar as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar limitations on creditors' rights generally and general principles of equity. Plan is not subject to or obligated under any law, rule or regulation of any governmental authority, or any order, injunction or decree, or any agreement that would be breached or violated by the execution, delivery or performance of this Contract by Plan.

## 8.0 ADMINISTRATION OF CONTRACT – CONTRACTOR

The Contractor shall assign a sufficient number of employees to perform the required work. The Contractor shall be required to background check its employees as set forth in Subparagraph 8.7, Background and Security Investigations, of this Contract.

**8.1 Contractor Project Director:** Responsibilities of the Contractor Project Director include:

8.1.1 The Contractor Project Director shall be a full-time employee of the Contractor. The Contractor Project Director shall be the principal officer in the Contractor’s office to service the Contract and to act as a liaison for the Contractor in coordinating the performance under the Contract. The PAC must be provided in writing with the name, address, and telephone number of the individual designated to act as the Contractor Project Director or any alternate identified in

Exhibit F of this Contract, and provide a current copy of the person's resume at the time the Contract is executed and notify the PAC as changes occur.

8.1.2 The Contractor Project Director shall be responsible for the Contractor's performance of all tasks, deliverables, goods, services or other work provided by or on behalf of the Contractor and ensuring Contractor's compliance with this Contract.

8.1.3 The Contractor Project Director shall be available to meet and confer with the PAC Project Director on an as needed basis, either in person or by telephone as mutually agreed by the parties, to review Contract performance and discuss Contract coordination. Such meetings shall be conducted at a time and place as mutually agreed by the parties.

8.1.4 The Contractor Project Director shall be able to make changes in the terms and conditions of this Contract in accordance with Subparagraph 9.4, Change Notices and Amendments; and

8.1.5 The Contractor Project Director shall Provide Proxy Information to PAC in the areas relating to PAC policy, information requirements, and procedural requirements.

**8.2 Contractor Project Manager:**

8.2.1 The Contractor Project Manager is designated in *Exhibit F - Contractor's Administration*. The Contractor shall notify the PAC in writing prior to any change in the name or address of the Contractor Project Manager.

8.2.2 The Contractor shall assign a Contract Project Manager, and a designated alternate, to act as liaison for the Contractor and have full authority to act on behalf of the Contractor in all matters related to Contractor's day-to-day activities as related to this Contract and shall coordinate with PAC Project Manager on a regular basis.

8.2.3 Contractor Project Manager shall have at least (5) five year experience in proxy voting program services for large defined contribution plan with assets in excess of $1 billion.

**8.3 Notice of Personnel Changes:** The Contractor shall inform the PAC Project Director in writing of the names, addresses, and telephone numbers of the individuals designated to act as Contract

Manager and Alternate Contract Manager at the time the Contract is implemented and as changes occur during the term of the Contract. Such notification shall be made by the Contractor no later than five business days after a change occurs and shall include a current resume for the new person. The PAC shall have the right to approve the assignment or replacement of any personnel recommended by the Contractor.

**8.4 Approval of Contractor's Staff:** PAC has the absolute right to approve or disapprove all of Contractor's staff performing work hereunder and any proposed changes in Contractor's staff, including, but not limited to, Contractor Project Manager provided, however, that such approval by PAC shall not be unreasonably withheld, delayed or conditioned. A change in Contractor Project Manager or critical senior staff without PAC approval may result in Contract termination at PAC's discretion.

Contractor shall provide, at Contractor's expense, all staff providing services under this Contract with a photo identification badge. The Contractor staff, while on duty or when entering a County facility or its grounds, shall prominently display the photo identification badge on the upper part of the body.

**8.5 Contractor's Representations, Warranties and Covenants:** This Contract has been duly authorized, executed and delivered by Contractor and constitutes the legal, valid and binding agreements and obligations of Contractor, enforceable against Contractor in accordance with its terms, except insofar as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar limitations on creditors' rights generally and general principles of equity. Contractor is not subject to or obligated under any law, rule or regulation of any governmental authority, or any order, injunction or decree, or any contract, that would be breached or violated by the execution, delivery or performance of this Contract by Contractor. All services which Contractor provides hereunder shall meet the requirements and standards set forth in this Contract. Contractor shall promptly correct any errors or omissions within thirty (30) days after request by PAC.

**8.6 Fiduciary Status:** Although the Plan is not a plan governed by Employee Retirement Income Security Act of 1974, as amended, ("ERISA"), the parties agree that selected provisions of ERISA, and the applicable regulations, interpretive rulings and judicial opinions ("ERISA Guidelines"), apply to this Contract. Therefore, and not withstanding anything in the Contract to the contrary, Contractor acknowledges that it is a fiduciary with respect to the Plan but only to the extent that Contractor is treated as a "fiduciary," under

Section 3(21) of ERISA and any applicable ERISA Guidelines, if the Plan was governed by ERISA. In the event that Contractor is treated as a fiduciary pursuant to this provision, Contractor agrees that the standard of care set forth in Section 404 of ERISA will govern the Contractor's discharge of its duties as proxy voting program services provider to the PAC. The parties agree the Contractor shall not be liable for the actions and services of other providers to the PAC or the Plan.

**8.7 Confidentiality:**

8.7.1 The Contractor shall maintain the confidentiality of all records and information obtained from the PAC under this Contract in accordance with all applicable federal, State or local laws, ordinances, regulations, directives, guidelines, policies, and procedures relating to confidentiality, including, without limitation, County policies concerning information technology security and the protection of confidential records and information.

8.7.2 The Contractor's employees may use data received from the County only to perform functions as defined by this Contract.

8.7.3 Disclosures which are required by law, such as a court order, or which are made with the explicit written authorization of the County are allowable. Any other use or disclosure of data received requires the express approval in writing from the County. No work shall duplicate, disseminate or disclose any data except as allowed in this agreement.

8.7.4 Access to data received from the County shall be restricted only to workers who need the data to perform their official duties in the performance of this Contract.

8.7.5 Contractor employees who access, disclose or use the data for a purpose not authorized by this Contract may be subject to civil and criminal sanctions contained in applicable federal and state statutes.

8.7.6 Contractor shall indemnify, defend, and hold harmless PAC, 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 this Subparagraph 8.7.6, as determined by PAC/County in its sole judgment. Any legal defense pursuant to Contractor's indemnification obligations under this Subparagraph 8.7.6 shall be conducted by Contractor and performed by counsel selected by Contractor and approved by PAC/County. Notwithstanding the preceding sentence, PAC/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 PAC/County with a full and adequate defense, as determined by PAC/County in its sole judgment, PAC/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 PAC/County in doing so. Contractor shall not have the right to enter into any settlement, agree to any injunction, or make any admission, in each case, on behalf of PAC/County without PAC/County's prior written approval.

8.7.7 The Contractor shall inform all of its officers, employees, agents and subcontractors providing services hereunder of the confidentiality provisions of this Contract.

8.7.8 The Contractor shall sign and adhere to the provisions of the *"Contractor Acknowledgment and Confidentiality Agreement", Exhibit G1.*

*8.7.9* The Contractor shall cause each employee performing services covered by this Contract to sign and adhere to the provisions of the *"Contractor Employee Acknowledgment and Confidentiality Agreement", Exhibit G2.*

*8.7.10 Contractor shall cause each non-employee (Agent) performing services covered by this Contract to sign and adhere to the provisions of the "Contractor Non-Employee Acknowledgment and Confidentiality, Agreement", Exhibit G3.*

8.7.11 During the Term of the Contract, the Contractor shall maintain an updated file of the signed forms and shall forward copies of all signed forms to the PAC Project Director whenever changes in personnel occur.

**8.8 Background and Security Investigation:**

8.8.1 Each of Contractor's staff performing services under this Contract, who is in a designated sensitive position, as determined by PAC in PAC's sole discretion, shall undergo and pass a background investigation to the satisfaction of PAC as a condition of beginning and continuing to perform services under this Contract. Such background investigation must be obtained through fingerprints submitted to the California Department of Justice to include State, local, and federal-level review, which may include, but shall not be limited to, criminal conviction information. The fees associated with the background investigation shall be at the expense of the Contractor, regardless if the member of Contractor's staff passes or fails the background investigation.

8.8.2 If a member of the Contractor's staff does not pass the background investigation, the County may request that the member of the Contractor's staff be immediately removed from performing services under the Contract at any time during the term of the Contract. The County will request the Contractor to advise the Contractor's staff member who did not pass the background investigation to contact the County immediately to receive a copy of the Criminal Offender Record Information (CORI) obtained from the Department of Justice and through the County's background investigation.

8.8.3 Contractor shall assure that any employee whose background report contains a conviction for a crime and where employment of such person in the position held or to which such employee would be assigned would be prohibited under 12 U.S.C. Section 1820, ERISA or the SEC, as applicable to the employee as a result of such conviction, such employee shall not be associated with the work performed under this Contract.

8.8.4 The County, in its sole discretion, may immediately deny or terminate facility access to any member of the Contractor's staff that does not pass such investigation to the satisfaction of the County or whose background or conduct is incompatible with County facility access.

8.8.5 Disqualification of any member of the Contractor's staff pursuant to this Subparagraph 8.8 shall not relieve the Contractor of its obligation to complete all work in accordance with the terms and conditions of this contract.

**8.9 Intellectual Property:** No program, process, composition, equipment, appliance, or device, or any trademark, service mark, logo, or any other work or invention of any nature or any other tangible or intangible assets whatsoever developed, provided or used by Contractor in connection with its performance under this Contract, infringes on any patent, copyright, or trademark of any other person, or is a trade secret of any other person. Contractor shall indemnify, and hold Plan harmless from all costs finally awarded by a court of competent jurisdiction and any judgment or settlement provided that no such settlement of any such claim shall be made without Contractor's prior written consent arising out of any actual or alleged infringement of any patent, copyright, or trademark, or trade secret disclosure connected with Contractor's performance under this Contract, provided that PAC promptly notifies Contractor of any such claims, permits Contractor to control the defense or settlement of such claims, and cooperates with all reasonable requests by Contractor (at Contractor's expense) in defending such claims.

# 9.0 STANDARD TERMS AND CONDITIONS

## 9.1 Assignment and Delegation

9.1.1 Contractor Assignment: 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 the PAC, in its discretion, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this Subparagraph, PAC consent shall require a written amendment to the Contract, which is formally approved and executed by the parties. Any payments by the PAC to any approved delegate or assignee on any claim under this Contract shall be deductible, at PAC sole discretion, against the claims, which the Contractor may have against the PAC.

9.1.2 Contractor Equity Owner Assignment: 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 PAC in accordance with applicable provisions of this Contract.

9.1.3 Third Party Assumption of Contractor Functions: If 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 PAC 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, PAC shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

9.1.4 Notwithstanding the foregoing, PAC acknowledges that Contractor will delegate many of its duties and assign many of its rights under this Contract to Affiliate, which Contractor deems suitable and qualified to execute such duties and /or exercise such rights. In such event, Contractor shall appoint Affiliate under this Contract, which appointment shall bind Affiliate to all of the terms and conditions of this Contract applicable to Affiliate as if Affiliate were a party to this Contract. PAC agrees to honor any assignment or delegation in Affiliate and shall cause Authorized Persons hereunder to communicate with and issue instructions to Affiliate as Contractor may direct.

## 9.2 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.

## 9.3 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.

## 9.4 Change Notices and Amendments

9.4.1 PAC Change Notices: The TTC reserves the right to initiate Change Notices that **do not affect** the scope of work, term, Contract Sum or payments. All such changes shall be accomplished with an executed Change Notice signed by the Contractor and by PAC Project Director.

9.4.2 Mutual Agreement to Changes: For any change which affects the scope of work, term, Contract Sum, payments, or any term or condition included under this Contract to the extent such changes is mutually agreed upon by the parties, an **Amendment** shall be prepared and executed by the Contractor and PAC.

9.4.3 County Required Changes: The PAC or designee may require the addition and/or change of certain terms and conditions in the Contract during the term of this Contract. The PAC reserves the right to add and/or change such provisions as required by the County. To implement any such mutually agreed upon changes, an Amendment to the Contract shall be prepared and executed by the Contractor and by PAC.

9.4.4 PAC Extension of Time to Contract: The PAC may at its sole discretion, authorize extensions of time as defined in Subparagraph 6.1 - Term of Contract. For the exercise of the PAC's additional optional one-year periods and six month-to-month extensions shall be automatically executed; unless, PAC determines that a written notice needs to be prepared and signed by the PAC and delivered to the Contractor prior to the expiration of the current Contract Term. 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.

## 9.5 Complaints

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

9.5.1 Within 10 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.

9.5.2 The County will review the Contractor's policy and provide the Contractor with approval of said plan or with requested changes.

9.5.3 If the County requests changes in the Contractor's policy, the Contractor shall make such changes and resubmit the plan within 10 business days for County approval.

9.5.4 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.

9.5.5 The Contractor shall preliminarily investigate all complaints and notify the County's Project Manager of the status of the investigation within 5 business days of receiving the complaint.

9.5.6 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.

9.5.7 Copies of all written responses shall be sent to the County's Project Manager within 5 business days of mailing to the complainant.

**9.6 Compliance with Applicable Law**

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.

9.6.1 <u>Contractor Violated Law</u>

Contractor shall indemnify, defend, and hold harmless PAC, 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 PAC in

its sole judgment. Any legal defense pursuant to Contractor's indemnification obligations under this Subparagraph 9.6 shall be conducted by Contractor and performed by the Counsel selected by Contractor and approved by PAC. Notwithstanding the preceding sentence, PAC 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 PAC with a full and adequate defense, as determined by PAC in its sole judgment, PAC 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 PAC 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 PAC/County without PAC/County's prior written approval.

9.6.2 Any Contractor Changes Affecting Contract

To the extent permitted by applicable Federal, State, and local laws, as soon as practicable after and, in any event, within fifteen (15) days of actually learning of any of the following changes, Contractor shall notify PAC in writing about: (i) Contractor becoming aware that any of Contractor's representations, warranties and covenants set forth herein cease to be true at any time during the term of this Contract; (ii) any material change in Contractor's senior personnel assigned to perform services under this Contract; (iii) any change in control of Contractor; or (iv) Contractor becoming aware of any other material change in Contractor's business organization, including without limitation the filing for bankruptcy relief.

9.6.3 Contractor Legal or Regulatory Issues

To the extent permitted by applicable Federal, State, and local laws, Contractor shall promptly advise PAC in writing of any investigation, examination or other proceeding involving Contractor which is commenced by any governmental regulatory agency, not conducted in the ordinary course of Contractor's business, and which in the reasonable judgment of Contractor could have a material adverse effect upon its ability to serve as proxy voting program services.

9.6.4 Annual Audits

Contractor shall promptly provide PAC with a copy of the annual audited financial statements of Contractor.

## 9.7 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 D, Contractor's EEO Certification.

## 9.8 Compliance with Legal Requirements

Contractor shall comply with all applicable foreign, international, federal, State County and local laws, rules, regulations, ordinances, directives, guidelines, policies, procedures, registrations, filings, approvals, authorizations, consents and examinations ("Legal Requirements"), and all provisions required by such Legal Requirements to be included in this Contact are hereby incorporated herein by reference.

## 9.9 Compliance with the County's Jury Service Program

9.9.1 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 H and incorporated by reference into and made a part of this Contract.

9.9.2 Written Employee Jury Service Policy:

1. Jury Service Policy: 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. Contractor: For purposes of this subparagraph, "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 subparagraph. The provisions of this subparagraph shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

3. Exception Status: 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. Jury Service Policy Violation: Contractor's violation of this Subparagraph of the Contract may constitute a material breach of the Contract. In the event of such material breach, PAC may, in its sole discretion, terminate the Contract and/or bar Contractor from the award of future Plan contracts for a period of time consistent with the seriousness of the breach.

**9.10 Conflict of Interest**

9.10.1 Party to Conflict of Interest: No PAC or County employee whose position with the PAC or 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 PAC's approval, or ongoing evaluation of such work, or in any way attempt to unlawfully influence the PAC's approval or ongoing evaluation of such work.

9.10.2 Compliance: 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 PAC. 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 subparagraph shall be a material breach of this Contract.

**9.11 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.

**9.12 Consideration of Hiring GAIN/GROW Program Participants**

9.12.1 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 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 to obtain a list of qualified GAIN/GROW job candidates.

9.12.2 In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority.

**9.13 Contractor Responsibility and Debarment**

9.13.1 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.

9.13.2 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.

9.13.3 Non-responsible Contractor: The Plan/County may debar Contractor if the PAC/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 Plan/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 Plan/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 Plan/County or any other public entity.

9.13.4 Contractor Hearing Board:

1. If there is evidence that the Contractor may be subject to debarment, the TTC 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 TTC shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.

9.13.5 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.

9.13.6 If a Contractor has been debarred for a period longer than five (5) years, the 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.

9.13.7 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.

9.13.8 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.

Subcontractors of Contractor: These terms shall also apply to Subcontractors of Plan Contractors.

**9.14 Contractor's Acknowledgement of County's Commitment to the Safely Surrendered Baby Law**

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

Plan contractors to voluntarily post the County's "Safely Surrendered Baby Law" poster 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 within Los Angeles County. The County's Department of Children and Family Services will supply the Contractor with the poster to be used. Information on how to receive the poster can be found on the Internet at www.babysafela.org.

**9.15 Contractor's Warranty of Adherence to County's Child Support Compliance Program**

9.15.1 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.

9.15.2 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).

**9.16 County's Quality Assurance Plan**

The PAC Project Manager or its agent will evaluate the Contractor's performance under this Contract on not less than an annual basis. Such evaluation will include assessing the Contractor's compliance with all Contract terms and conditions and performance standards. Contractor deficiencies which the PAC Project Manager determines are severe or continuing and that may place performance of the Contract in jeopardy if not corrected may be reported to the PAC.

The report will include improvement/corrective action measures taken by the PAC Project Manager and the Contractor. If

improvement does not occur consistent with the corrective action measures, the PAC may terminate this Contract or impose other penalties as specified in this Contract.

## 9.17 Damage to County Facilities, Buildings, or Grounds

9.17.1 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.

9.17.2 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.

## 9.18 Employment Eligibility Verification

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.

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

## 9.19 Facsimile Representations

The PAC and the Contractor hereby agree to regard facsimile representations of original signatures of authorized officers of each

party, when appearing in appropriate places on the Amendments prepared pursuant to Subparagraph 9.4, and received via communications 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.

**9.20 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, PAC 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 PAC may be found jointly or solely liable.

**9.21 Force Majeure**

9.21.1 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 Subparagraph as "force majeure events").

9.21.2 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 Subparagraph, the term “subcontractor” and “subcontractors” mean subcontractors at any tier.

9.21.3 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.

**9.22 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.

**9.23 Independent Contractor Status**

9.23.1 This Contract is by and between the PAC 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 PAC 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.

9.23.2 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 or the PAC 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.

9.23.3 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.

9.23.4 As previously instructed in Subparagraph 8.7 - Confidentiality, the Contractor shall cause each employee performing

services covered by this Contract to sign and adhere to the *"Contractor Employee Acknowledgment and Confidentiality Agreement", Exhibit G2.* The Contractor shall cause each non-employee performing services covered by this Contract to sign and adhere to the *"Contractor Non-Employee Acknowledgment and Confidentiality Agreement", Exhibit G3.*

**9.24 Indemnification**

Indemnification of Plan: The Contractor shall reimburse the Plan for, and shall indemnify, defend and hold harmless the County, the Plan(s), PAC, its officers, fiduciaries (excluding Contractor) and employees and agents, from and against any and all claims, demands, damages, liabilities, losses, suits, costs, charges, expenses including, without limitation, defense costs, accounting and other expert, consulting, or professional fees, reasonable attorneys' fees and court costs, judgments, fines and penalties, ("Claims"), arising from or relating to any bad faith, negligence, willful misconduct, infringement of intellectual property rights, breach of the Standard of Care, breach of contract or violation of any Legal Requirement (as defined in Subparagraph 9.8 above) arising from, connected with, or related to any failure by Contractor, its officers, employees, agents, or subcontractors, to comply with this Paragraph 9.0 as determined by PAC in its sole judgment, PAC 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 make any admission, in each case, on behalf of PAC without PAC's prior written approval.

**9.25 General Provisions for all Insurance Coverage**

Without limiting Contractor's indemnification of County and PAC, 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 Subparagraphs 9.25 and 9.26 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 and PAC in no way warrant that the Required Insurance is sufficient to protect the Contractor for liabilities which may arise from or relate to this Contract.

9.25.1 Evidence of Coverage and Notice to County

1. Certificate(s) of insurance coverage (Certificate) satisfactory to PAC, and a copy of an Additional Insured endorsement confirming County and PAC has been given Insured status under the Contractor's General Liability policy, shall be delivered to PAC at the address shown below and provided prior to commencing services under this Contract.

2. Renewal Certificates shall be provided to PAC not less than 10 days prior to Contractor's policy expiration dates. The PAC reserves the right to obtain complete, certified copies of any required Contractor and/or Sub-Contractor insurance policies at any time.

3. 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 PAC required endorsement forms.

4. Neither the County's or the PAC's failure to obtain, nor the County's or PAC'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.

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

   County of Los Angeles
   Treasurer and Tax Collector,
   500 West Temple Street – Room 432
   Attention: Teresa Gee

6. Contractor also shall promptly report to PAC/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 Plan's property, monies or securities entrusted to Contractor.

7. Contractor also shall promptly notify PAC of any third party claim or suit filed against Contractor or any of its Sub-Contractors which arises from or relates to this Contract, and could result in the filing of a claim or lawsuit against Contractor and/or PAC.

9.25.2 Additional Insured Status and Scope of Coverage

The PAC and the County of Los Angeles, their Elected Officials, Officers, Agents, Employees and Volunteers (collectively County and PAC) 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 PAC. County and PAC additional insured status shall apply with respect to liability and defense of suits arising out of the Contractor's acts or omissions, whether such liability is attributable to the Contractor or to the PAC and/or County. The full policy limits and scope of protection also shall apply to the County and PAC 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.

9.25.3 Cancellation of or Changes in Insurance

Contractor shall provide PAC with, or Contractor's insurance policies shall contain a provision that PAC 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 PAC 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. 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 PAC, upon which the PAC may suspend or terminate this Contract.

9.25.4 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 PAC immediately may withhold payments due to Contractor, and/or suspend or terminate this Contract. PAC, at its sole discretion, may obtain damages from Contractor resulting from said breach. Alternatively, the PAC may purchase the Required Insurance, and without further notice to Contractor, deduct the premium cost from sums due to Contractor or pursue Contractor reimbursement.

9.25.5 Insurer Financial Ratings

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

9.25.6 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 and PAC maintained insurance or self-insurance coverage shall be in excess of and not contribute to any Contractor coverage.

9.25.7 Waivers of Subrogation

To the fullest extent permitted by law, the Contractor hereby waives its rights and its insurer(s)' rights of recovery against PAC and County under all the Required Insurance 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 affect such waiver.

9.25.8 Sub-Contractor 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 PAC 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.

9.25.9 Deductibles and Self-Insured Retentions (SIRs)

Contractor's policies shall not obligate the PAC to pay any portion of any Contractor deductible or SIR. The PAC retains the right to require Contractor to reduce or eliminate policy deductibles and SIRs as respects the PAC, 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.

9.25.10 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.

9.25.11 Application of Excess Liability Coverage

Contractors may use a combination of primary, and excess insurance policies which provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.

9.25.12 Separation of Insureds

All 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.

9.25.13 Alternative Risk Financing Programs

The PAC 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 PAC shall be designated as an Additional Covered Party under any approved program.

9.25.14 PAC Review and Approval of Insurance Requirements

The PAC reserves the right to review and adjust the Required Insurance provisions, conditioned upon PAC's determination of changes in risk exposures.

**9.26 Insurance Coverage**

9.26.1 Commercial General Liability insurance

Provides scope of coverage equivalent to ISO policy form CG 00 01 naming County and PAC 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 |

9.26.2 Automobile Liability insurance

Provides 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.

9.26.3 Workers Compensation and Employers' Liability insurance or qualified self-insurance

Satisfy 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 (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming the PAC as the Alternate Employers, and the endorsement form shall be modified to provide that PAC will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision. If applicable to Contractor's operations, coverage also shall be arranged to satisfy the requirements

of any federal workers or workmen's compensation law or any federal occupational disease law.

9.26.4 Professional Liability/Errors and Omissions

Insurance covering Contractor's liability arising from or related to this Contract, with limits of not less than $1 million per claim and $2 million aggregate. Further, Contractor understands and agrees it shall maintain such coverage for a period of not less than three (3) years following this Agreement's expiration, termination or cancellation.

**9.27 Liquidated Damages**

9.27.1 If, in the judgment of PAC, the Contractor is deemed to be non-compliant with the terms and obligations assumed hereby, PAC, in addition to, or in lieu of, other remedies provided herein, may withhold the entire monthly payment or deduct pro rata from the Contractor's invoice for work not performed. A description of the work not performed and the amount to be withheld or deducted from payments to the Contractor from the Plan, will be forwarded to the Contractor by PAC, in a written notice describing the reasons for said action.

9.27.2 If PAC determines that there are deficiencies in the performance of this Contract that PAC deems correctable by the Contractor over a certain time span, PAC will provide a written notice to the Contractor to correct the deficiency within specified time frames. Should the Contractor fail to correct deficiencies within said time frame, PAC may: (a) Deduct from the Contractor's payment, pro rata, those applicable portions of the Monthly Contract Sum; and/or (b) Deduct 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 within the specified time frame. The parties hereby agree that under the current circumstances a reasonable estimate of such damages is One Hundred Dollars ($100) per day per infraction, and that the Contractor shall be liable to the Plan for liquidated damages in said amount. Said amount shall be deducted from the Plan's payment to the Contractor; and/or (c) Upon giving five (5) days notice to the Contractor for failure to correct the deficiencies, the Plan may correct any and all deficiencies and the total costs incurred by the

Plan for completion of the work by an alternate source, whether it be PAC forces or separate private contractor, will be deducted and forfeited from the payment to the Contractor from the Plan, as determined by the PAC.

9.27.3 The action noted in Subparagraph 9.27.2 shall not be construed as a penalty, but as adjustment of payment to the Contractor to recover the Plan cost due to the failure of the Contractor to complete or comply with the provisions of this Contract.

9.27.4 This Subparagraph shall not, in any manner, restrict or limit the PAC's right to damages for any breach of this Contract provided by law or Subparagraph 9.27.2, and shall not, in any manner, restrict or limit the PAC's right to terminate this Contract as agreed to herein.

**9.28 Measure of Damages**

If any default, negligent act or omission by Contractor or its Agents results in any loss of or diminution in value of any Property held in the Account, Plan's damages shall equal: (a) in the case of a loss of Subject Property, the market value of such Subject Property plus any income accrued by the Subject Property, or (b) in the case of a diminution in value of Subject Property, the difference between the diminished value and the market value of such Subject Property, plus any income that was lost as the result of such difference. The market value of the Subject Property shall be determined on the date the loss is discovered and, if the Subject Property includes securities, shall be based on the last available closing price listed by the securities pricing service used for such securities. If readily ascertainable market values are not available from an appropriate source such as a securities pricing service, Custodian shall value the Subject Property as Custodian may in good faith determine according to custodial industry standards and shall incur no liability for such valuation. Custodian's determination of the market value of the Subject Property is subject to review and acceptance by PAC within thirty (30) calendar days.

If PAC or Contractor does not accept Custodian's determination of the market value of Subject Property, or if damages arising from any default, negligent act or omission under this Contract are otherwise not measurable under the foregoing paragraph, such damages shall be determined under the laws of the State of California, without regard to special circumstances or conditions of the parties, provided that such damages are reasonably foreseeable at the time of entering into this Contract.

Contractor shall not be liable for any damages under this Contract, which arise from any default, negligent act or omission by Contractor or its Agents when such default, act or omission complies with Authorized Instructions or results from causes beyond the control and without the fault or negligence of Contractor or its Agents, including but not limited to causes of Force Majeure.

If any payment required to be made to a party hereto by the other party is not paid in full when due, the amount due shall include an amount equal to the average Federal Funds rate as published daily in the Wall Street Journal.

**9.29 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 at prices below those set forth in this Contract, then such lower prices shall be immediately extended to the Plan.

**9.30 Nondiscrimination and Affirmative Action**

9.30.1 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.

9.30.2 The Contractor shall certify to, and comply with, the provisions of *Exhibit D - Contractor's EEO Certification.*

9.30.3 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.

9.30.4 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, or physical or mental disability, marital status, or political affiliation.

9.30.5 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.

9.30.6 The Contractor shall allow PAC representatives access to the Contractor's employment records during regular business hours to verify compliance with the provisions of this Subparagraph 9.30 when so requested by the PAC.

9.30.7 If the PAC finds that any provisions of this Subparagraph 9.30 have been violated, such violation shall constitute a material breach of this Contract upon which the PAC may terminate or suspend this Contract.

While the PAC 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 Practices 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 PAC that the Contractor has violated the anti-discrimination provisions of this Contract.

9.30.8 The parties agree that in the event the Contractor violates any of the anti-discrimination provisions of this Contract, the PAC 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.

### 9.31 Non Exclusivity

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

### 9.32 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 one (1) business day, give notice thereof, including all relevant information with respect thereto, to the other party.

### 9.33 Notice of Disputes

The Contractor shall bring to the attention of the PAC Project Manager and/or PAC Project Director any dispute between the PAC and the Contractor regarding the performance of services as stated in this Contract. If the PAC Project Manager or PAC Project Director is not able to resolve the dispute, the PAC, or designee shall resolve it.

### 9.34 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.

### 9.35 Notice to Employees Regarding the Safely Surrendered Baby Law

The Contractor shall notify and provide to its employees in Los Angeles County, and shall require each subcontractor to notify and provide to its employees in Los Angeles County, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in *Exhibit I* of this Contract and is also available on the Internet at www.babysafela.org for printing purposes.

## 9.36 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 *Exhibits E – PAC's Administration and F - Contractor's Administration*. Addresses may be changed by either party giving ten (10) days' prior written notice thereof to the other party. The TTC shall have the authority to issue all notices or demands required or permitted by the PAC under this Contract.

## 9.37 Prohibition Against Inducement or Persuasion

Notwithstanding the above, the Contractor and the PAC agree that, during the term of this Contract including all extensions exercised by the PAC 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.

## 9.38 Public Records Act

9.38.1 Any documents submitted by Contractor; all information obtained in connection with the PAC right to audit and inspect Contractor's documents, books, and accounting records pursuant to Subparagraph 9.40 - 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 Plan. 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 625 et seq. (Public Records Act) and which are marked "trade secret", "confidential", or "proprietary". The Plan 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.

9.38.2 In the event the Plan 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 Plan from

all costs and expenses, including reasonable attorney's fees, in action or liability arising under the Public Records Act.

## 9.39 Publicity

9.39.1 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 PAC shall not inhibit the Contractor from publishing its role under this Contract within the following conditions:

1. The Contractor shall develop all publicity material in a professional manner; and

2. 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 the PAC without the prior written consent of the PAC Project Director. The PAC shall not unreasonably withhold written consent.

9.39.2 The Contractor may, without the prior written consent of PAC, indicate in its proposals and sales materials that it has been awarded this Contract with the PAC, provided that the requirements of this Subparagraph 9.39 shall apply.

9.39.3 The County claims right, title and interest in and to certain intellectual property embodied in and relating to certain insignia, emblems, seals and the like used by the County including, but not limited to, the County Seal. Except as expressly authorized, County intellectual properties shall not be reproduced, copied, distributed, republished, downloaded, displayed, posted, transmitted or make any other use of any kind whatsoever in any format or by any means whatsoever.

## 9.40 Record Retention and Inspection/Audit Settlement

9.40.1 The Contractor shall maintain accurate and complete 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 PAC, 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 PAC during the Term of this Contract and for a period of five years thereafter unless the PAC'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, at the County's option, the Contractor shall pay the PAC for travel, per diem, and other costs incurred by the PAC to examine, audit, excerpt, copy, or transcribe such material at such other location.

9.40.2 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 PAC shall make a reasonable effort to maintain the confidentiality of such audit report(s).

9.40.3 Failure on the part of the Contractor to comply with any of the provisions of this Subparagraph 9.40 shall constitute a material breach of this Contract upon which the PAC may terminate or suspend this Contract.

9.40.4 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 Plan may conduct an audit of the Contractor regarding the work performed under this Contract, and if such audit finds that the PAC dollar liability for any such work is less than payments made by the PAC to the Contractor, then the difference shall be either: a) repaid by the Contractor to the PAC 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 PAC, whether under this Contract or otherwise. If such audit finds that the PAC dollar liability for such work is more than the payments made by the PAC to the Contractor, then the

difference shall be paid to the Contractor by the PAC by cash payment, provided that in no event shall the PAC maximum obligation for this Contract exceed the funds appropriated by the PAC for the purpose of this Contract.

9.40.5 Financial Statements and Pending Litigation

Beginning one (1) year after the Effective Date and every year thereafter, until the expiration of this contract, Contractor shall submit to PAC a complete set of audited financial statements for the preceding twelve (12) month period. Such statements shall, at a minimum, include a Balance Sheet (Statement of Financial Position), and Income Statement (Statement of Operations). In addition, the Contractor shall submit a statement regarding any pending litigation since Contractor last reported same to the PAC. PAC reserves the right to request these audited financial statements on a more frequent basis and will so notify Contractor in writing.

## 9.41 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.

## 9.42 Subcontracting

9.42.1 The work requirements of this Contract may not be subcontracted by the Contractor **without the advance approval of the PAC**. Any attempt by the Contractor to subcontract without the prior consent of the PAC may be deemed a material breach of this Contract.

9.42.2 If the Contractor desires to subcontract, the Contractor shall provide the following information promptly at the PAC request and prior to any work being performed by the subcontractor:

1. A description of the work to be performed by the subcontractor;
2. A draft copy of the proposed subcontract; and
3. Other pertinent information and/or certifications requested by the PAC.

9.42.3 The Contractor shall indemnify and hold the PAC and 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 Contractor employees.

9.42.4 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 PAC approval of the Contractor's proposed subcontract.

9.42.5 The PAC consent to subcontract shall not waive the PAC 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 PAC right.

9.42.6 The PAC Project Director is authorized to act for and on behalf of the PAC with respect to approval of any subcontract and subcontractor employees. After approval of the subcontract by PAC, Contractor shall forward a fully executed subcontract to the PAC for its files.

9.42.7 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 PAC consent to subcontract.

9.42.8 The Contractor shall obtain certificates of insurance, which establish that the subcontractor maintains all the programs of insurance required by the PAC from each approved subcontractor. The Contractor shall ensure delivery of all such documents including but not limited to an original executed contract between Contractor and subcontractor to the PAC Project Director before any subcontractor employee may perform any work hereunder.

**9.43 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 Subparagraph 9.15 - 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 Contractor to cure such default within 90 calendar days of written notice shall be grounds upon which the PAC may terminate this Contract pursuant to Subparagraph 9.45 - Termination for Default and pursue debarment of Contractor, pursuant to County Code Chapter 2.202.

## 9.44 Termination for Convenience

9.44.1 This Contract may be terminated, in whole or in part, from time to time, when such action is deemed by the PAC, in its sole discretion, to be in its best interest. Termination of work hereunder shall be effected by Notice of Termination to 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 thirty (30) calendar days after the notice is delivered to Contractor. In no event shall PAC termination of this Contract pursuant to this Subparagraph 9.44 be deemed a waiver of Plan's right to make a claim against Contractor for damages resulting from any default by Contractor or its Agents which occurred prior to the Effective Termination Date.

9.44.2 After receipt of a notice of termination and except as otherwise directed by the PAC, the Contractor shall:

1. Stop work under this Contract on the date and to the extent specified in such notice, and

2. Complete performance of such part of the work as shall not have been terminated by such notice.

9.44.3 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 Subparagraph 9.40, Record Retention & Inspection/Audit Settlement.

## 9.45 Termination for Default

9.45.1 The PAC may, by written notice to the Contractor, terminate the whole or any part of this Contract if in the judgment of the PAC Project Director:

1. Contractor or any of its Agents materially breached this Contract; or

2. Contractor or any of its Agents fails to timely provide and/or satisfactorily perform any task, deliverable, service, or other work required either under this Contract; or

3. 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; or

4. Without prior notice or cure if Contractor or any of its Agents materially breaches any of the warranties, representations and covenants made in Subparagraph 8.5, so as to adversely affect Plan; or

5. Without prior notice or cure if Contractor is subject to criminal investigation, indictment or conviction, or is found civilly or criminally liable by a trial court, judge or administrative panel in connection with any matter involving breach of trust or fiduciary duty, fraud, theft, or moral turpitude; or

6. Without prior notice or cure if Contractor attempts or purports to assign this Contract, or any portion thereof, or any of its rights or obligations hereunder, without the prior written consent of PAC, except as provided in Subparagraph 9.1.

9.45.2 In the event that the PAC terminates this Contract in whole or in part as provided in Subparagraph 9.45.1, the PAC may procure, upon such terms and in such manner as the PAC may deem appropriate, goods and services similar to those so terminated. The Contractor shall be liable to the Plan for any and all excess costs incurred by the Plan, as determined by the PAC, 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 subparagraph.

9.45.3 Except with respect to defaults of any Subcontractor, the Contractor shall not be liable for any such excess costs of the type identified in Subparagraph 9.45.2 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 subparagraph, the term "Subcontractor(s)" means Subcontractor(s) at any tier.

9.45.4 If after the PAC has given notice of termination under the provisions of this Subparagraph 9.45, it is determined by the PAC that the Contractor was not in default under the provisions of this Subparagraph 9.45, or that the default was excusable under the provisions of Subparagraph 9.45.3, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to Subparagraph 9.44 - Termination for Convenience.

9.45.5 The rights and remedies of PAC provided in this Subparagraph 9.45 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

**9.46 Termination for Improper Consideration**

9.46.1 The PAC 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 PAC shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.

9.46.2 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 PAC manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (800) 544-6861.

9.46.3 Among other items, such improper consideration may take the form of cash, discounts, services, the provision of travel or entertainment, or tangible gifts.

**9.47 Termination For Insolvency**

9.47.1 PAC may terminate this Contract forthwith in the event of the occurrence of any of the following:

1. 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;

2. The filing of a voluntary or involuntary petition regarding the Contractor under the Federal Bankruptcy Code;

3. The appointment of a Receiver or Trustee for the Contractor; or

4. The execution by the Contractor of a general assignment for the benefit of creditors.

9.47.2 The rights and remedies of the Plan provided in this Subparagraph 9.47 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

**9.48 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 PAC may in its sole discretion, immediately terminate or suspend this Contract.

## 9.49 Termination for Contractor's Convenience

Contractor may terminate this Contract in its entirety without cause at any time by delivering to PAC a written Notice of Termination for Convenience which specifies the Effective Termination Date. The Effective Termination Date shall be no earlier than one hundred eighty (180) days after the Notice of Termination is delivered to PAC.

## 9.50 Termination by Contractor for Default

Contractor may terminate this Contract in its entirety upon written Notice of Termination for Default, under any of the following circumstances and conditions:

9.50.1 If Plan fails to timely make any approved payment as required under Subparagraph 5.9 above, and does not cure such failure within 30 (30) business days of receiving written notice from Contractor of such failure; or

9.50.2 Plan is otherwise in material default of its obligations under this Contract and fails to cure such default within sixty (60) calendar days of receiving Contractor's written notice of such default, which notice describes in reasonable detail the nature of the default and Contractor's view as to the cure required in order to bring Plan's performance into material compliance with its obligations under this Contract.

## 9.51 Use of County Seal and/or TTC's Logo

The PAC/County claims right, title, and interest in and to certain intellectual property, including but not limited to, the current and former County seals and TTC logos (hereafter collectively "County Seals"). Contractor shall not use or display the official seal of the County of Los Angeles or the TTC's logo on any of its letterhead or other communications with any businesses, or for any other reason without the written consent of the PAC/County.

## 9.52 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.

**9.53 Waiver**

No waiver by the PAC of any breach of any provision of this Contract shall constitute a waiver of any other breach or of such provision. Failure of the PAC 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 Subparagraph 9.53 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

**9.54 Warranty Against Contingent Fees**

9.54.1 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.

9.54.2 For breach of this warranty, the PAC 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.

**9.55 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.

**9.56 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 Subparagraph 9.55 "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.

**9.57 Rights, Remedies and Responsibilities upon Termination**

In the event of any termination of this Contract, all of the terms and conditions herein shall continue to apply through the Effective Termination Date and through any period following such date, during which period Contractor and its Agents shall continue to perform the services required hereunder in order to complete any transactions pending on the Effective Termination Date and to facilitate an orderly transition to a successor Contractor ("Transition Period"). Such Transition Period shall not exceed twelve (12) months after the Effective Termination Date. The following provisions shall also apply to any termination of this Contract:

9.57.1 Right to Suspend Performance

Immediately upon giving any Notice of Termination pursuant to Subparagraphs 9.44 and 9.45 above, PAC may, to the extent it deems necessary or appropriate, suspend, to the extent possible, the authority of Contractor or its Agents to perform any or all of the acts and services described in this Contract including, without limitation, the right to enter into any contract binding upon PAC ("Notice of Suspension"). PAC may include such Notice of Suspension in the Notice of Termination or submit it in a separate written notice.

9.57.2 Post-Termination Responsibilities

If either party terminates this Contract, and unless otherwise expressly directed by PAC, Contractor and its Agents shall: (a) subject to Contractor's obligations under Subparagraph 9.57.7, take all necessary steps to stop services under this Contract on the Effective Termination Date and to the extent specified in the Notice of Termination; (b) continue to perform those services, if any, which have not been terminated by the Notice of Termination; (c) continue to process all payments due, and complete all other transactions pending on the Effective Termination Date; and (d) deliver to PAC or PAC successor custodian, in good

form, any Property which Contractor or its Agents hold in or for PAC Account, pursuant to PAC instructions.

9.57.3 Termination Invoice

Following the Effective Termination Date of this Contract, Contractor shall submit to PAC, in the form and with any reasonable certifications as may be prescribed by PAC, Contractor's final invoice ("Termination Invoice"). The Termination Invoice shall prorate Contractor's fees and expenses, on a daily basis, for work already performed but for which Contractor has not been compensated through the Effective Termination Date, in accordance with the then current Pricing Schedule (Exhibit B). Contractor shall submit such Termination Invoice no later than three (3) months after the Effective Termination Date. Upon Contractor's failure to submit its Termination Invoice within the time allowed, PAC may determine, on the basis of information available to PAC, and with notice to Contractor, the amount, if any, due to Contractor and such determination shall be deemed final. After PAC has made such determination, or after Contractor has submitted its Termination Invoice and subject to the provisions of Subparagraphs 5.9.2 and 5.9.3, PAC shall make payment to Contractor.

9.57.4 Payment Withheld for Default

PAC shall not authorize and shall withhold payment for those parts of this Contract that PAC terminated for default pursuant to Subparagraph 9.45. Payment for services which PAC received prior to such default will be determined in accordance with Subparagraph 9.57.3.

9.57.5 New Service Provider; Excess Costs

If PAC terminates this Contract for default pursuant to Subparagraph 9.45, PAC may procure from a third party, upon such terms and in such manner as PAC deems appropriate, services similar to those services terminated. Contractor shall be liable to PAC for Excess Costs for a period not to exceed one hundred eighty (180) calendar days; provided, however, Contractor shall not be liable for any Excess Costs if Contractor's or its Agents' failure to perform arises from causes beyond the control and without the fault or negligence of Contractor or its Agents, including but not limited to causes of Force Majeure. Contractor and its Agents shall continue to perform those provisions of this

Contract, if any, that have not been terminated, to the extent possible.

9.57.6 Excusable Default

If, after PAC issues a Notice of Termination for Default pursuant to Subparagraph 9.45, it is determined for any reason that Contractor and its Agents was/were not in default, or that such default was excusable, then the rights and obligations of the parties shall be the same as if PAC had issued a Notice of Termination for Convenience pursuant to Subparagraph 9.44. PAC will notify Contractor of the same.

9.57.7 Good Faith Transfer

Upon any termination of this Contract by either party and to the extent mutually agreed, Contractor shall continue to serve hereunder at the then existing compensation level until a successor proxy voting program services provider is appointed and the services provided hereunder are transferred to such successor provider. Contractor and its Agents shall cooperate in good faith with PAC and the successor provider to effect a smooth and orderly transfer to such successor provider. Upon termination of this Contract, Contractor and its Agents shall retain all PAC Records (as that term is defined in Subparagraph 9.40) according to the record retention provisions set forth in Subparagraph 9.40.

9.57.8 Property Freely Transferable

In the event of any termination of this Contract, all Plan Property held by Contractor and its Agents shall remain freely transferable without additional consideration.

9.57.9 Cumulative Nature of Rights and Remedies

The rights and remedies of the parties provided by this Subparagraph 9.57 are not exclusive, but cumulative and in addition to any other rights and remedies provided by law, in equity or under any of the provisions of this Contract.

**9.58 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 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.

## 10.0 UNIQUE TERMS AND CONDITIONS

**10.1 Contractor Business Requirements:** Contractor must be qualified to do business in the State of California.

**10.2 Local Small Business Enterprise (SBE) Preference Program**

10.2.1 This Contract is subject to the provisions of the County's ordinance entitled Local Business Enterprise Preference Program, as codified in Chapter 2.204 of the Los Angeles County Code.

10.2.2 Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a Local Small Business Enterprise.

10.2.3 Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a Local Small Business Enterprise.

10.2.4 If Contractor has obtained County certification as a Local Small Business Enterprise by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded this contract to which it would not otherwise have been entitled, shall:

1. Pay to the PAC any difference between the contract amount and what the PAC costs would have been if the contract had been properly awarded;

2. In addition to the amount described in subdivision (1), be assessed a penalty in an amount of not more than 10 percent of the amount of the contract; and

3. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

The above penalties shall also apply to Contractor that has previously obtained proper certification, however, as a result of a change in its status would no longer be eligible for certification, and fails to notify the state and the Internal Services Department of this information prior to responding to a solicitation or accepting a contract award.

**10.3 Ownership of Materials, Software and Copyright**

10.3.1 County shall be the sole owner of all right, title and interest, including copyright, in and to all software, plans, diagrams, facilities, and tools (hereafter "materials") which are originated or created through the Contractor's work pursuant to this Contract. The Contractor, for valuable consideration herein provided, shall execute all documents necessary to assign and transfer to, and vest in the County all of the Contractor's right, title and interest in and to such original materials, including any copyright, patent and trade secret rights which arise pursuant to the Contractor's work under this Contract.

10.3.2 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.

10.3.3 Any and all materials, software and tools which are developed or were originally acquired by the Contractor outside the scope of this Contract, which the Contractor desires to use 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.

10.3.4 The County will use reasonable means to ensure that the Contractor's proprietary and/or confidential items are safeguarded and held in confidence. The County agrees not to reproduce, distribute or disclose to non-County entities any such proprietary and/or confidential items without the prior written consent of the Contractor.

10.3.5 Notwithstanding any other provision of this Contract, the County will not be obligated to the Contractor in any way under Subparagraph 10.4 for any of the Contractor's proprietary and/or confidential items which are not plainly and prominently marked with restrictive legends or for any disclosure which the County is required to make under any state or federal law or order of court.

10.3.6 All the rights and obligations of this Subparagraph 10.3 shall survive the expiration or termination of this Contract.

**10.4 Patent, Copyright and Trade Secret Indemnification**

10.4.1 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.

10.4.2 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:

1. Procure for County all rights to continued use of the questioned equipment, part, or software product; or

2. Replace the questioned equipment, part, or software product with a non-questioned item; or

3. Modify the questioned equipment, part, or software so that it is free of claims.

10.4.3 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.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

**IN WITNESS WHEREOF**, the Plan Administrative Committee and County have caused this Contract to be executed by County's Chief Executive Officer and Contractor has caused this Contract to be executed by its duly authorized representative on the day, month and year first above written.

**COUNTY OF LOS ANGELES**

By _____

Chair, Plan Administrative Committee

**CONTRACTOR**:_____

By _____
Name:_____
Title: _____

Tax ID#: _____

APPROVED AS TO FORM:

MARK J. SALADINO
County Counsel

By_____
Principal Deputy County Counsel

**EXHIBITS FOR SAMPLE CONTRACT**
**PROXY VOTING PROGRAM SERVICES**
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# STATEMENT OF WORK

## (See APPENDIX A, Statement of Work)

# PRICING SCHEDULE

## (See APPENDIX D, Required Forms – Exhibit 11)

# *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 PAC shall not contract with, and shall reject any proposals submitted by, the persons or entities specified below, unless the PAC 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 PAC 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.

_____
Contractor Name

_____
Contractor Official Title

_____
Authorized Official's Signature

Cert. of No Conflict of Interest

**EXHIBIT D**

# CONTRACTOR'S EEO CERTIFICATION

_____
Contractor Name

_____
Address

_____
Internal Revenue Service Employer Identification Number

GENERAL CERTIFICATION

In accordance with Section 4.32.010 of the Code of the County of Los Angeles, the contractor, supplier, or vendor 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.

CONTRACTOR'S SPECIFIC CERTIFICATIONS

| | | | |
|---|---|---|---|
| 1. | The Contractor has a written policy statement prohibiting discrimination in all phases of employment. | Yes ☐ | No ☐ |
| 2. | The Contractor periodically conducts a self analysis or utilization analysis of its work force. | Yes ☐ | No ☐ |
| 3. | The Contractor has a system for determining if its employment practices are discriminatory against protected groups. | Yes ☐ | No ☐ |
| 4. | Where problem areas are identified in employment practices, the Contractor has a system for taking reasonable corrective action, to include establishment of goals or timetables. | Yes ☐ | No ☐ |

_____
Authorized Official's Printed Name and Title

_____ _____
Authorized Official's Signature Date

# PAC'S ADMINISTRATION

CONTRACT NO. _____

**PAC PROJECT DIRECTOR:**

Name: Glenn Byers
Title: Assistant Treasurer and Tax Collector
Address: 500 West Temple Street, Room 432
Los Angeles, CA 90012
Telephone: (213) 974-7175
Facsimile: (213) 625-2249
E-Mail Address: gbyers@ttc.lacounty.gov

**PAC PROJECT MANAGER:**

Name: Teresa Gee
Title: Plan Administrator
Address: 500 West Temple Street, Room 432
Los Angeles, CA 90012
Telephone: (213) 974-2335
Facsimile: (213) 625-2249
E-Mail Address: tgee@ttc.lacounty.gov

**EXHIBIT F**

# CONTRACTOR'S ADMINISTRATION

**CONTRACTOR'S NAME:**_____

**CONTRACT NO:** _____

**CONTRACTOR'S PROJECT MANAGER:**

Name: _____

Title: _____

Address: _____

_____

Telephone: _____

Facsimile: _____

E-Mail Address: _____

**CONTRACTOR'S AUTHORIZED OFFICIAL(S)**

Name: _____

Title: _____

Address: _____

_____

Telephone: _____

Facsimile: _____

E-Mail Address: _____

Name: _____

Title: _____

Address: _____

_____

Telephone: _____

Facsimile: _____

E-Mail Address: _____

**Notices to Contractor shall be sent to the following:**

Name: _____

Title: _____

Address: _____

_____

Telephone: _____

Facsimile: _____

E-Mail Address: _____

**CONTRACTOR ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT**

# FORMS REQUIRED AT THE TIME OF CONTRACT EXECUTION

*Applicability of the forms below is based on the type of contract. A contract involving Information Technology (IT) services includes Copyright Assignment language whereas a non-IT Contract omits the Copyright Assignment language.*

*Additionally, a determination must be made whether the Contactor will complete a Confidentiality Agreement on behalf of its employees or whether the Contractor's employees and non-employees will complete the Confidentiality Agreements individually.*

G1 CONTRACTOR ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

**OR**

G2 CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

G3 CONTRACTOR NON-EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

**EXHIBIT G1**

**CONTRACTOR ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT**

CONTRACTOR NAME _____ 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: _____/_____/_____

PRINTED NAME: _____

POSITION: _____

**EXHIBIT G2**

## CONTRACTOR 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 _____ Contract No._____

Employee Name _____

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: _____/_____/_____

PRINTED NAME: _____

POSITION: _____

**EXHIBIT G3**

**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 _____ Contract No._____

Non-Employee Name _____

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: _____/_____/_____

PRINTED NAME: _____

POSITION: _____

## 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)

# SAFELY SURRENDERED BABY LAW

**EXHIBIT I**

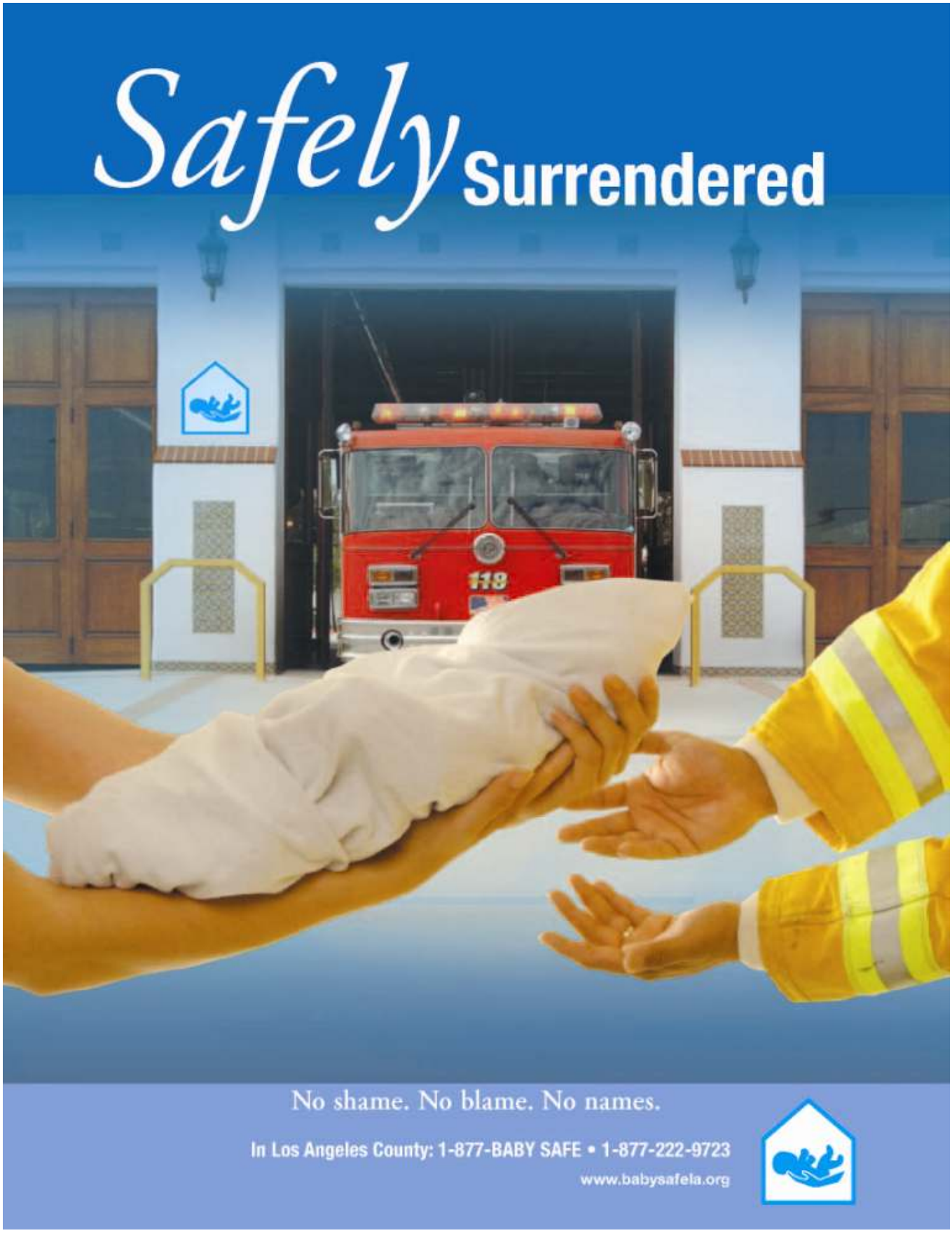

Safely Surrendered
118
No shame. No blame. No names.
In Los Angeles County: 1-877-BABY SAFE • 1-877-222-9723
www.babysafela.org

**EXHIBIT I**

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.

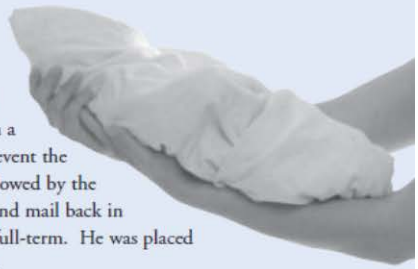
## What happens to the parent or surrendering adult?

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

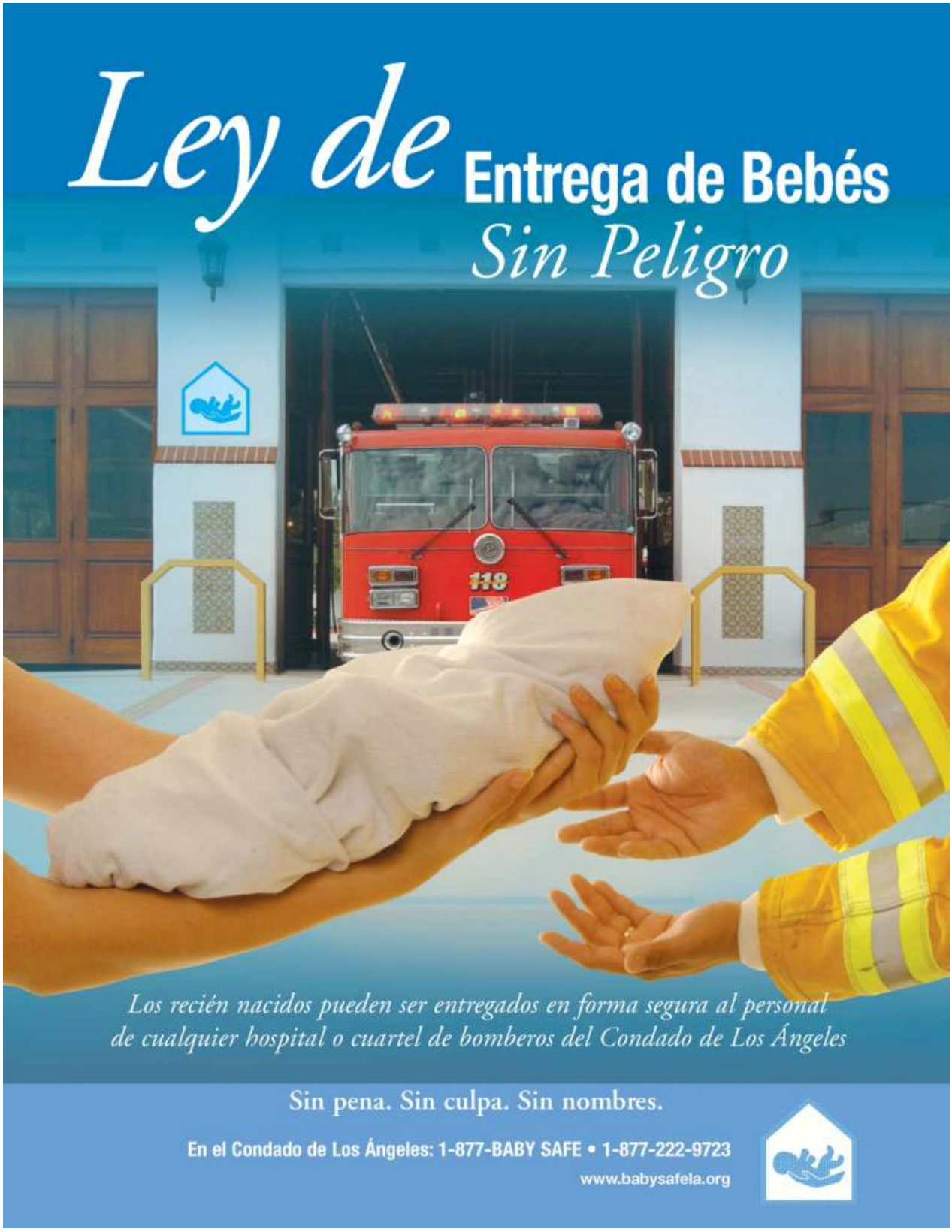
## Why is California doing this?

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
118
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

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

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 Ángeles 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.

**EXHIBIT J**

# STATEMENT OF INVESTMENT POLICY
# FOR COUNTY OF LOS ANGELES

# DEFERRED COMPENSATION AND THRIFT PLAN

# [AND]

# SAVINGS PLAN

# County of Los Angeles

# Deferred Compensation and Thrift Plan (the Horizons Plan)

## Statement of Investment Policy

**Adopted: September 2014**

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# COUNTY OF LOS ANGELES
# DEFERRED COMPENSATION AND THRIFT PLAN
# STATEMENT OF INVESTMENT POLICY

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## 1. INTRODUCTION

This investment policy has been developed by the Plan Administrative Committee (PAC) of the County of Los Angeles Deferred Compensation and Thrift Plan (the "Horizons Plan"). The actions of the PAC are governed by the terms of the Horizons Plan Document, Government Code Section 53213.5(b) and relevant sections of California Probate Code Section 16047(b).

While neither the Horizons Plan nor the PAC are covered by the Employee Retirement Income Security Act of 1974 ("ERISA"), ERISA does provide a comprehensive set of standards for those in the private sector acting in a similar capacity. Interpretations of ERISA state that maintaining a written and comprehensive investment policy is consistent with fulfilling fiduciary duties. The PAC will, therefore, look to ERISA standards for guidance, in addition to the governing state laws.

The PAC oversees and administers the Horizons Plan. The PAC developed this statement for the purpose of formalizing general investment guidelines for use in overseeing the selection, maintenance, reporting and removal of investment alternatives under the Plan. This policy document records the conclusions reached by the PAC, after considerable care, to arrive at the most suitable combination of offered options in terms of expected risk and expected return. The intent of this policy is to facilitate the prudent management of the Plan's investment options. The purpose of this investment policy is to:

- Provide written guidelines for the PAC, investment consultant, and investment managers concerning the selection and design of investment options offered under the Horizons Plan.
- Describe the various investment options and their risk/return profiles.
- Outline the criteria and processes for the ongoing evaluation of the investment options and managers, and the documentation of such monitoring.
- Communicate pertinent information to investment managers, investment consultants, employees, participants and other interested parties.

The PAC will review this policy document annually for the purpose of assessing the need for any changes thereto. In addition, this policy may be amended from time to time by the PAC due to changing employee needs and market conditions or upon consideration of advice and recommendations from retained professionals such as investment consultants, attorneys, investment managers, etc. Any changes will be communicated to participants, investment managers, and others as appropriate.

## 2. PURPOSE OF THE PLAN

As a result of collective bargaining between Los Angeles County ("County") and employee unions, the County created the Horizons Plan to establish a way for employees to accumulate and invest deferred compensation for retirement income and death benefits on a tax deferred basis.

The PAC shall be responsible for the administration of the Plan, including but not limited to the preparation and delivery to the Board, Participants, Beneficiaries and governmental agencies of all information, descriptions and reports required by applicable law, except to the extent responsibility for administration of the Plan is expressly assigned to another person under the terms of the Plan or the Trust Agreement.

The PAC's goal is to provide County employees with the ability to invest pre-tax income in a broad range of investment options with diverse risk and return characteristics when establishing their retirement savings portfolios.

## 3. INVESTMENT OBJECTIVES OF THE PLAN

It is necessary to recognize the important impact of rate of return to the accumulation of capital and that in the long run, high returns have been historically accompanied by high risk (volatility of returns) levels. It is also necessary to recognize that participants have different objective needs and levels of risk tolerance. An important objective of the Plan is to offer a range of options so participants are able to construct portfolios that are diversified by broad asset classes and by investment style within asset classes.

The Horizons Plan is a voluntary long-term savings plan for the accumulation of retirement savings. Participants bear the risk and benefit from the rewards of investment returns that result from both the options offered and the combination of options, which they select. Investment direction of employee and vested matching contributions are the responsibility of

participants. Although the PAC selects and monitors the options that are being made available, participants are responsible for deciding which of the available choices are the most appropriate for their retirement savings needs.

Unallocated accounts and reserves are invested by the PAC in existing investment options, as recommended by the County Treasurer. Currently these monies are invested in the Stable Income Fund.

The PAC recognizes that the various time horizons of Plan participants require that investment options possess the return and risk characteristics necessary for the achievement of participant needs.

It is the policy of the PAC to offer participants a reasonable range of investment choices for their accounts. These choices are on the long term, historical risk/return spectrum from lower return/lower risk to higher return/higher risk. The PAC recognizes that there is the possibility of the overall portfolio characteristics of the offered options changing over time and such changes could be due to investment style, absolute asset size of portfolios, changes with the portfolio management team and/or investment management organization. In addition, the PAC will review the overall costs of the investments and administration. If such changes operate to the detriment of plan participants, by policy, the PAC will entertain the possibility of replacing such portfolio and/or investment option.

The PAC intends to provide participants a minimum of three broad risk/return categories:

- **Lower Risk Category** The objective of the fund(s) offered in this category is to provide current income, with capital preservation. Capital appreciation is not an objective of this investment category. Funds offered should have low probability of risk to capital.

- **Moderate Risk Category** The objective of the fund(s) offered in this category may range from primarily providing income plus capital appreciation to primarily providing long-term capital appreciation plus current income. Funds in this category can range from conservatively managed funds primarily invested in fixed income instruments providing income consistent with long term preservation of capital to funds managed more aggressively with a blend of fixed income and equity investments.

- **Higher Risk Category** The objective of the fund(s) offered in this category is to provide capital appreciation. Income may be a

secondary objective. Funds in this category may invest primarily in a portfolio of common stocks.

The PAC will select certain funds for each category by using processes which exemplify prudent fiduciary standards. These standards will include the consideration of the investment approach of the fund manager, as well as the fund's historical performance, and volatility. The performance will be compared to appropriate indices and benchmarks. The impact of fees and expenses on the net return to Horizons Plan participants will also be evaluated.

The investment asset classes approved by the PAC are:

- Capital Preservation
- Bond/Fixed Income
- Inflation Protection
- Balanced/Target Date
- Large Capitalization Domestic Equity
- International Equity
- Mid Capitalization Domestic Equity
- Small Capitalization Domestic Equity

The current investment options offered in these asset classes are listed in the Appendix attached hereto. The approved asset classes as well as the options offered in each class may be changed from time to time at the PAC's discretion.

The PAC has approved the addition of a new Target Date Fund every five years. Each new Target Date Fund will follow the glide path of the existing Target Date Funds. The glide path of the maturing fund is designed to continue to change for ten years past the retirement date and at that point, it will be merged into the Retirement Income Fund.

In an effort to provide further investment flexibility, a self-directed brokerage option is offered in the Plan. The Plan's self-directed brokerage option allows participants to invest in any publicly-traded security, including stocks, bonds and mutual funds, with the following exceptions: tax-exempt mutual funds and tax-exempt fixed income securities, short sales, futures, options, limited partnerships, currency trading and trading on margin. In developing and maintaining the Plan's self-directed brokerage option, the PAC will evaluate the window provider for reasonable cost, fund availability, and competitive service capability. There will be periodic reviews to confirm competitiveness.

- $25,000 core balance required for enrollment and to continue within the self-directed brokerage option.
- $1,000 minimum for all transfers into the self-directed brokerage option.
- Permitted Investments:
    - Taxable mutual funds
    - Listed securities (NYSE, AMEX, NASDAQ)
    - Taxable fixed income securities
    - Treasuries

## 4. ROLES AND RESPONSIBILITIES

The following is a summary overview of the roles and responsibilities of the Plan's administrator and service providers. The descriptions below are not intended to be exhaustive, and the actual responsibilities of the parties are set forth in the Plan ordinance, trust agreement and applicable contracts. In fulfilling their responsibilities the parties below may act in a fiduciary capacity as reflected in the Plan ordinance, trust agreement or applicable contract(s), or to the extent that they otherwise exercise authority or control over the management or disposition of Plan assets, provide advice regarding the investment of Plan assets or exercise discretionary authority or control over Plan administration or management.

**Plan Administrative Committee**
The PAC's primary investment-related responsibilities include the following: (i) preparing and maintaining this policy statement, (ii) prudently selecting, monitoring and removing/replacing investment managers and investment options as needed to provide participants with a sufficiently diverse investment menu, (iii) prudently selecting, monitoring and removing/replacing other service providers, including but not limited to the custodian bank and investment consultant; (iv) controlling and accounting for all investment, record keeping and administrative expenses associated with the Plan. The PAC also has the authority to amend the language contained in this policy statement as needed.

**Investment Consultant**
The PAC may select an Investment Consultant (the "Consultant") to the Plan. The Consultant will be a registered investment advisor under the Investment Advisors' Act of 1940. The Consultant's responsibilities include the following:
- Assisting the PAC with maintaining the policy objectives and guidelines;
- Providing recommendations on the investment managers and investment options;

- Providing assistance in manager fund searches and selection, and with investment performance evaluation;
- Providing timely information, written and/or oral, on investment options, managers, and other related issues, as requested by the PAC;
- Meeting with the Committee and review the performance of the Plan's investment options; and
- Assisting in the selection, monitoring, removing and replacing of a diverse selection of investment options suitable for the Plan's demographics.

**Recordkeeper**

The County of Los Angeles Board of Supervisors selects the recordkeeper to the Plan. The recordkeeper is responsible for maintaining and updating individual account balances as well as information regarding plan contributions, withdrawals and distributions. The recordkeeper's responsibilities include, but are not limited to, the following:

- Processing participant contributions, redemptions and exchanges;
- Processing distribution, transfers and rollover requests;
- Processing loan requests and defaults, and performing loan recordkeeping services;
- Performing Plan and participant level accounting and reconciliations;
- Reconciling and processing in-service and hardship withdrawals;
- Providing participants with quarterly statements of their accounts;
- Coordinating with mutual fund providers selected by the PAC on the collection of revenue sharing and forwarding that revenue sharing amount to the custodian for reinvestment back to participants invested in the mutual fund; and
- Periodically reporting to the PAC.

**Investment Managers**

The PAC with assistance from the Investment Consultant selects the Investment Managers. The Investment Managers shall be delegated the responsibility of investing and managing the Plan assets in accordance with the investment policy statement and all applicable laws. Each Investment Manager hired by the Plan must be qualified based on one or more of the following:

- Manages an investment company registered under the Investment Company Act of 1940;
- Registered under the Investment Advisors Act of 1940;
- A bank, as defined in the Investment Advisors Act of 1940;
- An insurance company qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of Plan assets; or
- Such other person or organization authorized by applicable law or regulation to function as an Investment Manager.

**Directed Trustee/Custodian**
The Directed Trustee/Custodian is responsible for the safekeeping of the Plan's separate account assets. The Directed Trustee/Custodian specific duties and responsibilities are to:

- Hold the Plan's assets in trust;
- Value the holdings;
- Collect all income and dividends owed to the Plan;
- Settle all transactions;
- Calculate a daily NAV for the core investment options and the target date portfolios;
- Provide periodic reports that detail financial transactions and valuations; and
- Rebalance blended funds.

**Transition Manager**
The PAC with assistance from the Investment Consultant assembles an approved list of transition managers for use in the event of a transition from one portfolio manager to the next. Staff with assistance from the Investment Consultant will review pre-trade bids and select a transition manager on a project-by-project basis. Each Transition Manager used for a specific transition will provide the following:

- A pre-trade bid analysis outlining total transaction costs including commissions and market impact, benchmarks for assessing the success of the transition, a performance guarantee and investment restrictions (if any);
- A post-trade report that summarizes the activities and results of the transition including amount of trade proceeds, a breakdown of assets traded along with specification as to if the trade was internally or externally crossed or traded on the open market and costs. The report will also include a comparison of the pre-trade bid and the post-trading results; and
- Analysis associated with the performance guarantee.

## 5. CRITERIA FOR SELECTING INVESTMENT MANAGERS

Investment options will include asset classes and risk/reward levels representing the three core categories. The PAC intends to offer at least one fund selection within each of the three core categories. The investment vehicles for any of the investment options may be a separately managed account, a pooled or commingled account, a mutual fund, or a combination of investment vehicles as determined for each fund by the PAC. The selection criteria set forth below will also be applied to all portfolios utilized

within the pre-assembled offerings. The PAC has prudently constructed each of the target date funds based upon the expected return and risk characteristics of asset classes to be represented within each portfolio. Annually, the PAC will evaluate the number and type of core investment offerings. From time-to-time, the PAC will review the glidepath and composition of the target date funds. The PAC may retain an outside consultant or advisor to provide assistance with the evaluation of potential investment management organizations.

The PAC will select investment managers for each category by using processes which exemplify prudent fiduciary standards. When making fund selections and or changes to the structure of the target date funds, the PAC will take the following into consideration:

I. Portfolio Management/Expenses/Administrative Feasibility

A. Portfolios that are well diversified, prudently managed, and offer reasonable opportunities for appreciation in value or earnings.
B. Portfolios with reasonable and competitive investment management fees and/or expense ratios that are compared to other institutional investor portfolios.
C. Portfolios that adhere to the style and philosophy presented by the investment manager.
D. Administrative feasibility and costs to participants including, but not limited to, trading implications, capacity issues, etc.

II. Performance

A. Portfolios that have a record of performing near or above the relevant published market indices (Standard & Poor's 500 Index, Barclays Capital Aggregate Bond Index, etc.). A market index is a statistical composite that measures changes in financial markets, including stock and bond fluctuations. Comparative performance will usually be based upon a three to five year time horizon.
B. Portfolios that have a record of consistently performing better than the median of a universe of similar portfolios. A universe is a peer group of investment managers handling similarly managed funds. Comparative performance will usually be based upon a three to five year time horizon.
C. Portfolios will also be evaluated on a risk-adjusted basis versus the relevant market index.

III. Communication/Reporting

A. Investment management organizations that provide monthly updates regarding investment holdings and performance, as well as a clear definition of their management, philosophy and strategy. Investment

management organizations that do not normally provide this information must commit to making it available at least monthly.

B. Ease of communicating the characteristics of the portfolios to participants.

IV. Corporate Stability/Personnel

A. Financial stability of the company. In the case of the deposit account options, each bank should be investment grade as rated by Moody's, Fitch and Standard & Poor's.

B. Corporate governance of the investment management organization. Preference will be given to firms who have remained stable from an organizational standpoint, including staffing, controlled plan for growth, compliance with respective governing agencies, etc.

C. Minimum assets under management as follows:
   - Bank Deposit Account - $500 million
   - Fixed Income - $1 billion
   - Inflation Protection - $500 million
   - High Yield - $500 million
   - Target Date Portfolios – Not applicable
   - Balanced - $500 million
   - Large Capitalization Domestic Equity - $1 billion
   - International Equity - $1 billion
   - Small/Mid Capitalization Domestic Equity - $500 million

D. The PAC will evaluate the overall size of assets under advisement within the particular investment strategy employed by PAC and the length of time the organization has been in operation. When considering a mutual fund or collective trust investment, the PAC wishes that the Plans' investment not exceed more than 10% of such fund's assets. When considering a separately managed account, the PAC will consider those firms where a proposed allocation will not exceed more than 10% of such firm's assets under management within the proposed asset class. In general, these are the guidelines that the PAC wishes to use when selecting new investment managers for inclusion in the Plan. However, there may be special circumstances when the PAC decides to relax these requirements. For example, should non-traditional asset classes or non-core strategies be included in the Target Date Funds, the PAC may waive the 10% minimum or the minimum assets under management in order to gain the desired diversification. In the event that the PAC decides to relax these guidelines, other factors will be carefully considered including, but not limited to, whether or not the investment manager is a named

fiduciary to the Plan and the portfolio size is less than the other assets under advisement by the investment manager.

V. Operations

A. Portfolios and/or funds that offer ease and ability to make transfers and process liquidations and contributions.

B. Funds/or portfolios must be valued daily.

VI. Other

To the extent that the PAC uses separately managed portfolios, those assets will be held in custody with an appropriate custodian and the investment manager will reconcile their fund holdings with the custodian.

## 6. MONITORING INVESTMENT PERFORMANCE

The PAC will review the investment management organizations and investment performance of each portfolio and investment option on a quarterly basis. The PAC may retain an outside consultant or advisor to provide a report and assist in the evaluation of such portfolios.

A portfolio and investment option will be evaluated over a full market cycle, generally defined as three to five years. This time period may be longer depending on the current market environment. This allows for the investment process and style of a particular portfolio to fully manifest itself in terms of risk, return, style, and overall portfolio characteristics.

At its discretion, the PAC may choose to evaluate a fund over a shorter period. The PAC will review the following with respect to each portfolio and investment option:

1. Portfolio management, expenses and administrative feasibility;
   A. Appropriate diversification and prudent management.
   B. Reasonable investment management fees and/or expense ratios as compared to other institutionally managed portfolios.
   C. Consistent investment style.
2. Performance;
   A. Performance versus indices.
   B. Performance relative to peer group.
   C. Performance reviewed over a three and five year time period unless a shorter term underperformance is so severe that it warrants the PAC's immediate consideration for termination

and/or replacement. The PAC may also elect to evaluate a manager over longer time periods given current market conditions.

D. Portfolio risk characteristics shall remain consistent with the underlying investment manager or portfolio style.

3. Communication and reporting;
   A. Each investment manager shall communicate any changes to their organization, personnel and investment process to the PAC.
   B. Each investment manager shall be responsive to the PAC and staff's requests.
4. Corporate stability and personnel;
   A. Investment management organizations shall not experience negative financial press that impacts the reputation of the firm.
   B. Corporate Governance issues including change in company ownership, turnover of the underlying investment management personnel, significant change to the investment process or issues with governing regulatory body.
   C. Portfolio size should be less than 15% of the firm's assets under advisement within the particular investment strategy employed by PAC.
5. Operations;
   A. Investment options will be monitored for utilization by participants.
   B. Operational problems with the accuracy of transactions and processing of cash flow will be reviewed.
6. Compliance with individual fund investment guidelines.
7. In the case of separate accounts compliance with individual investment guidelines as outlined in the Appendix.

With respect to performance, the PAC will evaluate funds against a variety of measures including one or more of the following:

- Absolute performance relative to an appropriate index.
- Relative performance versus other similarly managed portfolios as defined by a universe of other funds/managers.
- An analysis of risk and risk-adjusted performance.
- An analysis of adherence to and implementation of style.

The specific performance criteria for each portfolio and investment option are outlined in the Appendix.

Non-compliance, and/or non-adherence to the aforementioned standards and performance objectives can be immediate grounds for termination and replacement.

Other issues, such as significant changes from current operational and reporting standards, may be considered by the PAC within the monitoring, termination and replacement decision making process.

The PAC will generally take the following steps prior to terminating an investment manager. Should the investment manager fail to meet any of the monitoring items listed above, the PAC will place the investment manager on watch and meet with the investment manager to discuss the specific issue(s). The PAC will give the investment manager a reasonable amount of time to correct the issue and will continue to monitor the firm. At the PAC's discretion, there may be circumstances that warrant terminating a manager immediately and without going through these outlined steps.

## 7. PROXY VOTING

The PAC acknowledges that the ownership of equities in separate accounts entitles proxies to be voted at annual and special meetings of shareholders. The PAC commits to managing its proxy voting rights with the same care, skill, diligence and prudence as is exercised in managing its other assets. As responsible fiduciaries, the PAC and designated staff or agent will exercise its proxy voting rights in the sole interest of the Plan's participants and beneficiaries in accordance with all applicable statutes. The PAC may delegate proxy voting to the investment managers or contract with a third party to perform its duties.

The PAC acknowledges that its proxy voting rights for its equity investments do not extend to such corporate actions as offers to repurchase, tender offers, securities class action litigation, bankruptcies and dividend reinvestments. Such corporate actions are to be decided by the relevant equity investment managers. The PAC also acknowledges that its proxy voting rights do not extend at all to its investment in fixed-income instruments. All corporate actions on fixed-income instruments are to be made by the PAC's investment managers. Proxy voting guidelines appear in the Appendix.

## 8. TRADE RESTRICTION POLICY

The PAC has implemented a plan-wide trade restriction policy to:

- Address complaints from fund managers about disruptive trading practices by plan participants;
- Ensure the PAC's ability to continue to select qualified investment managers/funds for the plan; and
- Protect the viability of the remaining investment options.

**Exceptions**

The Horizons Plan Trade Restriction Policy will apply to all Horizon Plan investment options except the Stable Income Fund and the Bank Depository Fund. The Bank Depository Fund and the self-directed brokerage option has the following trade restriction in place. There is a 90-day waiting period for any transfers from the Stable Income Fund into the Bank Depository Fund or the self-directed brokerage option.

In addition, it is a Participant's responsibility to review the prospectus and disclosure documents for any investment option that the Participant invests in and to adhere to the trading policy and related restrictions established by the fund in the prospectus (as in effect from time to time). The PAC reserves the right to impose the penalties described below for any disruptive trading practices that are identified by the fund managers and communicated to the Plan even if those practices may not be in violation of the Plan's Trade Restriction Policy.

**Market-Timing Definition:**

Purchase(s) into a fund aggregating $10k or greater on a single day must remain invested in that fund for a minimum of 10-business days ("investment period"). Any trade-out from that fund during the investment period will be considered market-timing. The Plan will treat assets contributed last as having been redeemed first. Purchases include trade-in and rebalance transactions. Payroll deposits are excluded. For example, a participant contributed $10,000 to Fund A on day 1 and another $5,000 on day 2. If on day 3 the participant trades-out: 1) $5,000 there is no violation, or 2) $6,000 there is a violation because the first $5,000 applies to the contribution made on day 2 but the remaining $1,000 applies to the $10,000 contributed on day 1 which requires a minimum ten-business day investment period.

**1. 30-Calendar Day "Round-trip" Restriction:**

*(Objective: eliminate excessive frequency trading)*

Upon any trade-out from a fund, a participant cannot trade-in to that fund for 30 calendar days although the participant may continue to trade-out any remaining assets in that fund. This restriction is automatically imposed by the Plan's record keeper.

**2. "Investment Period" Restriction:**
*(Objective: eliminate market-timing)*

Upon the first violation of the investment period restriction, the participant will receive a "Warning Notice" identifying the violating transaction and a description of the Program. The participant will maintain "normal transactions" privileges (those performed through the website, KeyTalk®, Voice Response System, fax, and Client Services).

A second violation of the investment period restriction will result in a "Penalty" whereby normal transaction privileges will be suspended for 180-calendar days. During the penalty period, the participant may execute transactions only through standard First Class U.S. Postal service. Upon completion of the penalty, the participant must submit a signed "Request for Transaction Access Reinstatement" (Agreement) in which the participant agrees to comply with the Program in exchange for having normal transaction privileges restored.

Should a participant subsequently breach the Agreement, the PAC will have discretion to determine the transaction privilege penalty to be imposed. This can range from another 180-calendar day suspension or, if it is determined the participant has a history of market-timing, the permanent suspension of normal transaction privileges.

**Appeals**

A participant may appeal to the PAC. However, the only transactions exempt from the Investment Period Restriction are those considered "non-trade" transactions (assets from the redemption of one fund are not used to purchase into another fund) which include Hardship Withdrawals, disbursements, loans, and ARC time purchases, as applicable.

## 9. TRANSACTIONS, BROKERAGE AND COMMISSION RECAPTURE PROGRAM

The PAC understands its fiduciary responsibility with respect to transactions

and hereby instructs their investment managers to seek best execution when conducting all trades. Investment managers are instructed to seek to minimize commission and market impact costs when trading securities. Investment managers shall provide annual reports to the staff summarizing commission activity by broker, showing the average commission cost and execution costs.

When trading securities, best execution is the paramount consideration of the PAC. This objective is expected to provide for and protect the best economic interest of the Plan. As part of the trading process, managers shall determine expected trading costs associated with approved firms on the PAC's commission recapture brokerage firm list. If trading through one of the PAC's commission recapture brokerage firm is in the best economic interest of the Plan, the investment managers are expected to consider this firm as well as others in obtaining best execution.

For example, if an equity trade is contemplated and an investment manager can execute the trade through the PAC's commission recapture brokerage firm while not incurring any incremental commission or market impact costs, then the PAC would like the manager to do so. However, if a manager is required to carve out a portion of a block trade to accommodate a trade through the PAC's commission recapture brokerage firm or if such a trade is likely to lead to increased costs, the manager shall not trade through the PAC's commission recapture brokerage firm.

## 10. COMMUNICATIONS TO PARTICIPANTS

The PAC or its designees will take reasonable steps to communicate the general characteristics of the various investment options to participants. These communications will include a description of the relative investment risk associated with each alternative, benefits of diversification and other general investment education.

At least quarterly, participants will be notified of the rates of return of the investment options. Other information may be included which will help the participants make informed decisions regarding their investment options. The PAC acknowledges the need to support Los Angeles County in its effort to adequately educate participants with respect to time horizons, risk, expected returns, and portfolio diversification. In addition, this Statement of Investment Policy is to be communicated to participants upon adoption by the PAC.

# Appendix A
## DEFERRED COMPENSATION & THRIFT PLAN INVESTMENT FUND OPTIONS

| Asset Class | Investment Option | Market Benchmark | Peer Universe |
|---|---|---|---|
| Capital Preservation | Bank Depository Fund | Average of 3 Month LIBOR during the last ten business days of the calendar quarter | Not applicable |
| Capital Preservation | Horizons Stable Income Fund | 3 Month T-Bill Index plus 1.50% | Stable value |
| Bond/Fixed Income | Horizons Bond Fund | Barclays Capital Aggregate Bond Index | Core Plus |
| Inflation Protection | Horizons Inflation Protection Fund | Blended index of 50% Barclays Capital US TIPS Index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index. | Not applicable |
| Balanced/Target Date | Horizons Retirement Income Fund | Blended index of 27% Barclays Capital Aggregate Bond Index; 5% Merrill Lynch U.S. High Yield BB-B 2% Constrained Index;8% JPMorgan EMBI Global Diversified Index; 7% S&P 500 Index; 3% MSCI EAFE Index; 1.5% Russell Mid Cap Index; 1.5% Russell 2000 Index; 2% MSCI Emerging Market Free Index; 6.0% Barclays Capital U.S. TIPs 1-10 Year Index; 12% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI; 7.5% MSCI All Country World Index; and 12% blended index of 50% Barclays Capital US TIPS Index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |
| Balanced/Target Date | Horizons 2010 Target Date Fund | Blended index of 22.20% Barclays Capital Aggregate Bond Index; 3.98% Merrill Lynch U.S. High Yield BB-B 2% Constrained Index;6.80% JPMorgan EMBI Global Diversified Index; 12.52% S&P 500 Index; 6.30% MSCI EAFE Index; 2.76% Russell Mid Cap Index; 2.76% Russell 2000 Index; 3.20% MSCI Emerging Markets Free Index; 5.07% Barclays Capital U.S. TIPs 1-10 Year Index; 10.14% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI; 7.5% MSCI All Country World Index; and 9.27% blended index of 50% Barclays Capital US TIPS Index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |

| | | | |
|---|---|---|---|
| Balanced/Target Date | Horizons 2015 Target Date Fund | Blended index of 17.60% Barclays Capital Aggregate Bond Index; 3.17% Merrill Lynch U.S. High Yield BB-B 2% Constrained Index; 5.00% JPMorgan EMBI Global Diversified Index; 17.08% S&P 500 Index; 9.20% MSCI EAFE Index; 3.79% Russell Mid Cap Index; 3.79% Russell 2000 Index; 4.0% MSCI Emerging Markets Free Index; 4.98% Barclays Capital U.S. TIPs 1-10 Year Index; 9.96% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI; and 7.5% MSCI All Country World Index; and 6.43% blended index of 50% Barclays Capital US TIPS Index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |
| Balanced/Target Date | Horizons 2020 Target Date Fund | Blended index of 11.00% Barclays Capital Aggregate Bond Index; 2.20% Merrill Lynch U.S. High Yield BB-B 2% Constrained Index;4.50% JPMorgan EMBI Global Diversified Index; 23.60% S&P 500 Index; 12.00% MSCI EAFE Index; 5.20% Russell Mid Cap Index; 5.20% Russell 2000 Index; 5.50% MSCI Emerging Markets Free Index; 3.95% Barclays Capital U.S. TIPs 1-10 Year Index; 7.90% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI; 7.5% MSCI All Country World Index; and 3.95% blended index of 50% Barclays Capital US TIPS Index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |
| Balanced/Target Date | Horizons 2025 Target Date Fund | Blended index of 4.70% Barclays Capital Aggregate Bond Index; 1.20% Merrill Lynch U.S. High Yield BB-B 2% Constrained Index; 3.90% JPMorgan EMBI Global Diversified Index; 29.0% S&P 500 Index; 16.0% MSCI EAFE Index; 6.30% Russell Mid Cap Index; 6.30% Russell 2000 Index; 6.60% MSCI Emerging Markets Free Index; 2.75% Barclays Capital U.S. TIPs 1-10 Year Index; 5.50% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI; 7.5% MSCI All Country World Index; and 2.75% blended index of 50% Barclays Capital US TIPS Index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |

| | | | |
|---|---|---|---|
| Balanced/Target Date | Horizons 2030 Target Date Fund | Blended index of 1.40% Barclays Capital Aggregate Bond Index; 0.20% Merrill Lynch U.S. High Yield BB-B 2% Constrained Index; 2.0% JPMorgan EMBI Global Diversified Index; 33.20% S&P 500 Index; 16.0% MSCI EAFE Index; 7.30% Russell Mid Cap Index; 7.30% Russell 2000 Index; 7.60% MSCI Emerging Markets Free Index; 2.50% Barclays Capital U.S. TIPs 1-10 Year Index; 5.0% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI; 7.5% MSCI All Country World; and 2.50% blended index of 50% Barclays Capital US TIPS Index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |
| Balanced/Target Date | Horizons 2035 Target Date Fund | Blended index of 2% JPMorgan EMBI Global Diversified Index; 34% S&P 500 Index; 16% MSCI EAFE Index; 7.5% Russell Mid Cap Index; 7.5% Russell 2000 Index; 8% MSCI Emerging Markets Free Index; 2.50% Barclays Capital U.S. TIPs 1-10 Year Index; 5.0% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI; 7.5% MSCI All Country World Index; and 2.50% blended index of 50% Barclays Capital US TIPS Index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |
| Balanced/Target Date | Horizons 2040 Target Date Fund | Blended index of 2% JPMorgan EMBI Global Diversified Index; 34% S&P 500 Index; 16% MSCI EAFE Index; 7.5% Russell Mid Cap Index; 7.5% Russell 2000 Index; 8% MSCI Emerging Markets Free Index; 2.50% Barclays Capital U.S. TIPs 1-10 Year Index; 5.0% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI; 7.5% MSCI All Country World Index; and 2.50% blended index of 50% Barclays Capital US TIPS Index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |

| | | | |
|---|---|---|---|
| Balanced/Target Date | Horizons 2045 Target Date Fund | Blended index of 2% JPMorgan EMBI Global Diversified Index; 34% S&P 500 Index; 16% MSCI EAFE Index; 7.5% Russell Mid Cap Index; 7.5% Russell 2000 Index; 8% MSCI Emerging Markets Free Index; 2.50% Barclays Capital U.S. TIPs 1-10 Year Index; 5.0% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI; 7.5% MSCI All Country World Index; and 2.50% blended index of 50% Barclays Capital US TIPS Index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |
| Balanced/Target Date | Horizons 2050 Target Date Fund | Blended index of 2% JPMorgan EMBI Global Diversified Index; 34% S&P 500 Index; 16% MSCI EAFE Index; 7.5% Russell Mid Cap Index; 7.5% Russell 2000 Index; 8% MSCI Emerging Markets Free Index; 2.50% Barclays Capital U.S. TIPs 1-10 Year Index; 5.0% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI; 7.5% MSCI All Country World Index and 2.50% blended index of 50% Barclays Capital US TIPS Index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |
| Balanced/Target Date | Horizons 2055 Target Date Fund | Blended index of 2% JPMorgan EMBI Global Diversified Index; 34% S&P 500 Index; 16% MSCI EAFE Index; 7.5% Russell Mid Cap Index; 7.5% Russell 2000 Index; 8% MSCI Emerging Markets Free Index; 2.50% Barclays Capital U.S. TIPs 1-10 Year Index; 5.0% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI; 7.5% MSCI All Country World Index and 2.50% blended index of 50% Barclays Capital US TIPS Index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |
| Balanced/Target Date | Horizons Balanced Fund | Blended index of 60% S&P 500 Index and 40% Barclays Capital Aggregate Bond Index | Balanced funds with similar asset allocation |
| Large Capitalization Domestic Equity | Horizons Large Cap Equity Fund | S&P 500 Index | Not applicable |
| International Equity | Horizons Non-U.S. Equity Fund | MSCI EAFE Index | Non-U.S. equity |

| | | | |
|---|---|---|---|
| Mid Capitalization Domestic Equity | Horizons Mid Cap Equity Fund | Russell Mid Cap Index | Mid cap equity |
| Small Capitalization Domestic Equity | Horizons Small Cap Equity Fund | Russell 2000 Index | Small cap equity |

*The benchmark weight for each asset class represents the weight for 2015.

## Composition of Asset Class Funds

Some of the asset class funds seek diversification through a multi-manager structure. Each investment manager will manage their portfolio independently. For asset class funds where a liquidity buffer is not used, rebalancing between managers will occur monthly through the monthly payroll deferral contribution. To the extent necessary, managers will be formally rebalanced on a quarterly basis. For those portfolios using a liquidity buffer, rebalancing will occur quarterly.

| Investment Option | Investment Manager | Benchmark | Target |
|---|---|---|---|
| Horizons Bond Fund | Loomis Sayles & Company, L.P. Core Plus Full Discretion | Barclays Capital Aggregate Bond Index | 50% |
| | Metropolitan West Asset Management, LLC – separate account | | 50% |
| Horizons Balanced Fund | Dodge & Cox Balanced Fund (DODBX) | 60% S&P 500 Index and 40% Barclays Capital Aggregate Bond Index | 100% |
| Horizons Large Cap Equity Fund | SSgA S&P 500 Flagship Series C | S&P 500 Index | 100% |
| Horizons Non-U.S. Equity Fund | Capital Guardian International (Non-U.S.) Equity Fund Unit Class T | MSCI EAFE Index | 50% |
| | Causeway Capital Management LLC – separate account | MSCI EAFE Index | 50% |

| | | | |
|---|---|---|---|
| Horizons Mid Cap Equity Fund | SSgA MidCap Index Fund | Russell Mid Cap Index | 5% |
| | Artisan Partners Limited Partnership – separate account | Russell Mid Cap Growth Index | 35.625% |
| | William Blair & Co. L.L.C. – separate account | Russell Mid Cap Growth Index | 11.875% |
| | Sasco Capital, Inc. – separate account | Russell Mid Cap Value Index | 23.75% |
| | WEDGE Capital Management L.L.P. – separate account | Russell Mid Cap Value Index | 23.75% |
| Horizons Small Cap Equity Fund | SSgA Russell 2000 Index Fund | Russell 2000 Index | 5% |
| | Brandywine Global Investment Management, LLC – separate account | Russell 2000 Value Index | 15.84% |
| | Dimensional Fund Advisors U.S. Targeted Value Portfolio | Russell 2000 Value Index | 15.83% |
| | Phocas Financial – separate account | Russell 2000 Value Index | 15.83% |
| | NorthPointe Capital, LLC – separate account | Russell 2000 Growth Index | 23.75% |
| | Peregrine Capital Management – separate account | Russell 2000 Growth Index | 23.75% |
| Horizons Inflation Protection Fund | SSgA U.S. Inflation Protected Bond Index Fund – Class A | Barclays Capital U.S. Treasury Inflation Protected Securities Index | 30% |
| | SSgA Real Asset Strategy Fund | 25% Dow Jones-UBS Roll Select Commodity Index, 30% S&P Global LargeMidCap Commodity and Resources Index, 15% Dow Jones U.S. Select REIT Index and 30% Barclays U.S. TIPS Index. | 70% |

## Composition of Target Date Funds

Each of the target date portfolios will invest in a combination of the Plan's core portfolios as well as other non-core strategies and is diversified by asset class and holdings. The glide path and asset allocation for each retirement date portfolio is approved by the PAC. Each year the target date funds will adjust to more conservative investments as the Fund's time horizon shortens.

Each month the asset allocation for each portfolio will be rebalanced through the monthly payroll deferral contribution. Portfolios will be formally rebalanced on a quarterly basis as needed. The non-core portfolios currently included in the target date funds are listed in the table below.

| Asset Class | Investment Manager | Benchmark | Target | Range (+ / -) |
|---|---|---|---|---|
| Equity Alternatives | BNY Collective Trust – Government STIF | N/A | 1% | 0.7% |
| | Mellon Capital Management EB Daily Liquidity Global Alpha I Fund | 60% MSCI World and 40% CitiWGBI | 49.5% | 4.0% |
| | Wellington Trust Company, NA Collective Investment Fund II Unconstrained Themes Portfolio | MSCI All Country World Index | 49.5% | 4.0% |
| Real Return | BNY Collective Trust – Government STIF | N/A | 1.2% | 0.8% |
| | JP Morgan Diversified Commercial Property Fund | 75% NCREIF ODCE and 25% MSCI REIT Index | 65.90% | 6.0% |
| | PIMCO All Asset Fund (PAAIX) | Barclays Capital U.S. TIPs 1-10 Year Index* | 32.90% | 3.0% |
| Emerging Markets Equity | Dimensional Fund Advisors Emerging Market Value Portfolio | MSCI Emerging Markets Free Index | 100% | n/a |
| Emerging Market Debt (Local Currency) | BNY Collective Trust – Government STIF | N/A | 1.50% | 2.0% |
| | Standish Mellon Emerging Market Debt Fund | JPMorgan EMBI Global Diversified | 98.5% | 2.0% |

*A secondary benchmark is 40% Barclays Capital Aggregate Bond Index; 30% Barclays Capital US TIPS 1-10 year Index; 10% S&P 500 Index; 10% Barclays Capital High Yield Index; 10% JP Morgan EMBI Index.

## Blended Funds
## Asset Allocation and Rebalancing Guidelines

The PAC has adopted the asset allocation policy as outlined below for the Horizons Target Date Funds. The PAC determined this policy after evaluating the implications of increased investment return versus increased variability of return for a number of potential investment policies with varying commitments to equities, fixed income securities and alternative investments.

| **Horizons Target Date Income Fund** | **Target %** | **Range (+/-)** |
|---|---|---|
| Small Cap | 1.50% | 1.0% |
| Mid Cap | 1.50% | 1.0% |
| Large Cap | 7.00% | 3.0% |
| Non-U.S. | 3.00% | 1.5% |
| Bond | 27.00% | 5.0% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | 18.00% | 6.5% |
| High Yield | 5.00% | 2.0% |
| Emerging Market Equity | 2.00% | 1.0% |
| EMD (Local Currency) | 8.00% | 3.0% |
| Inflation Protection | 12.00% | 5.0% |
| | 100.00% | |

| **Horizons Target Date 2010** | **Target %** | **Range (+/-)** |
|---|---|---|
| Small Cap | 2.76% | 1.5% |
| Mid Cap | 2.76% | 1.5% |
| Large Cap | 12.52% | 5.0% |
| Non-U.S. | 6.30% | 4.0% |
| Bond | 22.20% | 4.5% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | **15.21%** | 5.5% |
| High Yield | 3.98% | 1.5% |
| Emerging Market Equity | 3.20% | 2.0% |
| EMD (Local Currency) | 6.80% | 3.0% |
| Inflation Protection | 9.27% | 3.5% |
| | 100.00% | |

| **Horizons Target Date 2015** | **Target %** | **Range (+/-)** |
|---|---|---|
| Small Cap | 3.79% | 2.0% |
| Mid Cap | 3.79% | 2.0% |
| Large Cap | 17.08% | 6.0% |
| Non-U.S. | 9.20% | 5.0% |
| Bond | 17.60% | 3.0% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | 14.94% | 5.5% |
| High Yield | 3.17% | 1.0% |
| Emerging Market Equity | 4.00% | 3.0% |
| EMD (Local Currency) | 5.00% | 2.0% |
| Inflation Protection | 6.43% | 3.0% |
| | 100.00% | |

| **Horizons Target Date 2020** | **Target %** | **Range (+/-)** |
|---|---|---|
| Small Cap | 5.20% | 2.0% |
| Mid Cap | 5.20% | 2.0% |
| Large Cap | 23.60% | 7.0% |
| Non-U.S. | 12.00% | 6.0% |
| Bond | 11.00% | 2.0% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | 11.85% | 4.5% |
| High Yield | 2.20% | 0.5% |
| Emerging Market Equity | 5.50% | 3.5% |
| EMD (Local Currency) | 4.50% | 2.0% |
| Inflation Protection | 3.95% | 2.5% |
| | 100.00% | |

| Horizons Target Date Funds 2025 | Target % | Range (+/-) |
|---|---|---|
| Small Cap | 6.30% | 2.5% |
| Mid Cap | 6.30% | 2.5% |
| Large Cap | 29.00% | 8.0% |
| Non-U.S. | 16.00% | 6.0% |
| Bond | 4.70% | 1.0% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | 8.25% | 3.5% |
| High Yield | 1.20% | 0.5% |
| Emerging Market Equity | 6.60% | 4.0% |
| EMD (Local Currency) | 3.90% | 2.0% |
| Inflation Protection | 2.75% | 1.0% |
| | 100.00% | |

| Horizons Target Date Funds 2030 | Target % | Range (+/-) |
|---|---|---|
| Small Cap | 7.30% | 3.0% |
| Mid Cap | 7.30% | 3.0% |
| Large Cap | 33.20% | 8.0% |
| Non-U.S. | 16.00% | 6.0% |
| Bond | 1.40% | 0.0% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | 7.50% | 3.5% |
| High Yield | 0.20% | 0.0% |
| Emerging Market Equity | 7.60% | 4.5% |
| EMD (Local Currency) | 2.00% | 1.5% |
| Inflation Protection | 2.50% | 1.0% |
| | 100.00% | |

| Horizons Target Date Funds 2035 | Target % | Range (+/-) |
|---|---|---|
| Small Cap | 7.50% | 3.0% |
| Mid Cap | 7.50% | 3.0% |
| Large Cap | 34.00% | 8.0% |
| Non-U.S. | 16.00% | 6.0% |
| Bond | 0.00% | 0.0% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | 7.50% | 3.5% |
| High Yield | 0.00% | 0.0% |
| Emerging Market Equity | 8.00% | 4.5% |
| EMD (Local Currency) | 2.00% | 1.5% |
| Inflation Protection | 2.50% | 1.0% |
| | 100.00% | |

| Horizons Target Date Funds 2040 | Target % | Range (+/-) |
|---|---|---|
| Small Cap | 7.50% | 3.0% |
| Mid Cap | 7.50% | 3.0% |
| Large Cap | 34.00% | 8.0% |
| Non-U.S. | 16.00% | 6.0% |
| Bond | 0.00% | 0.0% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | 7.50% | 3.5% |
| High Yield | 0.00% | 0.0% |
| Emerging Market Equity | 8.00% | 4.5% |
| EMD (Local Currency) | 2.00% | 1.5% |
| Inflation Protection | 2.50% | 1.0% |
| | 100.00% | |

| Horizons Target Date Funds 2045 | Target % | Range (+/-) |
|---|---|---|
| Small Cap | 7.50% | 3.0% |
| Mid Cap | 7.50% | 3.0% |
| Large Cap | 34.00% | 8.0% |
| Non-U.S. | 16.00% | 6.0% |
| Bond | 0.00% | 0.0% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | 7.50% | 3.5% |
| High Yield | 0.00% | 0.0% |
| Emerging Market Equity | 8.00% | 4.5% |
| EMD (Local Currency) | 2.00% | 1.5% |
| Inflation Protection | 2.50% | 1.0% |
| | 100.00% | |

| Horizons Target Date Funds 2050 | Target % | Range (+/-) |
|---|---|---|
| Small Cap | 7.50% | 3.0% |
| Mid Cap | 7.50% | 3.0% |
| Large Cap | 34.00% | 8.0% |
| Non-U.S. | 16.00% | 6.0% |
| Bond | 0.00% | 0.0% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | 7.50% | 3.5% |
| High Yield | 0.00% | 0.0% |
| Emerging Market Equity | 8.00% | 4.5% |
| EMD (Local Currency) | 2.00% | 1.5% |
| Inflation Protection | 2.50% | 1.0% |
| | 100.00% | |

| Horizons Target Date Funds 2055 | Target % | Range (+/-) |
|---|---|---|
| Small Cap | 7.50% | 3.0% |
| Mid Cap | 7.50% | 3.0% |
| Large Cap | 34.00% | 8.0% |
| Non-U.S. | 16.00% | 6.0% |
| Bond | 0.00% | 0.0% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | 7.50% | 3.5% |
| High Yield | 0.00% | 0.0% |
| Emerging Market Equity | 8.00% | 4.5% |
| EMD (Local Currency) | 2.00% | 1.5% |
| Inflation Protection | 2.50% | 1.0% |
| | 100.00% | |

The purpose of this rebalancing policy is to establish a frame work for keeping each target date fund in line with its target asset allocation. Rebalancing activities have been delegated to the custodian bank. Unless otherwise directed in writing from the PAC or staff, the custodian bank is directed to process requests for investments into and withdrawals from each fund by investing in or withdrawing from assets classes on a pro-rata basis using cash flow to help maintain the targeted weight for each portfolio. The PAC further directs and authorizes the custodian bank to rebalance each asset class fund and each target date fund quarterly. The PAC instructs the custodian bank to re-allocate the target date funds annually according to the glidepath adopted by the PAC.

Each target date fund's benchmark is a custom benchmark designed to indicate the returns that a passive investor would earn by consistently following the asset allocation targets set forth in this policy statement. The table below indicates the benchmark for each underlying asset class used in the target date funds.

| **Asset Class** | **Benchmark** |
|---|---|
| Large Cap Equity Fund | S&P 500 Index |
| Mid Cap Equity Fund | Russell Mid Cap Index |
| Small Cap Equity Fund | Russell 2000 Index |
| Non-U.S. Equity Fund | MSCI EAFE Index |
| Emerging Markets Equity | MSCI Emerging Markets Free Index |

| | |
|---|---|
| Equity Alternatives | Combined benchmark of ½ MSCI All Country World Index plus ½ of a combination of MSCI World Index Half Hedged (60%) and Citigroup WGBI Index (40%) |
| Bond Fund | Barclays Capital Bond Index |
| High Yield | Merrill Lynch US High Yield BB-B Index |
| Emerging Market Debt (Local Currency) | JPMorgan EMBI Global Diversified Index |
| Real Return | Combined benchmark of ½ 75% NCREIF ODCE Index and 25% MSCI US REIT Index plus ½ Barclays Capital U.S. TIPS 1-10 Year Index |
| Inflation Protection Fund | Combined benchmark of 50% Barclays Capital U.S. TIPS Index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index. |

**Asset Class Funds**

The PAC has determined that for certain of the asset class funds it is prudent to utilize more than one investment manager or underlying portfolios. To that end, the PAC has constructed multi-manager funds for the Mid Cap Equity, Small Cap Equity, Non-U.S. Equity, Bond and Inflation Protection Funds. Each multi-manager fund is constructed as follows:

| Horizons Mid Cap Fund | Target % | Range (+/-) |
|---|---|---|
| SSgA Index Fund/Buffer | 5.00% | 2.0% |
| Artisan Separate Account | 35.63% | 6.0% |
| William Blair Separate Account | 11.88% | 2.0% |
| Wedge Separate Account | 23.75% | 4.0% |
| SASCO Separate Account | 23.75% | 4.0% |

| Horizons Small Cap Fund | Target % | Range (+/-) |
|---|---|---|
| SSgA Index Fund/Buffer | 5.00% | 2.0% |
| Brandywine Separate Account | 15.84% | 3.0% |
| DFA Mutual Fund | 15.83% | 3.0% |
| Phocas Separate Account | 15.83% | 3.0% |
| Peregrine Separate Account | 23.75% | 4.0% |
| Northpointe Separate Account | 23.75% | 4.0% |

| Horizons Non-U.S. Equity Fund | Target % | Range (+/-) |
|---|---|---|
| Capital Guardian Collective Trust | 50.0% | 10.0% |
| Causeway Separate Account | 50.0% | 10.0% |

| Horizons Equity Alternatives and Real Return Funds | Target % | Range (+/-) |
|---|---|---|
| Equity Alternatives | | |
| Mellon | 49.50% | 4.0% |
| Wellington | 49.50% | 4.0% |
| STIF | 1.00% | 0.7% |
| Total Equity Alternatives | 100.00% | |
| Real Return | | |
| JP Morgan | 65.90% | 6.0% |
| PIMCO All Asset | 32.90% | 3.0% |
| STIF | 1.20% | 0.8% |
| Total Real Return | 100.00% | |

| Horizons Bond Fund | Target % | Range (+/-) |
|---|---|---|
| Loomis Sayles Core Plus Full Discretion | 50.0% | 10.0% |
| MetWest Separate Account | 50.0% | 10.0% |

| Horizons Emerging Market Debt | Target % | Range (+/-) |
|---|---|---|
| Standish | 98.5% | 2.0% |
| Cash STIF | 1.5% | 2.0% |

| Horizons Inflation Protection | Target % | Range (+/-) |
|---|---|---|
| SSgA TIPS Fund | 30.0% | 2.5% |
| SSgA Real Return Fund | 70.0% | 5.0% |

**Appendix B**
Brandywine Global Investment Management, LLC
Small Capitalization Value
Investment Policy and Guidelines

The purpose of this document is to establish a clear understanding between Los Angeles County Deferred Compensation and Thrift Plan and Brandywine Global Investment Management, LLC (Brandywine) with respect to the investment policies and objectives of the assets assigned to Brandywine for investment management. The policy is intended to provide risk policies to guide Brandywine toward long-term rate of return objectives that will serve as standards for evaluating investment performance. The policy will also establish the investment restrictions to be placed upon Brandywine.

## OBJECTIVE

To provide capital appreciation and to provide diversification to the equity options offered to participants. Brandywine is retained to manage a portfolio consisting primarily of domestic small cap value equity securities. Brandywine has the discretion to purchase securities across various industry groups with the objective of outperforming the Russell 2000 Value index.

The primary objectives for the portfolio are:

- To remain fully invested with cash positions held to a reasonable minimum.
- To meet or exceed the performance standards set forth below.

## STANDARDS OF PERFORMANCE

Brandywine is expected to meet the following performance standards:

- Total portfolio return must exceed that of the Russell 2000 Value index net of management fees.
- Total portfolio results should average in the top half of results from a comparable manager universe.

The period for investment evaluation will be over a three to five year period and will normally include a market cycle unless the interim results are significantly below expectations.

The benchmark identified in this statement of investment policy and guidelines is for manager evaluation and comparative purposes only. While Brandywine's objective is to outperform the stated benchmark, it does not imply that the portfolio will share, or attempt to share, the same or similar characteristics of the benchmark, or any attempt to track the benchmark. It is understood that Brandywine may vary significantly from benchmark characteristics, including, among other things, diversification by sector or

sub sector, industry or geography, security concentration, credit rating and duration.

**RESTRICTIONS**

Brandywine is expected to exercise fiduciary responsibility in the overall management of the portfolio. Acceptable securities include all domestic common and preferred securities, securities that may be converted into or exchanged for stock (such as convertible debt and preferred stock) listed on an established exchange (including NASDAQ). Foreign common stocks listed on an U.S. exchange in dollar denominated issues and American Depository Receipts (ADRs) are permitted up to 20% of the portfolio at market value. 144A securities (with or without registration rights) which are deemed liquid by the investment manager are permitted up to 20% of the portfolio at market. Futures or Exchange Traded Funds (ETFs) are permissible in order to equitize a short-term cash position. Brandywine may purchase up to 5% at a time of investment and accumulate up to 10% at market in any one security. The portfolio, at the time of purchase, may not invest more than 20% in any one industry, and 35% in any one sector.

The following instruments are prohibited including any forms of leverage:

- Derivatives
- Commodities or commodity futures
- Private placements or other securities not readily marketable
- Securities purchased on margin
- Puts, calls, straddles or hedging
- Warrants or other options except when acquired as part of a purchase of another security
- Short selling

**Appendix B**
Causeway Capital Management LLC
Non-U.S. Equity
Investment Policy and Guidelines

The purpose of this document is to establish a clear understanding between Los Angeles County Deferred Compensation and Thrift Plan and Causeway Capital Management LLC (Causeway) with respect to the investment policies and objectives of the assets assigned to Causeway for investment management. The policy is intended to provide risk policies to guide Causeway toward long-term rate of return objectives that will serve as standards for evaluating investment performance. The policy will also establish the investment restrictions to be placed upon Causeway.

## OBJECTIVE

To provide capital appreciation and to provide diversification to the equity options offered to participants. Causeway is retained to manage a portfolio consisting primarily of international value equity securities. Causeway has the discretion to purchase securities in various countries and across various industry groups with the objective of outperforming the MSCI EAFE index.

The primary objectives for the portfolio are:

- To remain fully invested with cash positions held to a reasonable minimum.
- To meet or exceed the performance standards set forth below.

## STANDARDS OF PERFORMANCE

Causeway is expected to meet the following performance standards:

- Total portfolio return must exceed that of the MSCI EAFE index net of management fees.
- Total portfolio results should average in the top half of results from a comparable manager universe.

The period for investment evaluation will be over a three to five year period and will normally include a market cycle unless the interim results are significantly below expectations.

The benchmark identified in this statement of investment policy and guidelines is for manager evaluation and comparative purposes only. While Causeway's objective is to outperform the stated benchmark, it does not imply that the portfolio will share, or attempt to share, the same or similar characteristics of the benchmark, or any attempt to track the benchmark. It is understood that Causeway may vary significantly from benchmark characteristics, including, among other things, diversification by sector or

sub sector, industry, country or geography, security concentration, credit rating and duration. Causeway may invest in countries that are not in the MSCI EAFE index.

**RESTRICTIONS**

Causeway is expected to exercise fiduciary responsibility in the overall management of the portfolio. Acceptable securities include all international equities, including common and preferred securities, securities that may be converted into or exchanged for stock (such as convertible debt and preferred stock) listed on an established exchange. Foreign common stocks listed on a U.S. exchange in dollar denominated issues and American Depositary Receipts (ADRs) are permitted. 144A securities (with or without registration rights) which are deemed liquid by the investment manager are permitted up to 20% of the portfolio at market. Causeway may purchase up to 5% at time of investment and accumulate up to 10% at market in any one security.

The following instruments are prohibited:

- Derivatives, except foreign currency forward contracts or swaps in connection with the purchase and sale of securities or to hedge foreign currency exposure to the U.S. dollar
- Physical commodities or commodity futures
- Private placements (except 144A securities deemed liquid and foreign currency forwards or swaps) or other securities not readily marketable
- Securities purchased on margin (except foreign currency forwards or swaps)
- Puts, calls, straddles
- Warrants or other options except when acquired as part of purchase of another security
- Short selling

**Appendix B**
NorthPointe Capital, LLC
Small Capitalization Growth
Investment Policy and Guidelines

The purpose of this document is to establish a clear understanding between Los Angeles County Deferred Compensation and Thrift Plan and NorthPointe Capital, LLC (NorthPointe) with respect to the investment policies and objectives of the assets assigned to NorthPointe for investment management. The policy is intended to provide risk policies to guide NorthPointe toward long-term rate of return objectives that will serve as standards for evaluating investment performance. The policy will also establish the investment restrictions to be placed upon NorthPointe.

## OBJECTIVE

To provide capital appreciation and to provide diversification to the equity options offered to participants. NorthPointe is retained to manage a portfolio consisting primarily of domestic small cap growth equity securities. Approximately 15% of the portfolio should be invested in micro cap names. NorthPointe has the discretion to purchase securities across various industry groups with the objective of outperforming the Russell 2000 Growth index.

## STANDARDS OF PERFORMANCE

NorthPointe is expected to meet the following performance standards:

- Total portfolio return must exceed that of the Russell 2000 Growth index net of management fees.
- Total portfolio results should average in the top half of results from a comparable manager universe.

The period for investment evaluation will be over a five year period and will normally include a market cycle unless the interim results are significantly below expectations.

The benchmark identified in this statement of investment policy and guidelines is for manager evaluation and comparative purposes only. While NorthPointe's objective is to outperform the stated benchmark, it does not imply that the portfolio will share, or attempt to share, the same or similar characteristics of the benchmark, or any attempt to track the benchmark. It is understood that NorthPointe may vary significantly from benchmark characteristics, including among other things, diversification by sector or sub sector, industry or geography, security concentration, credit rating and duration.

**RESTRICTIONS**

NorthPointe is expected to exercise fiduciary responsibility in the overall management of the portfolio. Acceptable securities include all domestic common and preferred securities, securities that may be converted into or exchanged for stock (such as convertible debt and preferred stock) listed on an established exchange (including NASDAQ). Foreign common stocks listed on an U.S. exchange in dollar denominated issues and American Depository Receipts (ADRs) are permitted up to 20% of the portfolio at market value. 144A securities (with or without registration rights) which are deemed liquid by the investment manager are permitted up to 20% of the portfolio at market. Futures or Exchange Traded Funds (ETFs) are permissible in order to equitize a short-term cash position. In the portfolio NorthPointe may purchase up to 5% at a time of investment and accumulate up to 10% at market in any one security.

The following instruments are prohibited:

- Derivatives
- Commodities or commodity futures
- Private placements or other securities not readily marketable
- Securities purchased on margin
- Puts, calls, straddles or hedging
- Warrants or other options except when acquired as part of purchase of another security
- Short selling

**Appendix B**
Peregrine Capital Management
Small Capitalization Growth
Investment Policy and Guidelines

The purpose of this document is to establish a clear understanding between Los Angeles County Deferred Compensation and Thrift Plan and Peregrine Capital Management (Peregrine) with respect to the investment policies and objectives of the assets assigned to Peregrine for investment management. The policy is intended to provide risk policies to guide Peregrine toward long-term rate of return objectives that will serve as standards for evaluating investment performance. The policy will also establish the investment restrictions to be placed upon Peregrine.

## OBJECTIVE

To provide capital appreciation and to provide diversification to the equity options offered to participants. Peregrine is retained to manage a portfolio consisting primarily of domestic small cap growth equity securities. Peregrine has the discretion to purchase securities across various industry groups with the objective of outperforming the Russell 2000 Growth index.

## STANDARDS OF PERFORMANCE

Peregrine is expected to meet the following performance standards:

- Total portfolio return must exceed that of the Russell 2000 Growth index net of management fees.
- Total portfolio results should average in the top half of results from a comparable manager universe.

The period for investment evaluation will be over a five year period and will normally include a market cycle unless the interim results are significantly below expectations.

The benchmark identified in this statement of investment policy and guidelines is for manager evaluation and comparative purposes only. While Peregrine's objective is to outperform the stated benchmark, it does not imply that the portfolio will share, or attempt to share, the same or similar characteristics of the benchmark, or any attempt to track the benchmark. It is understood that Peregrine may vary significantly from benchmark characteristics, including among other things, diversification by sector or sub sector, industry or geography, security concentration, credit rating and duration.

**RESTRICTIONS**

Peregrine is expected to exercise fiduciary responsibility in the overall management of the portfolio. Acceptable securities include all domestic common and preferred securities, securities that may be converted into or exchanged for stock (such as convertible debt and preferred stock) listed on an established exchange (including NASDAQ). Foreign common stocks listed on an U.S. exchange in dollar denominated issues and American Depository Receipts (ADRs) are permitted up to 20% of the portfolio at market value. 144A securities (with or without registration rights) which are deemed liquid by the investment manager are permitted up to 20% of the portfolio at market. Futures or Exchange Traded Funds (ETFs) are permissible in order to equitize a short-term cash position. Peregrine may purchase up to 5% at a time of investment and accumulate up to 10% at market in any one security.

The following instruments are prohibited:

- Derivatives
- Commodities or commodity futures
- Private placements or other securities not readily marketable
- Securities purchased on margin
- Puts, calls, straddles or hedging
- Warrants or other options except when acquired as part of purchase of another security
- Short selling

**Appendix B**
Sasco Capital, Inc.
Mid Capitalization Value
Investment Policy and Guidelines

The purpose of this document is to establish a clear understanding between Los Angeles County Deferred Compensation and Thrift Plan and Sasco Capital, Inc. (Sasco) with respect to the investment policies and objectives of the assets assigned to Sasco for investment management. The policy is intended to provide risk policies to guide Sasco toward long-term rate of return objectives that will serve as standards for evaluating investment performance. The policy will also establish the investment restrictions to be placed upon Sasco.

## OBJECTIVE

To provide capital appreciation and to provide diversification to the equity options offered to participants. Sasco is retained to manage a portfolio consisting primarily of domestic mid cap value equity securities. Sasco has the discretion to purchase securities across various industry groups with the objective of outperforming the Russell Mid Cap Value index.

## STANDARDS OF PERFORMANCE

Sasco is expected to meet the following performance standards:

- Total portfolio return must exceed that of the Russell Mid Cap Value index net of management fees.
- Total portfolio results should average in the top half of results from a comparable manager universe.

The period for investment evaluation will be over a five year period and will normally include a market cycle unless the interim results are significantly below expectations.

The benchmark identified in this statement of investment policy and guidelines is for manager evaluation and comparative purposes only. While Sasco's objective is to outperform the stated benchmark, it does not imply that the portfolio will share, or attempt to share, the same or similar characteristics of the benchmark, or any attempt to track the benchmark. It is understood that Sasco may vary significantly from benchmark characteristics, including among other things, diversification by sector or sub sector, industry or geography, security concentration, credit rating and duration.

**RESTRICTIONS**

Sasco is expected to exercise fiduciary responsibility in the overall management of the portfolio. Acceptable securities include all domestic common and preferred securities, securities that may be converted into or exchanged for stock (such as convertible debt and preferred stock) listed on an established exchange (including NASDAQ). Foreign common stocks listed on an U.S. exchange in dollar denominated issues and American Depository Receipts (ADRs) are permitted up to 20% of the portfolio at market value. 144A securities (with or without registration rights) which are deemed liquid by the investment manager are permitted up to 20% of the portfolio at market. Futures or Exchange Traded Funds (ETFs) are permissible in order to equitize a short-term cash position. Sasco may purchase up to 5% at a time of investment and accumulate up to 10% at market in any one security.

The following instruments are prohibited:

- Derivatives
- Commodities or commodity futures
- Private placements or other securities not readily marketable
- Securities purchased on margin
- Puts, calls, straddles or hedging
- Warrants or other options except when acquired as part of purchase of another security
- Short selling

**Appendix B**

WEDGE Capital Management L.L.P.
Mid Capitalization Value
Investment Policy and Guidelines

The purpose of this document is to establish a clear understanding between Los Angeles County Deferred Compensation and Thrift Plan and WEDGE Capital Management L.L.P. (WEDGE) with respect to the investment policies and objectives of the assets assigned to WEDGE for investment management. The policy is intended to provide risk policies to guide WEDGE toward long-term rate of return objectives that will serve as standards for evaluating investment performance. The policy will also establish the investment restrictions to be placed upon WEDGE.

## OBJECTIVE

To provide capital appreciation and to provide diversification to the equity options offered to participants. WEDGE is retained to manage a portfolio consisting primarily of domestic mid cap value equity securities. WEDGE has the discretion to purchase securities across various industry groups with the objective of outperforming the Russell Mid Cap Value index.

## STANDARDS OF PERFORMANCE

WEDGE is expected to meet the following performance standards:

- Total portfolio return must exceed that of the Russell Mid Cap Value index net of management fees.
- Total portfolio results should average in the top half of results from a comparable manager universe.

The period for investment evaluation will be over a five year period and will normally include a market cycle unless the interim results are significantly below expectations.

The benchmark identified in this statement of investment policy and guidelines is for manager evaluation and comparative purposes only. While WEDGE's objective is to outperform the stated benchmark, it does not imply that the portfolio will share, or attempt to share, the same or similar characteristics of the benchmark, or any attempt to track the benchmark. It is understood that WEDGE may vary significantly from benchmark characteristics, including among other things, diversification by sector or sub sector, industry or geography, security concentration, credit rating and duration.

**RESTRICTIONS**

WEDGE is expected to exercise fiduciary responsibility in the overall management of the portfolio. Acceptable securities include all domestic common and preferred securities, securities that may be converted into or exchanged for stock (such as convertible debt and preferred stock) listed on an established exchange (including NASDAQ). Foreign common stocks listed on an U.S. exchange in dollar denominated issues and American Depository Receipts (ADRs) are permitted up to 20% of the portfolio at market value. 144A securities (with or without registration rights) which are deemed liquid by the investment manager are permitted up to 20% of the portfolio at market. Futures or Exchange Traded Funds (ETFs) are permissible in order to equitize a short-term cash position. WEDGE may purchase up to 5% at a time of investment and accumulate up to 10% at market in any one security.

The following instruments are prohibited:

- Derivatives
- Commodities or commodity futures
- Private placements or other securities not readily marketable
- Securities purchased on margin
- Puts, calls, straddles or hedging
- Warrants or other options except when acquired as part of purchase of another security
- Short selling

**Appendix B**

Artisan Partners Limited Partnership
Mid Capitalization Growth
Investment Policy and Guidelines

The purpose of this document is to establish a clear understanding between Los Angeles County Deferred Compensation and Thrift Plan and Artisan Partners Limited Partnership (Artisan) with respect to the investment policies and objectives of the assets assigned to Artisan for investment management. The policy is intended to provide risk policies to guide Artisan toward long-term rate of return objectives that will serve as standards for evaluating investment performance. The policy will also establish the investment restrictions to be placed upon Artisan.

## OBJECTIVE

To provide capital appreciation and to provide diversification to the equity options offered to participants. Artisan is retained to manage a portfolio consisting primarily of domestic mid cap growth equity securities. Artisan has the discretion to purchase securities across various industry groups with the objective of outperforming the Russell Mid Cap Growth index.

## STANDARDS OF PERFORMANCE

Artisan is expected to meet the following performance standards:

- Total portfolio return must exceed that of the Russell Mid Cap Growth index net of management fees.
- Total portfolio results should average in the top half of results from a comparable manager universe.

The period for investment evaluation will be over a five year period and will normally include a market cycle unless the interim results are significantly below expectations.

The benchmark identified in this statement of investment policy and guidelines is for manager evaluation and comparative purposes only. While Artisan's objective is to outperform the stated benchmark, it does not imply that the portfolio will share, or attempt to share, the same or similar characteristics of the benchmark, or any attempt to track the benchmark. It is understood that Artisan may vary significantly from benchmark characteristics, including among other things, diversification by sector or sub sector, industry or geography, security concentration, credit rating and duration.

**RESTRICTIONS**

Artisan is expected to exercise fiduciary responsibility in the overall management of the portfolio. Acceptable securities include all domestic common and preferred securities, securities that may be converted into or exchanged for stock (such as convertible debt and preferred stock) listed on an established exchange (including NASDAQ). Foreign common stocks listed on an U.S. exchange in dollar denominated issues and American Depository Receipts (ADRs) are permitted up to 10% of the portfolio at market value at the time of purchase. 144A securities (with or without registration rights) which are deemed liquid by the investment manager are permitted up to 20% of the portfolio at market. Futures or Exchange Traded Funds (ETFs) are permissible in order to equitize a short-term cash position. Artisan may purchase up to 5% at a time of investment and accumulate up to 10% at market in any one security.

The following instruments are prohibited:

- Derivatives
- Commodities or commodity futures
- Private placements or other securities not readily marketable
- Securities purchased on margin
- Puts, calls, straddles or hedging
- Warrants or other options except when acquired as part of purchase of another security
- Short selling

**Appendix B**

Metropolitan West Asset Management, LLC
Core Fixed Income
Investment Policy and Guidelines

The purpose of this document is to establish a clear understanding between Los Angeles County Deferred Compensation and Thrift Plan and Metropolitan West Asset Management, LLC (MetWest) with respect to the investment policies and objectives of the assets assigned to MetWest for investment management. The policy is intended to provide risk policies to guide MetWest toward long-term rate of return objectives that will serve as standards for evaluating investment performance. The policy will also establish the investment restrictions to be placed upon MetWest.

## OBJECTIVE

To provide diversification to the fixed income investment option offered to participants. MetWest is retained to manage a portfolio consisting of domestic fixed income securities. MetWest has the discretion to purchase securities with the objective of producing a total rate of return that exceeds the Barclays Capital Aggregate Bond index.

## STANDARDS OF PERFORMANCE

MetWest is expected to meet the following performance standards:

- Total portfolio return must exceed that of the Barclays Aggregate Bond index net of management fees.
- Total portfolio results should average in the top half of results from a comparable manager universe.

The period for investment evaluation will be a five year period and will normally include a market cycle unless the interim results are significantly below expectations.

The benchmark identified in this statement of investment policy and guidelines is for manager evaluation and comparative purposes only. While MetWest's objective is to outperform the stated benchmark, it does not imply that the portfolio will share, or attempt to share, the same or similar characteristics of the benchmark, or any attempt to track the benchmark. It is understood that MetWest may vary significantly from benchmark characteristics, including among other things, diversification by sector, industry, security concentration, credit rating and duration.

**RESTRICTIONS**

MetWest is expected to exercise fiduciary responsibility in the overall management of the portfolio. Acceptable securities include all U.S. government and agency securities, credit securities, structured securities, short-term and cash equivalents investments. Additionally, futures, options and swap agreements are acceptable for duration/yield curve management or hedging purposes only.

The portfolio's average credit rating must be "A/A2" or higher. The minimum quality rating at the time of purchase must be "BBB/Baa3" or above as rated by one nationally recognized rating agency. All cash equivalents must be of high quality, meaning the security must carry a short-term rating of at least A-1 or P-1. In the event that a security is downgraded, MetWest maintains discretion to hold the security. However, MetWest shall provide notice when a security has been downgraded below investment grade. Additionally, on a monthly basis MetWest shall provide a list of securities that are out of compliance with the credit standards set forth in this policy.

With the exception of the U.S. government, federal agencies and government-sponsored enterprises, the portfolio will not invest more than 2.5% of its assets (at market) in the securities of any single issuer. Investments in private placements or 144A securities shall be limited to 20% or less of the portfolio at market. Investments in mortgage derivative securities (i.e., IOs, POs, or Inverse Floaters) shall be limited to 5% or less of the portfolio's market value.

The following instruments are prohibited:

- Common stock
- Non-dollar securities

**Appendix B**
Phocas Financial Corporation
Small Capitalization Value
Investment Policy and Guidelines

The purpose of this document is to establish a clear understanding between Los Angeles County Deferred Compensation and Thrift Plan and Phocas Financial Corporation (Phocas) with respect to the investment policies and objectives of the assets assigned to Phocas for investment management. The policy is intended to provide risk policies to guide Phocas toward long-term rate of return objectives that will serve as standards for evaluating investment performance. The policy will also establish the investment restrictions to be placed upon Phocas.

## OBJECTIVE

To provide capital appreciation and to provide diversification to the equity options offered to participants. Phocas is retained to manage a portfolio consisting primarily of domestic small cap value equity securities. Phocas has the discretion to purchase securities across various industry groups with the objective of outperforming the Russell 2000 Value index.

The primary objectives for the portfolio are:

- To remain fully invested with cash positions held to a reasonable minimum.
- To meet or exceed the performance standards set forth below.

## STANDARDS OF PERFORMANCE

Phocas is expected to meet the following performance standards:

- Total portfolio return must exceed that of the Russell 2000 Value index net of management fees.
- Total portfolio results should average in the top half of results from a comparable manager universe.

The period for investment evaluation will be over a three to five year period and will normally include a market cycle unless the interim results are significantly below expectations.

The benchmark identified in this statement of investment policy and guidelines is for manager evaluation and comparative purposes only. While Phocas's objective is to outperform the stated benchmark, it does not imply that the portfolio will share, or attempt to share, the same or similar characteristics of the benchmark, or any attempt to track the benchmark. It is understood that Phocas may vary significantly from benchmark characteristics, including, among other things, diversification by sector or

sub sector, industry or geography, security concentration, credit rating and duration.

**RESTRICTIONS**

Phocas is expected to exercise fiduciary responsibility in the overall management of the portfolio. Acceptable securities include all domestic common and preferred securities, securities that may be converted into or exchanged for stock (such as convertible debt and preferred stock) listed on an established exchange (including NASDAQ). Foreign common stocks listed on a U.S. exchange in dollar denominated issues and American Depository Receipts (ADRs) are permitted up to 20% of the portfolio at market value. 144A securities (with or without registration rights) which are deemed liquid by the investment manager are permitted up to 20% of the portfolio at market. Futures or Exchange Traded Funds (ETFs) are permissible in order to equitize a short-term cash position. Phocas may purchase up to 5% at a time of investment and accumulate up to 10% at market in any one security. The portfolio, at the time of purchase, may not invest more than 20% in any one industry, and 35% in any one sector.

The following instruments are prohibited including any forms of leverage:

- Derivatives
- Commodities or commodity futures
- Private placements or other securities not readily marketable
- Securities purchased on margin
- Puts, calls, straddles or hedging
- Warrants or other options except when acquired as part of a purchase of another security
- Short selling

**Appendix B**
William Blair & Company, LLC
Mid Capitalization Growth
Investment Policy and Guidelines

The purpose of this document is to establish a clear understanding between Los Angeles County Deferred Compensation and Thrift Plan and William Blair & Company LLC (William Blair) with respect to the investment policies and objectives of the assets assigned to William Blair for investment management. The policy is intended to provide risk policies to guide William Blair toward long-term rate of return objectives that will serve as standards for evaluating investment performance. The policy will also establish the investment restrictions to be placed upon William Blair.

## OBJECTIVE

To provide capital appreciation and to provide diversification to the equity options offered to participants. William Blair is retained to manage a portfolio consisting primarily of domestic mid cap growth equity securities. William Blair has the discretion to purchase securities across various industry groups with the objective of outperforming the Russell Mid Cap Growth index.

The primary objectives for the portfolio are:

- To remain fully invested with cash positions held to a reasonable minimum.
- To meet or exceed the performance standards set forth below.

## STANDARDS OF PERFORMANCE

Denver is expected to meet the following performance standards:

- Total portfolio return must exceed that of the Russell Mid Cap Growth index net of management fees.
- Total portfolio results should average in the top half of results from a comparable manager universe.

The period for investment evaluation will be over a five year period and will normally include a market cycle unless the interim results are significantly below expectations.

The benchmark identified in this statement of investment policy and guidelines is for manager evaluation and comparative purposes only. While William Blair's objective is to outperform the stated benchmark, it does not imply that the portfolio will share, or attempt to share, the same or similar characteristics of the benchmark, or any attempt to track the benchmark. It is understood that William Blair may vary significantly from benchmark characteristics, including, among other things, diversification by sector or sub

sector, industry or geography, security concentration, credit rating and duration.

**RESTRICTIONS**

William Blair is expected to exercise fiduciary responsibility in the overall management of the portfolio. Acceptable securities include all domestic common and preferred securities, securities that may be converted into or exchanged for stock (such as convertible debt and preferred stock) listed on an established exchange (including NASDAQ). Foreign common stocks listed on an U.S. exchange in dollar denominated issues and American Depository Receipts (ADRs) are permitted up to 20% of the portfolio at market value. 144A securities (with or without registration rights) which are deemed liquid by the investment manager are permitted up to 20% of the portfolio at market. Futures or Exchange Traded Funds (ETFs) are permissible in order to equitize a short-term cash position. William Blair may purchase up to 5% at a time of investment and accumulate up to 10% at market in any one security.

The following instruments are prohibited:

- Derivatives
- Commodities or commodity futures
- Private placements or other securities not readily marketable
- Securities purchased on margin
- Puts, calls, straddles or hedging
- Warrants or other options except when acquired as part of purchase of another security

## Appendix C
## Proxy Policy Statement

This statement sets forth the guidelines of the County of Los Angeles Deferred Compensation and Thrift Plan (the Plan) regarding the voting of client proxies.

The Plan's policy is designed to reflect the fiduciary duty to vote proxies in favor of shareholder interests. In determining our vote, we will not subordinate the economic interest of the plan participants to any other entity or interested party.

The Plan directs its Proxy Voting Agent to cast its proxies in a timely manner solely in the interests of the participants and beneficiaries of the Plan for the exclusive purpose for providing benefits to participants and their beneficiaries and defraying the reasonable expenses of administering the Plan with care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in like capacity familiar with such matters would use in the conduct of an enterprise of like character and with like aims in accordance with the documents and instruments governing the Plan .

Each proxy will be reviewed on a case-by-case basis with final decisions based on the merits of each case. In reviewing the proxy issues, we will use the following Issue Guidelines for each of the categories of issues listed below. If any conflicts of interest should arise, MCG will resolve them pursuant to the steps prescribed in the Administrative Procedures section below.

### Issue Guidelines

Election of Directors

The members of the boards of directors are elected by shareholders to represent the shareholders' interests. This representation is most likely to occur if two-thirds of the members are independent outsiders as opposed to insider directors (such as senior management employees, former employees, relatives of management or contractors with the company). If two-thirds of the board is not represented by independent outsiders, a vote will usually be cast to withhold authority on the inside directors.

Other factors that will be considered when reviewing candidates will be the number of corporate boards on which they already serve (ideally directors with fulltime jobs should serve on no more than three other boards and no individual should serve on more than five other boards), whether they

pledged a substantial amount of company stock, their performance on committees and other boards, the company's short-term and long-term financial performance under the incumbent candidates, the company's responsiveness to shareholder concerns (particularly the responsiveness to shareholder proposals that were approved by a majority of shareholders in the past 12 months) and other important corporate constituents, the overall conduct of the company (e.g., excessive executive compensation, adopting anti-takeover provisions without shareholder approval) and not attending at least 75% of Board and Committee meetings unless there is a valid excuse.

Recently, more emphasis has been placed on the independence of key Board committees—audit, compensation and nominating committees. It is in the best interests of shareholders for only independent directors to serve on these committees. Votes will be withheld from any insider nominee who serves on these committees.

In contested elections of directors, the competing slates will be evaluated upon the personal qualifications of the candidates, the quality of the strategic plan they advance to enhance long-term corporate value, management's historical track record, the background to the proxy contest and the equity ownership positions of individual directors.

Ratification of Auditors

The ratification of auditors used to be universally considered a routine proposal, but a disturbing series of audit scandals at publicly-traded companies and SEC-mandated disclosures that revealed auditors were being paid much more for "other" work at companies in addition to their "audit" work have demonstrated that the ratification of auditors needs to be scrutinized as much as the election of directors.

Although the Sarbanes-Oxley Act of 2002 attempted to address the issue of auditor conflicts of interest, it still allows auditors to do substantial "other" work (primarily in the area of taxes) for companies that they audit. Therefore MCG will weigh the amount of the non-audit work and if it is so substantial as to give rise to a conflict of interest, it will vote against the ratification of auditors. Concern will be raised if the non-audit work is more than 20% of the total fees paid to the auditors. Other factors to weigh will be if the auditors provide tax avoidance strategies, the reasons for any change in prior auditors by the company, and if the same firm has audited the company for more than seven years.

Routine Proposals

Routine proposals are most commonly defined as those which do not change the structure, by laws, or operation of the company to the detriment of the shareholders. Traditionally, these issues include:

-Indemnification provisions for directors;
-Liability limitations of directors;
-Stock splits/reverse stock splits;
-Name changes.

Given the routine nature of these proposals, proxies will usually be voted with management. However, each will be examined carefully. For example, limitations on directors' liability will be analyzed to ensure that the provisions conform with the law and do not affect their liability for such actions as the receipts of improper personal benefits or the breach of their duty of loyalty. The analysis of a proposal to limit directors' liability would also taken into consideration whether any litigation is pending against current board members.

Non-Routine Proposals

Issues in this category are more likely to affect the structure and operation of the company and, therefore will have a greater impact on the value of a shareholder's investment. We will review each issue in this category on case-by case basis.

As previously stated, voting decisions will be made based on the financial interest of the plan beneficiaries. Non-routine matters include:

*Mergers/Acquisitions and Restructuring (See also Reincorporating/Inversions)*
Our analysis will focus on the strategic justifications for the transaction and the fairness of any costs incurred.

*Advisory Votes on Compensation Policies and Practices*
To evaluate compensation policies and practices, the threshold query is "does a company's compensation reflects its performance"? This will be determined by how a company has performed for shareholders compared to its peer group as well as by how a company has compensated its executives compared to its peer group. Whether restricted stock awards are time vesting or performance vesting will also be taken into consideration. Additional queries will be made to determine the level of dilution in stock compensation plans, and to ascertain if golden parachutes have been awarded to executives and, if they have, whether they pay tax gross-ups. The threshold query will carry the most weight, but the additional queries can be persuasive in the event the answer to the threshold query is not clear cut. There will

also be an option as to whether the company should have these advisory votes on compensation on an annual basis or every two or three years. An annual basis is in the best interests of shareholders.

*Advisory Votes on Severance Packages in Connection with Mergers/Acquisitions*
The factors to weigh are whether the total payment is in excess of 2.99 times salary and bonus, whether excise taxes are grossed-up, if there is a double trigger for cash payments and whether the accelerated vesting of stock awards is excessive.

Fair-Price Provisions
These attempts to guard against two-tiered tender offers in which some shareholders receive less value for their stock than other shareholders from a bidder who seeks to take a controlling interest in the company. There can be an impact on the long-term value of holdings in the event shareholders do not tender. Such provisions must be analyzed on a case-by-case basis.

*Reincorporating/Inversions*
A company usually changes the state or country of its incorporation to take advantage of tax and corporate laws in the new state or country. These advantages should be clear and convincing and be supported by specific, legitimate business justifications that will enhance the company's long-term value to shareholders and will be weighed along with any loss in shareholder rights and protections (e.g., dilution of management accountability and liability, anti-takover devices), reputational risk, damage to governmental relationships, adverse impact on the company's employees and erosion of the local/state/Federal tax base.

*Changes in Capitalization*
Our inquiry will study whether the change is necessary and beneficial in long run to shareholders. An example of a change that was neither was at Harcourt, Brace & Jovanich, which took on $3 billion in debt to ward off future hostile suitors and saw the value of its price per share plummet from $44.00 to $0.75. Creation of blank check preferred stock, which gives the board broad powers to establish voting, dividend and other rights without shareholder review, will be opposed.

Increase in Preferred and Common Stock
Such increases can cause significant dilution to current shareholder equity and can be used to deter acquisitions that would be beneficial to

shareholders. We will determine if any such increases have a specific, justified purpose and if the amounts of the increase are excessive.

*Stock/Executive Compensation Plans*
The purpose of such plans should be to reward employees or directors for superior performance in carrying out their responsibilities and to encourage the same performance in the future. Consequently, the plan should specify that awards are based on the executive's/director's and the company's performance. In the case of directors, their attendance at meetings should also be a requirement. In evaluating such plans we will also consider whether the amount of the shares cause significant dilution (5% or more) to current shareholder equity, how broad based and concentrated the grant rates are, if there are holding periods, if the shares are sold at less than fair market value, if the plan contains change-in-control provisions that deter acquisitions, if the plan has a reload feature, and if the plan allow the repricing of "underwater" options.

*Employee Stock Purchase Plans*
These are broad-based plans, federally regulated plans which allow almost all fulltime and some part-time workers to purchase limited amounts of company stock at a slight discount. Usually the amount of dilution is extremely small. They will normally be supported because they do give workers an equity interest in the company and better align their interests with shareholders.

*Creation of Tracking Stock*
Tracking stock is designed to reflect the performance of a particular business segment. The problem with tracking stocks is they can create substantial conflicts of interest between shareholders, board members and management. Such proposals must be carefully scrutinized and they should be supported only if a company makes a compelling justification for them.

*Approving Other Business*
Some companies seek shareholder approval of management being given broad authority to take action at a meeting without shareholder consent. Such proposals are not in the best interests of shareholders and will be opposed.

Corporate Governance Proposals

We will generally vote against any management proposal that is designed to limit shareholder democracy and has the effect of restricting the ability of

shareholders to realize the value of their investment. Proposals in this category would include:

*Golden Parachutes*
These are special severance agreements that take effect after an executive is terminated following a merger or takeover. In evaluating such proposals we will take into account the salaries, bonuses, stock option plans and other forms of compensation already available to these executives to determine if the additional compensation in the golden parachutes is excessive. Shareholder proposals requesting that they be approved by shareholders will be supported.

*Greenmail Payments*
Greenmail is when a company agrees to buy back a corporate raider's shares at a premium in exchange for an agreement by the raider to cease takeover activity. Such payments can have a negative impact on shareholder value. Given that impact, we will want there to be a shareholder vote to approve such payments and we will insist that there be solid economic justification before ever granting such approval.

*Super Majority Voting*
Some companies want a super majority (e.g., 66%) vote for certain issues. We believe a simple majority is generally in the best interest of shareholders and we will normally vote that way unless there is strong evidence to the contrary.

*Dual Class Voting*
Some companies create two classes of stock with different voting rights and dividend preferences. We will examine the purpose that is being used to justify the two classes as well as to whom the preferred class of stock is being offered. Proposals that are designed to entrench company management or a small group of shareholders at the expense of the majority of shareholders will not be supported. Proposals that seek to enhance the voting rights of long-term shareholders will be given careful consideration.

*Fair Price Proposals*
These require a bidder in a takeover situation to pay a defined "fair price" for stock. Our analysis will focus on how fairly "fair price" is defined and what other anti-takeover measures are already in place at the company that might discourage potential bids that would be beneficial in the long term to shareholders.

*Classified Boards*
These are boards where the members are elected for staggered terms. The most common method is to elect one-third of the board each year for three-year terms. We believe the accountability afforded by the annual election of the entire board is very beneficial to stockholders and it would take an extraordinary set of circumstance to develop for us to support classified boards.

*Shareholders' Right To Call Special Meetings and Act By Written Consent*
These are important rights for shareholders and any attempts to limit or eliminate them should be resisted. Proposals to restore them should be supported.

## Shareholder Proposals

Proposals submitted by shareholders for vote usually include issues of corporate governance and other non-routine matters. We will review each issue on a case-by-case basis in order to determine the position that best represents the financial interest of the plan beneficiaries. Shareholders matters include:

*Poison Pill Plans*
These plans are designed to discourage takeovers of a company, which can deny shareholders the opportunity to benefit from a change in ownership of the company. Shareholders have responded with proposals to vote on the plans or to redeem them. In reviewing such plans we check whether the poison pill plans were initially approved by shareholders and what anti-takeover devices are already in place at the company.

<u>Independence of Boards and Auditors</u>
The wave of corporate/audit scandals at the start of the 21st Century provided compelling evidence that it is in the best interests of shareholders to support proposal seeking increased independence of boards (e.g., requiring supermajority of independents on boards, completely independent nominating, compensation and audit committees, stricter definitions of "independence", disclosures of conflicts of interest) and auditors (e.g., eliminate or limit "other" services auditors perform, rotation of audit firms). A related issue is the independence of analysts at investment banking firms. Proposals seeking to separate the investment banking business from the sell-side analyst research and IPO allocation process should be supported.

*Cumulative Voting*
This allows each shareholder to vote equal to the number of shares held multiplied by the number of directors to be elected to the board. Shareholders can then target all their votes for one of a few candidates or allocate them equally among all candidates. It is one of the few ways shareholders can attempt to elect board members. In studying cumulative voting proposals we will review the company's election procedures and what access shareholders have to the nominating and voting process.

*Confidential Voting*
Most voting of proxies in corporate America is not confidential. This opens the process to charges that management pressures shareholders or their investment managers to vote in accordance with management's recommendations. We believe the concept of confidential voting is so fundamental to the democratic process and is so much in the best interest of shareholders that we would oppose it only in the most extraordinary circumstances.

*Shareholder Access To the Proxy For Director Nominations*
Proposals to provide shareholders access to the company proxy statement to advance non-management board candidates will generally be supported if they are reasonably designed to enhance the ability of substantial shareholders to nominate directors and are not being used to promote hostile takeovers.

*Separate Chairperson and Chief Executive Officer*
The primary purpose of the board of directors is to protect shareholder interests by providing independent oversight of management. If the Chair of the Board is also the Chief Executive Officer of the company, the quality of oversight is obviously hindered. Therefore, proposals seeking to require that an independent director serve as Chair of the Board will be supported. An alternative to this proposal would be the establishment of a lead independent director, who would preside at meetings of the board's independent directors and coordinate the activities of the independent directors.

*Term Limit For Directors*
Proposals seeking to limit the term for directors will normally not be supported because they can deny shareholders the service of well-qualified directors who have effectively represented shareholder interests.

*Broader Participation On Boards*

A more diverse board of qualified directors is in the best interests of shareholders. Therefore proposal requesting companies to make efforts to seek more qualified women and minority group members will be supported.

*Greater Transparency and Oversight*
Shareholders benefit from full disclosure of board practices and procedures, company operating practices and policies, business strategy, and the way companies calculate executive compensation. Proposals seeking greater disclosure on these matters will generally be supported.

*Executive/Director Compensation*
Proposals seeking to tie executive and director compensation to specific performance standards, to impose reasonable limits on it or to require greater disclosure of it are in the best interests of shareholders. The expense of options should be included in financial statements (as required in Canada). Financial performance is the traditional measurement for executive compensation—the more specific the better. Other performance measures can be a useful supplement to the traditional financial performance measurement and are worthy of consideration. Examples are regulatory compliance, international labor standards, high performance workplace standards and measures of employee satisfaction.

*High Performance Workplaces*
We will support proposals encouraging the high performance workplace practices identified in the Department of Labor's report that contribute to a company's productivity and long-term financial performance.

*Codes of Conduct*
Proposals seeking reports on and/or implementation of such commonly accepted principles of conducts as the Ceres Principles (environment), MacBride Principles (Northern Ireland), Code of Conduct for South Africa, United Nations' International Labor Organization's Fundamental Conventions, fair lending practices and the U.S. Equal Employment Opportunity Commission are in the best interests of shareholders because they provide useful information and promote compliance with the principles.

*Pension Choice*
There has been a recent trend by companies to convert traditional defined benefit pension plans into cash-balance plans. This has proved controversial because cash-balance plans often hurt older workers and may be motivated by a company's desire to inflate its book profits by boosting surpluses in its pension trust funds. Proposals giving employees a choice between maintaining their defined benefits or converting to a cash-balance will generally be supported.

*Say on Pay*
Shareholders in the United Kingdom, Australia, Norway, the Netherlands and Sweden have had an advisory vote on companies' compensation reports for a number of years. Say on Pay proposals will be supported because they give shareholders meaningful input on a company's approach to executive compensation without entangling them with the micromanagement of specific plans.

*Majority Vote Standard for Director Elections*
For years, most boards of directors were elected by a plurality vote standard—nominees who get the most votes win. In a non-contested election (which most are) the only vote options are "for" and "withhold authority." That means a nominee could have only one share cast "for" him/her and still be elected, regardless of how many shareholders withheld their votes for that nominee. Therefore, proposals requesting that nominees in non-contested elections receive a majority of the votes cast will be supported.

Administrative Procedures

The Plan approves the following procedures for receipt and voting of proxies by its Proxy Voting agent.

1. The Plan notifies the custodian bank to forward all proxies to its Proxy Voting Agent.
2. The Proxy Voting Agent tracks the portfolio to ensure current listing of all securities held.
3. The Proxy Voting Agent tracks the shareholders meeting dates to ensure that all proxies are voted on time.
4. The Proxy Voting Agent notifies the Plan's custodian of any missing or improper proxies to secure all proxies due the Plan.
5. The Proxy Voting Agent provides a report annually on shares voted and positions taken. The Plan is able to contact the Proxy Voting

Agent at any time to find out how the Proxy Voting Agent has voted on a particular issue.

6. The Securities and Exchange Commission (SEC) has expressed concern that proxy-voting agents may have material conflicts that can affect how they vote proxies. The SEC notes that advisers may render services to a publicly traded company or they may have business or personal relationships with participants in proxy contests, corporate directors or candidates for directorships. Since the Plan's Proxy Voting Agent does not render services to publicly traded companies and we do have a comprehensive, detailed proxy voting policy that dictates the overwhelming majority of our votes, it is extremely unlikely that such material conflicts will arise. If they do, any employee of the Proxy Voting Agent will immediately recuse himself/herself from the analysis/voting of the pertinent issue and the Proxy Voting Agent's General Counsel will deal with the issue. If the Proxy Voting Agent's General Counsel also has a material conflict, he will recuse himself/herself and refer the issue to the Proxy Voting Agent's President. If the Proxy Voting Agent's President also has a material conflict, he will recuse himself/herself and the issue will be referred to the Proxy Voting Agent's outside law firm for resolution.
7. For SEC record keeping purposes, the Proxy Voting Agent will retain copies of (i) the Plan's proxy voting policies and procedures; (ii) proxy statements received as preserved through access to the SEC's EDGAR system; (iii) records of the votes it cast as preserved on PGI's proxy voting platform; (iv) records of the Plan's requests for proxy voting information; (v) documents the Proxy Voting Agent prepared material to making a decision on how to vote as preserved on PGI's proxy voting platform.

# Appendix D
# Stable Income Investment Policy Statement

## PURPOSE

The purpose of the Stable Income Fund (Fund) is to provide participants of the Horizons Plan (the Plan) the opportunity to accumulate capital through a fixed income investment vehicle in a tax-advantaged environment by emphasizing current income.

## OBJECTIVES

The primary objective of the Fund is the preservation of capital. The secondary objective of the Fund is to generate current income with limited volatility in the book value of Fund assets. To achieve these objectives, the Fund must meet the following participant expectations:

- safety of principal;
- high real rate of return consistent with safety of principal;
- book value liquidity in accordance with Plan provisions; and
- responsiveness to changing interest rate environments.

The Fund will provide all participants with one blended rate of interest. The Fund's blended interest rate will reflect the dollar-weighted average of the interest rates applicable to each investment held by the Fund, and will be credited to all participants in the Fund, regardless of the timing of contributions or other cash flows. All contracts will permit benefit payments and in-service withdrawals which are authorized by the Plan including participant-directed investment transfers to the Plan's other investment options.

## INVESTMENT STRATEGY

The following target asset allocation strategy has been adopted for the Fund:

5% Barclay's Capital U.S. Treasury Bellweather 3-Month Index
40% Barclay's Capital Custom Short-Term Bond Index
35% Barclay's Capital Intermediate Government/Credit Index
20% Barclay's Capital U.S. Aggregate Bond Index

These target allocations will be subject to variation given the market environment and Fund cash flows.

## INSURANCE COMPANY MINIMUM CREDIT QUALITY CRITERIA

At the time of purchase, insurance companies selected by the Fund will meet the following criteria:

For General Obligation Investments

- An "A" (Excellent) or higher rating from A.M. Best Company.
- Invested assets of at least $2.0 billion and adjusted policyholder surplus of $200 million.
- At least two claims paying ability type ratings from the major rating services Fitch, Moody's and Standard & Poor's. In addition, one of the two ratings must be from Moody's.
- An average Claims-Paying Ability Rating of at least "AA-/Aa3" from Standard & Poor's, Fitch or Moody's.
- Claims-Paying Ability rating from any of the above agencies cannot be less than "A+/A1."
- Risk Based Capital Ratio must be 250% or greater.

For Non General Obligation Investments

- An "A" (Excellent) or higher rating from A.M. Best Company.
- Invested assets of at least $2.0 billion and adjusted policyholder surplus of $200 million.
- At least two claims paying ability type ratings from the major rating services Fitch, Moody's and Standard & Poor's. In addition, one of the two ratings must be from Moody's.
- An average Claims-Paying Ability Rating of at least "A/A2" from Standard & Poor's, Fitch or Moody's.
- Claims-Paying Ability rating from any of the above agencies cannot be less than "A-/A3."
- Risk Based Capital Ratio must be 250% or greater.

BANKS

At the time of purchase, Banks utilized as wrap providers by the Fund will meet the following criteria:

- An average Long-Term Bank Deposit Rating of at least ”A/A2” from Standard & Poor’s and Moody’s.
- Any Long-Term deposit rating cannot be less than ”A-/A3”.
- Assets of at least $10 billion.

## APPROVED INVESTMENTS

In general, the assets may be various high quality fixed income investments that, in the aggregate, will provide stable account values.

A. INVESTMENT CONTRACTS

Investment contracts selected for the Fund are those that are acceptable to the Investment Manager considering creditworthiness, contract features, and administrative capabilities at the time of purchase. Investment contracts contain provisions requiring the issuing institution to provide plan-permitted liquidity from the Fund as needed to satisfy participant-initiated withdrawal requests without reflecting changes in capital value in the amounts withdrawn; provided that the withdrawals are made in accordance with the terms of the investment contracts.

(1) Traditional Investment Contracts (including GICs)

Approved traditional investment contracts, including guaranteed investment contracts (GICs), may be purchased from insurance companies, banks or other institutions. A traditional investment contract is a direct obligation backed by the creditworthiness of the issuing entity.

(2) Separate Account Contracts

Approved separate account contracts may be purchased from insurance companies. The investment performance of these contracts is typically related to a portfolio of investments held inside the separate account. The assets are held in a separate account are owned by the contract issuer and are protected from other creditors

of the issuer. The acceptable assets held in separate account contracts are described in Section B Acceptable Assets below.

(3) Security Backed Investment Contracts (Synthetic GICs)

Approved security backed investment contracts (synthetic GICs, or "wrap" contracts) may be purchased from insurance companies, banks, or other financial institutions. The investment performance of one of these contracts is typically related to a portfolio of investments owned by the Fund covered by the contract. The acceptable assets held inside security investment contracts are described in Section B Acceptable Assets below.

## B. ACCEPTABLE ASSETS

Acceptable assets include ERISA-eligible, U.S. dollar denominated, publicly or privately issued fixed-, floating- or variable-rate obligations of the following entities or types:

- U.S. Treasury
- U.S. agency or government-sponsored entity
- Mortgage pass-through securities (MBS), including To-Be-Announced (TBA) mortgage rolls
- Structured securities issued by various kinds of trusts, such as:
  - commercial mortgage-backed securities (CMBS)
  - collateralized mortgage obligations (CMO)
  - asset backed securities (ABS)
- U.S. or non-U.S. corporations
- Municipalities
- Trusts, including but not limited to, trust preferred securities, asset-backed securities, REMICs and units in the Invesco Group Trust for Retirement Savings funds or in any similar pooled or collective investment fund.
- Shares of a regulated investment company
- Foreign government entities
- Mortgage-backed collateral
- Fixed income derivatives, such as futures, forwards, options or swap agreements (including, without limitation, interest rate swaps, total return swaps and credit default swaps)
- Short-term investments (maturing, or invested in instruments maturing, in less than 12 months), including:
  (1) U.S. Treasury and U.S. agency-issued securities
  (2) Certificates of deposit and bankers' acceptances of U.S. banks
  (3) Commercial paper

(4) Bank or other financial institution short-term investment accounts, including such accounts maintained by the Plan's trustee bank

- Repurchase agreements, provided that they are no longer than 90 days and have collateral that is marked to market daily.
- Other securities not listed above that are or become represented in the indices applicable to pooled or commingled investment funds and insurance company separate account utilized in the Fund as permitted in this Section B, provided that other constraints in these guidelines are not violated.

C. CREDIT QUALITY AND DIVERSIFICATION

- Traditional Investment Contract issuers must, at the time of purchase, be rated at least Aa3/AA- by Moody's, S&P, or other Nationally Recognized Statistical Rating Organization (NRSRO) and approved by the Investment Manager. The maximum percentage of the Fund invested with a Traditional Investment Contract issuer shall not exceed 10% of the Fund at the time of purchase. The maximum percentage of the Fund invested in Traditional Investment Contracts shall not exceed 25% of the Fund at the time of purchase.

- Separate Account Contract issuers must be approved by the Investment Manager at the time of purchase. The maximum percentage of the Fund invested with a specific Separate Account Contract issuer shall not exceed 25% of the Fund at the time of purchase.

- Security Backed Investment Contract issuers ("wrap" issuers) must be approved by the Investment Manager at the time of purchase. The maximum percentage of the Fund invested with a specific Security Backed Investment Contract issuer shall not exceed 25% of the Fund at the time of purchase.

- Acceptable Assets as described in Section B above must be rated at least investment grade or equivalent by Moody's, S&P, or other NRSRO at the time of purchase. In the case of units in an INVESCO Group Trust or in any similar pooled or commingled fund and insurance company separate account included in the Fund or shares of a regulated investment company as provided in Section B above, the dollar-weighted average credit quality of such fund's investments must be at least Aa3/AA by Moody's, S&P or other NRSRO. Short term investments as provided in Section B above must be rated at least A-1/P-1 at time of purchase. In the case of a split rated security, the higher rating applies.

- The Fund will maintain diversification across the various sectors of the fixed income market subject to the following maximum allocation constraints:

| Sector | Maximum Allocation |
|---|---|
| Cash | 100% |
| Treasuries | 95% |
| Agencies | 25% |
| Corporates | 40% |
| Mortgage Backed Securities | 55% |
| Commercial Mortgage Backed Securities | 20% |
| Asset Backed Securities | 30% |
| Municipals | 10% |
| Dollar Denominated Sovereign Debt | 20% |

- The Fund's investment with any specific investment manager may not exceed 25% of the Fund's assets. The dollar allocation to any specific manager may not exceed $650 million.

- The minimum average credit quality of the Fund's investments must be Aa2/AA by Moody's, S&P, or other NRSRO.

D. DURATION

The Fund shall normally be managed with a weighted average duration of not less than two nor more than four years. Short-term investments must be included in the calculation of the Fund's duration. While a range of two to four years is indicated, the Fund will be managed opportunistically, consistent with the investment objectives set forth above.

The Investment Manager is permitted to manage the Fund with a duration as short as zero if it judges that such action is prudent to protect principal in the Fund.

E. OTHER CONSTRAINTS

The Investment Manager may use derivatives to replicate cash investments, manage yield curve or other risk positions, and to pursue investment strategies generally allowed under these guidelines. In no instance can derivatives be used in a manner inconsistent with the other constraints herein. That is, the use of derivatives must abide by the duration, credit quality, and all other constraints under these guidelines. At no time are derivatives to be used to leverage the Fund's investment.

F. LIQUIDITY MANAGEMENT

In addition to holding short-term investments or other fixed income vehicles allowing ready access to cash for the Fund's liquidity needs, the Investment Manager may utilize other liquidity tools such as lines of credit and other appropriate borrowing arrangements on behalf of the Fund. These vehicles may be used as short-term measures to provide cash as needed for honoring Plan participant withdrawal and transfer requests.

## REVIEW PROCEDURES – TOTAL FUND

Review performance no less frequently than annually based on the standards of measurement defined below:

- Diversification: The Fund's diversification objective is to limit the amount invested with any financial institution to no more than 25% of the Fund's balance. In addition, the Fund's allocation of assets to any issuer of general obligation contracts shall not exceed 10% of the Fund's assets and may not represent more than 1% of an issuing institution's admitted assets.

- Duration: The dollar-weighted duration of the Fund is to be maintained between two and four years.

- Credit Quality: The Fund will maintain a weighted average quality rating of "AA" ("Aa2") or better. This rating will reflect the average Claims-Paying Ability Ratings for insurance companies and the average rating for underlying assets in synthetic contracts.

- Performance: Over rolling three-year periods, the total return of the Fund on a net of fee basis will be evaluated against the following minimum standards.

  (1) The Consumer Price Index (CPI) plus 2%
  (2) The return on 3 month United States Treasury Bills plus 1.5%
  (3) The return on 5 year United States Treasury Constant Maturity Series

The expected performance pattern will be a lag in rate responsiveness. That is, during periods of rising rates, the Fund's yield will normally increase more slowly than market rates, and during periods of falling rates the yield will decline more slowly than market rates. Over the course of a full interest rate cycle (3 to 5 years), the rate of return should equal or exceed the average

rate for comparable maturity securities. These comparisons will be used to determine whether the current strategy for the Fund is achieving the stated objectives. In addition, the rates of return achieved by the Fund, on an absolute basis, will be monitored to determine if it remains a viable investment option for the Plan relative to other investment alternatives.

## Appendix E
## TRANSITION GUIDELINES

### Objective

The purpose of this transition management policy is to establish an effective and efficient procedure for transitioning assets during manager replacement, funding a new asset class or investment manager or the restructuring of the investment alternatives.

The Transition Manager (the "Manager") will receive a portfolio (the "Portfolio") of assets and shall seek to restructure the Portfolio to accomplish one of the following: a) to resemble and approximately track the performance of an index; b) to match as closely as possibly a model portfolio provided to Manager; or c) another goal as specified by the Deferred Compensation and Thrift Plan (the "Plan") in a manner that will minimize total transaction costs (commissions plus market impact).

### Transition Details

It is expected that the Manager will provide a pre-trade analysis that includes the following:

- The approximate amount of assets to be transitioned
- Base Currency (i.e., currency into which sale proceeds that are not reinvested should be converted)
- Target date(s) for completion of the transition of the Portfolio
- Total transaction costs including commissions and market impact
- Benchmarks for assessing the success of the transition
- Performance guarantee
- Investment Restrictions (if any)

The Plan acknowledges that certain securities in the Portfolio may be difficult to liquidate due to certain factors not within the control of Manager, including volume constraints. Unless otherwise directed, Manager will take an incremental approach to the liquidation of such securities to attempt to minimize transaction and market impact costs.

During the course of the transition, there is no limit on the percentage of assets that may be in cash. Proceeds of sales and any other cash that is not needed by Manager for reinvestment will be converted to the Base Currency and transferred out of the Portfolio as directed by the Plan.

Manager will not liquidate a security it has purchased (e.g., as part of the restructured portfolio) without the consent of the Plan.

**Affiliate Transactions**
Manager is instructed to undertake cross-trading with other investment funds, accounts or portfolios sponsored, maintained, trusted, or managed by Manager or any affiliate of Manager to the extent permitted by law. The Plan acknowledges that it has been fully informed of the cross-trading techniques which will be utilized for the Portfolio by the Manager.

The Plan has authorized Manager to trade through Manager's affiliated brokers.

**Reporting and Reconciliation**
Manager will provide a report at mutually agreed intervals that summarizes the activities and results of the transition. The report will include the amount of trade proceeds, a breakdown of assets traded and of the kind of trading done (e.g., trades crossed within the firm and externally, and traded in the open market) and their costs. Manager will also include a comparison of the Pre-Bid Analysis and Post Trading Report which reports on the performance of any liquidation or restructuring and the costs associated therewith as determined by the implementation shortfall. Manager will provide analysis associated with the performance guarantee provided as part of the pre-trade analysis.

Manager will periodically reconcile its accounting of transactions, security positions and cash to the Plan's custodian's records. The Plan shall instruct its custodian to provide all necessary information and cooperation to Manager to facilitate Manager's reconciliation.

# County of Los Angeles Savings Plan

## Statement of Investment Policy

**Adopted: September 2014**

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# COUNTY OF LOS ANGELES
# SAVINGS PLAN
# STATEMENT OF INVESTMENT POLICY

## 1. INTRODUCTION

The County of Los Angeles established the Savings Plan in 1984. The Plan is subject to section 401(k) of the Internal Revenue Code. The Plan is intended to comply with the Internal Revenue Code of 1986, as amended and other applicable laws and regulations. The objective of the Plan is to enable participating employees to accumulate and invest savings on a tax advantaged basis in order to provide supplemental income upon retirement.

The Plan Administrative Committee (PAC) oversees and administers the Plan. The PAC developed this statement for the purpose of formalizing general investment guidelines for use in overseeing the selection, maintenance, reporting and removal of investment options under the Plan. This policy document records the conclusions reached by the PAC, after considerable care, to arrive at the most suitable combination of offered options in terms of expected risk and expected return. The intent of this policy is to facilitate the prudent management of the Plan's investment options. The purpose of this investment policy is to:

- Provide written guidelines for the PAC, investment consultant, and investment managers concerning the selection and design of investment options offered under the Plan.
- Describe the various investment options and their risk/return profiles.
- Outline the criteria and processes for the ongoing evaluation of the investment options and managers, and the documentation of such monitoring.
- Communicate pertinent information to investment managers, investment consultants, employees, participants and other interested parties.

The PAC will review this policy document annually for the purpose of assessing the need for any changes thereto. In addition, this policy may be amended from time to time by the PAC due to changing employee needs and market conditions or upon consideration of advice and recommendations from retained professionals such as investment consultants, attorneys, investment managers, etc. Any changes will be communicated to participants, investment managers, and others as appropriate.

## 2. PURPOSE OF THE PLAN

The Savings Plan was established in 1984. The Plan is a vehicle through which employees may accumulate and invest assets to provide for a portion of their retirement needs on a tax deferred basis. The PAC's goal is to provide participants with the ability to invest pre-tax income in a broad range of investment options with diverse risk and return characteristics when establishing their retirement savings portfolios. The Plan was established for the exclusive benefit of employees who are participants and their beneficiaries.

The PAC's goal is to provide County employees with the ability to invest pre-tax income in a broad range of investment options with diverse risk and return characteristics when establishing their retirement savings portfolios.

## 3. INVESTMENT OBJECTIVES OF THE PLAN

It is necessary to recognize the important impact of rate of return to the accumulation of capital and that in the long run, high returns have been historically accompanied by high risk (volatility of returns) levels. It is also necessary to recognize that participants have different objective needs and levels of risk tolerance. An important objective of the plan is to offer a range of options so participants are able to construct portfolios that are diversified by broad asset classes and by investment style within asset classes.

Participants bear the risk and benefit from the rewards of investment returns that result from both the options offered and the combination of options, which they select. Investment direction of employee and vested matching contributions are the responsibility of participants. Although the PAC selects and monitors the options that are being made available, participants are responsible for deciding which of the available choices are the most appropriate for their retirement savings needs.

Non-Vested matching contributions and unallocated accounts and reserves are invested by the PAC in existing investment options, as recommended by the County Treasurer. Currently these monies are invested in the Stable Value fund.

The PAC recognizes that the various time horizons of Plan participants require that investment options possess the return and risk characteristics necessary for the achievement of participant needs.

It is the policy of the PAC to offer participants a reasonable range of investment choices for their accounts. These choices are on the long term, historical risk/return spectrum from lower return/lower risk to higher return/higher risk. The PAC recognizes that there is the possibility of the overall portfolio characteristics of the offered options changing over time and such changes could be due to investment style, absolute asset size of the portfolio, changes with the portfolio management team and/or investment management organization. In addition, the PAC will review the overall costs of the investments and administration. If such changes operate to the detriment of plan participants, by policy, the PAC will entertain the possibility of replacing such portfolio and/or investment option.

The PAC intends to provide participants a minimum of three broad risk/return categories:

- **Lower Risk Category** The objective of the fund(s) offered in this category is to provide current income, with capital preservation. Capital appreciation is not an objective of this investment category. Funds offered should have low probability of risk to capital.
- **Moderate Risk Category** The objective of the fund(s) offered in this category may range from primarily providing income plus capital appreciation to primarily providing long-term capital appreciation plus current income. Funds in this category can range from conservatively managed funds primarily invested in fixed income instruments providing income consistent with long term preservation of capital to funds managed more aggressively with a blend of fixed income and equity investments.
- **Higher Risk Category** The objective of the fund(s) offered in this category is to provide capital appreciation. Income may be a secondary objective. Funds in this category may invest primarily in a portfolio of common stocks.

The PAC will select certain funds for each category by using processes which exemplify prudent fiduciary standards. These standards will include the consideration of the investment approach of the fund manager, as well as the fund's historical performance, and volatility. The performance will be compared to appropriate indices and benchmarks. The impact of fees and expenses on the net return to Plan participants will also be evaluated.

The investment asset classes approved by the PAC are:

- Capital Preservation
- Bond/Fixed Income
- Inflation Protection
- Balanced/Target Date

- Large Capitalization Domestic Equity
- International Equity
- Small/Mid Capitalization Domestic Equity

The current investment options offered in these asset classes are listed in the Appendix attached hereto. The approved asset classes as well as the options offered in each class may be changed from time to time at the PAC's discretion.

The PAC has approved the addition of a new Target Date Fund every five years. Each new Target Date Fund will follow the glide path of the existing Target Date Funds. The glide path of the maturing fund is designed to continue to change for ten years past the retirement date and at that point, it will be merged into the Retirement Income Fund.
In an effort to provide further investment flexibility, a self-directed brokerage option is offered in the Plan. The Plan's self-directed brokerage option allows participants to invest in any publicly-traded security, including stocks, bonds and mutual funds, with the following exceptions: tax-exempt mutual funds and tax-exempt fixed income securities, short sales, futures, options, limited partnerships, currency trading and trading on margin. In developing and maintaining the Plan's self-directed brokerage option, the PAC will evaluate the window provider for reasonable cost, fund availability, and competitive service capability. There will be periodic reviews to confirm competitiveness.

- $25,000 core balance required for enrollment and to continue within the self-directed brokerage option.
- $1,000 minimum for all transfers into the self-directed brokerage option.
- Permitted Investments:
    - Taxable mutual funds
    - Listed securities (NYSE, AMEX, NASDAQ)
    - Taxable fixed income securities
    - Treasuries

## 4. ROLES AND RESPONSIBILITIES

The following is a summary overview of the roles and responsibilities of the Plan's administrator and service providers. The descriptions below are not intended to be exhaustive, and the actual responsibilities of the parties are set forth in the Plan ordinance, trust agreement and applicable contracts. In fulfilling their responsibilities the parties below may act in a fiduciary capacity as reflected in the Plan ordinance, trust agreement or applicable contract(s), or to the extent that they otherwise exercise authority or control

over the management or disposition of Plan assets, provide advice regarding the investment of Plan assets or exercise discretionary authority or control over Plan administration or management.

**Plan Administrative Committee**

The PAC's primary investment-related responsibilities include the following: (i) preparing and maintaining this policy statement, (ii) prudently selecting, monitoring and removing/replacing investment managers and investment options as needed to provide participants with a sufficiently diverse investment menu, (iii) prudently selecting, monitoring and removing/replacing other service providers, including but not limited to the custodian bank and investment consultant, (iv) controlling and accounting for all investment, record keeping and administrative expenses associated with the Plan. The PAC also has the authority to amend the language contained in this policy statement as needed.

**Investment Consultant**

The PAC may select an Investment Consultant (the "Consultant") to the Plan. The Consultant will be a registered investment advisor under the Investment Advisors' Act of 1940. The Consultant's responsibilities include the following:

- Assisting the PAC with maintaining the policy objectives and guidelines;
- Providing recommendations on the investment managers and investment options;
- Providing assistance in manager fund searches and selection, and with investment performance evaluation;
- Providing timely information, written and/or oral, on investment options, managers, and other related issues, as requested by the PAC;
- Meeting with the Committee and review the performance of the Plan's investment options; and
- Assisting in the selection, monitoring, removing and replacing of a diverse selection of investment options suitable for the Plan's demographics.

**Recordkeeper**

The County of Los Angeles Board of Supervisors selects the recordkeeper to the Plan. The recordkeeper is responsible for maintaining and updating individual account balances as well as information regarding plan contributions, withdrawals and distributions. The recordkeeper's responsibilities include, but are not limited to, the following:

- Processing participant contributions, redemptions and exchanges;
- Processing distribution, transfers and rollover requests;
- Processing loan requests and defaults, and performing loan recordkeeping services;

- Performing Plan and participant level accounting and reconciliations;
- Reconciling and processing in-service and hardship withdrawals;
- Providing participants with quarterly statements of their accounts;
- Coordinating with mutual fund providers selected by the PAC on the collection of revenue sharing and forwarding that revenue sharing amount to the custodian for reinvestment back to participants invested in the mutual fund; and
- Periodically reporting to the PAC.

The recordkeeper may not accept any form of compensation from the investment managers in relationship to the Plan.

**Investment Managers**
The PAC with assistance from the Investment Consultant selects the Investment Managers. The Investment Managers shall be delegated the responsibility of investing and managing the Plan assets in accordance with the investment policy statement and all applicable laws. Each Investment Manager hired by the Plan must be qualified based on one or more of the following:

- Manages an investment company registered under the Investment Company Act of 1940;
- Registered under the Investment Advisors Act of 1940;
- A bank, as defined in the Investment Advisors Act of 1940;
- An insurance company qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of Plan assets; or
- Such other person or organization authorized by applicable law or regulation to function as an Investment Manager.

**Directed Trustee/Custodian**
The Directed Trustee/Custodian is responsible for the safekeeping of the Plan's assets and will act in a fiduciary capacity. The Directed Trustee/Custodian's specific duties and responsibilities are to:

- Hold the Plan's assets in trust;
- Value the holdings;
- Collect all income and dividends owed to the Plan;
- Settle all transactions;
- Calculate a daily NAV for the core investment options and the target date portfolios;
- Provide periodic reports that detail financial transactions and valuations; and
- Rebalance blended funds.

**Transition Manager**

The PAC with assistance from the Investment Consultant assembles an approved list of transition managers for use in the event of a transition from one portfolio manager to the next. Staff with assistance from the Investment Consultant will review pre-trade bids and select a transition manager on a project-by-project basis. Each Transition Manager used for a specific transition will provide the following:

- A pre-trade bid analysis outlining total transaction costs including commissions and market impact, benchmarks for assessing the success of the transition, a performance guarantee and investment restrictions (if any);
- A post-trade report that summarizes the activities and results of the transition including amount of trade proceeds, a breakdown or assets traded along with specification as to if the trade was internally or externally crossed or traded on the open market and costs. The report will also include a comparison of the pre-trade bid and the post-trading results; and
- Analysis associated with the performance guarantee.

## 5. CRITERIA FOR SELECTING INVESTMENT MANAGERS

Investment options will include asset classes and risk/reward levels representing the three core categories. The PAC intends to offer at least one fund selection within each of the three core categories. The investment vehicles for any of the investment options may be a separately managed account, a pooled or commingled account, a mutual fund, or a combination of investment vehicles as determined for each fund by the PAC. The selection criteria set forth below will also be applied to all portfolios utilized within the pre-assembled offerings. The PAC has prudently constructed each of the target date funds based upon the expected return and risk characteristics of asset classes to be represented within each portfolio. Annually, the PAC will evaluate the number and type of core investment offerings. From time-to-time, the PAC will review the glidepath and composition of the target date funds. The PAC may retain an outside consultant or advisor to provide assist with the evaluation of potential investment management organizations.

The PAC will select investment managers for each category by using processes which exemplify prudent fiduciary standards. When making fund selections and or changes to the structure of the target date funds, the PAC will take the following into consideration:

I. <u>Portfolio Management/Expenses/Administrative Feasibility</u>

A. Portfolios that are well diversified, prudently managed, and offer reasonable opportunities for appreciation in value or earnings.
B. Portfolios with reasonable and competitive investment management fees and/or expense ratios that are comparable to other institutional investor portfolios.
C. Portfolios that adhere to the style and philosophy presented by the investment manager.
D. Administrative feasibility and costs to participants including, but not limited to, trading implications, capacity issues, etc.

II. Performance

A. Portfolios that have a record of performing near or above the relevant published market indices (Standard & Poor's 500 Index, Barclays Capital Aggregate Bond Index, etc.). A market index is a statistical composite that measures changes in financial markets, including stock and bond fluctuations. Comparative performance will usually be based upon a three to five year time horizon.
B. Portfolios that have a record of consistently performing better than the median of a universe of similar portfolios. A universe is a peer group of investment managers handling similarly managed funds. Comparative performance will usually be based upon a three to five year time horizon.
C. Portfolios will also be evaluated on a risk-adjusted basis versus the relevant market index.

III. Communication/Reporting

A. Investment management organizations that provide monthly updates regarding investment holdings and performance, as well as a clear definition of their management, philosophy and strategy. Investment management organizations that do not normally provide this information must commit to making it available at least monthly.
B. Ease of communicating the characteristics of the portfolios to participants.

IV. Corporate Stability/Personnel

A. Financial stability of the company. In the case of the deposit account options, each bank should be investment grade as rated by Moody's, Fitch and Standard & Poor's.
B. Corporate governance of the investment management organization. Preference will be given to firms who have remained stable from an organizational standpoint, including staffing, controlled plan for growth, compliance with respective to governing agencies, etc.
C. Minimum assets under management as follows:
    - Bank Deposit Account - $500 million

- Fixed Income - $1 billion
- Inflation Protection - $500 million
- High Yield - $500 million
- Target Date Portfolios – Not applicable
- Balanced - $500 million
- Large Capitalization Domestic Equity - $1 billion
- International Equity - $1 billion
- Small/Mid Capitalization Domestic Equity - $500 million

D. The PAC will evaluate the overall size of assets under advisement within the particular investment strategy employed by PAC and the length of time the organization has been in operation. When considering a mutual fund or collective trust investment, the PAC wishes that the Plans' investment not exceed more than 10% of such fund's assets. When considering a separately managed account, the PAC will consider those firms where a proposed allocation will not exceed more than 10% of such firm's assets under management within the proposed asset class. In general, these are the guidelines that the PAC wishes to use when selecting new investment managers for inclusion in the Plan. However, there may be special circumstances when the PAC decides to relax these requirements. For example, should non-traditional asset classes or non-core strategies be included in the Target Date Funds, the PAC may waive the 10% minimum or the minimum assets under management in order to gain the desired diversification. In the event that the PAC decides to relax these guidelines, other factors will be carefully considered including, but not limited to, whether or not the investment manager is a named fiduciary to the Plan and the portfolio size is less than the other assets under advisement by the investment manager.

V. Operations

A. Portfolios and/or funds that offer ease and ability to make transfers and process liquidations and contributions.

B. Funds/or portfolios must be valued daily.

VI. Other

To the extent that the PAC uses separately managed portfolios, those assets will be held in custody with an appropriate custodian and the investment manager will reconcile their fund holdings with the custodian.

## 6. MONITORING INVESTMENT PERFORMANCE

The PAC will review the investment management organizations and investment performance of each portfolio and investment option on a quarterly basis. The PAC may retain an outside consultant or advisor to provide a report and assist in the evaluation of such portfolios.

A portfolio and investment option will be evaluated over a full market cycle, generally defined as three to five years. This time period may be longer depending on the current market environment. This allows for the investment process and style of a particular portfolio to fully manifest itself in terms of risk, return, style, and overall portfolio characteristics.

At its discretion, the PAC may choose to evaluate a fund over a shorter period. The PAC will review the following with respect to each portfolio and investment option:

1. Portfolio management, expenses and administrative feasibility;
   A. Appropriate diversification and prudent management.
   B. Reasonable investment management fees and/or expense ratios as compared to other institutionally managed portfolios.
   C. Consistent investment style.
2. Performance;
   A. Performance versus indices.
   B. Performance relative to peer group.
   C. Performance reviewed over a three and five year time period unless shorter term underperformance is so severe that it warrants the PAC's immediate consideration for termination and/or replacement. The PAC may also elect to evaluate a manager over longer time periods given current market conditions.
   D. Portfolio risk characteristics shall remain consistent with the underlying investment manager or portfolio style.
3. Communication and reporting;
   A. Each investment manager shall communicate any changes to their organization, personnel and investment process to the PAC.
   B. Each investment manager shall be responsive to the PAC and staff's requests.
4. Corporate stability and personnel;
   A. Investment management organizations shall not experience negative financial press that impacts the reputation of the firm.
   B. Corporate governance issues including change in company ownership, turnover of the underlying investment management personnel, significant change to the investment process or issues with governing regulatory body.

C. Portfolio size should be less than 15% of the firm's assets under advisement within the particular investment strategy employed by PAC.

5. Operations;
   A. Investment options will be monitored for utilization by participants.
   B. Operational problems with the accuracy of transactions and processing of cash flow will be reviewed.
6. Compliance with individual fund investment guidelines.
7. In the case of separate accounts compliance with individual investment guidelines as outlined in the Appendix.

With respect to performance, the PAC will evaluate funds against a variety of measures including one or more of the following:

- Absolute performance relative to an appropriate index.
- Relative performance versus other similarly managed portfolios as defined by a universe of other funds/managers.
- An analysis of risk and risk-adjusted performance.
- An analysis of adherence to and implementation of style.

The specific performance criteria for each portfolio and investment option are outlined in the Appendix.

Non-compliance, and/or non-adherence to the aforementioned standards and performance objectives can be immediate grounds for termination and replacement.

Other issues, such as significant changes from current operational and reporting standards, may be considered by the PAC within the monitoring, termination and replacement decision making process.

The PAC will generally take the following steps prior to terminating an investment manager. Should the investment manager fail to meet any of the monitoring items listed above, the PAC will place the investment manager on watch and meet with the investment manager to discuss the specific issue(s). The PAC will give the investment manager a reasonable amount of time to correct the issue and will continue to monitor the firm. At the PAC's discretion, there may be circumstances that warrant terminating an investment manager immediately and without going through these outlined steps.

## 7. PROXY VOTING

The PAC acknowledges that the ownership of equities in separate accounts entitles proxies to be voted. The PAC commits to managing its proxy voting rights with the same care, skill, diligence and prudence as is exercised in managing its other assets. As responsible fiduciaries, the PAC and designated staff or agent will exercise its proxy voting rights in the sole interest of the Plan's participants and beneficiaries in accordance with all applicable statutes. The PAC may delegate proxy voting to the investment managers or contract with a third party to perform its duties.

The PAC acknowledges that its proxy voting rights for its equity investments do not extend to such corporate actions as offers to repurchase, tender offers, securities class action litigation, bankruptcies and dividend reinvestments. Such corporate actions are to be decided by the relevant equity investment managers. The PAC also acknowledges that its proxy voting rights do not extend at all to its investment in fixed income instruments. All corporate actions on fixed-income instruments are to be made by the PAC's investment managers. Proxy voting guidelines appear in the Appendix.

## 8. TRADE RESTRICTION POLICY

The PAC has implemented a plan-wide trade restriction policy to:

- Address complaints from fund managers about disruptive trading practices by plan participants;
- Ensure the PAC's ability to continue to select qualified investment managers/funds for the plan; and
- Protect the viability of the remaining investment options.

### Exceptions

The Savings Plan Trade Restriction Policy will apply to all Savings Plan investment options except the Stable Value Fund and the Bank Depository Fund. The Bank Depository Fund and the self-directed brokerage option has the following trade restriction in place. There is a 90-day waiting period for any transfers from the Stable Value Fund into the Bank Depository Fund or the self-directed brokerage option.

In addition, it is a Participant's responsibility to review the prospectus and disclosure documents for any investment option that the Participant invests

in and to adhere to the trading policy and related restrictions established by the fund in the prospectus (as in effect from time to time). The PAC reserves the right to impose the penalties described below for any disruptive trading practices that are identified by the fund managers and communicated to the Plan even if those practices may not be in violation of the Plan's Trade Restriction Policy.

**Market-Timing Definition:**

Purchase(s) into a fund aggregating $10k or greater on a single day must remain invested in that fund for a minimum of 10-business days ("investment period"). Any trade-out from that fund during the investment period will be considered market-timing. The Plan will treat assets contributed last as having been redeemed first. Purchases include trade-in and rebalance transactions. Payroll deposits are excluded. For example, a participant contributed $10,000 to Fund A on day 1 and another $5,000 on day 2. If on day 3 the participant trades-out: 1) $5,000 there is no violation, or 2) $6,000 there is a violation because the first $5,000 applies to the contribution made on day 2 but the remaining $1,000 applies to the $10,000 contributed on day 1 which requires a minimum ten-business day investment period.

**1. 30-Calendar Day "Round-trip" Restriction:**
*(Objective: eliminate excessive frequency trading)*

Upon any trade-out from a fund, a participant cannot trade-in to that fund for 30calendar days although the participant may continue to trade-out any remaining assets in that fund. This restriction is automatically imposed by the Plan's record keeper.

**2. "Investment Period" Restriction:**
*(Objective: eliminate market-timing)*

Upon the first violation of the investment period restriction, the participant will receive a "Warning Notice" identifying the violating transaction and a description of the Program. The participant will maintain "normal transactions" privileges (those performed through the website, KeyTalk®, Voice Response System, fax, and Client Services).

A second violation of the investment period restriction will result in a "Penalty" whereby normal transaction privileges will be suspended for 180-calendar days. During the penalty period, the participant may execute transactions only through standard First Class U.S. Postal service. Upon completion of the penalty, the participant must submit a signed "Request for

Transaction Access Reinstatement" (Agreement) in which the participant agrees to comply with the Program in exchange for having normal transaction privileges restored.

Should a participant subsequently breach the Agreement, the PAC will have discretion to determine the transaction privilege penalty to be imposed. This can range from another 180-calendar day suspension or, if it is determined the participant has a history of market-timing, the permanent suspension of normal transaction privileges.

**Appeals**

A participant may appeal to the PAC. However, the only transactions exempt from the Investment Period Restriction are those considered "non-trade" transactions (assets from the redemption of one fund are not used to purchase into another fund) which include Hardship Withdrawals, disbursements, loans, and ARC time purchases, as applicable.

## 9. TRANSACTIONS, BROKERAGE AND COMMISSION RECAPTURE PROGRAM

The PAC understands its fiduciary responsibility with respect to transactions and hereby instructs their investment managers to seek best execution when conducting all trades. Investment managers are instructed to seek to minimize commission and market impact costs when trading securities. Investment managers shall provide annual reports to the staff summarizing commission activity by broker, showing the average commission cost and execution costs.

When trading securities, best execution is the paramount consideration of the PAC. This objective is expected to provide for and protect the best economic interest of the Plan. As part of the trading process, managers shall determine expected trading costs associated with approved firms on the PAC's commission recapture brokerage firm list. If trading through one of the PAC's commission recapture brokerage firm is in the best economic interest of the Plan, the investment managers are expected to consider this firm as well as others in obtaining best execution.

For example, if an equity trade is contemplated and an investment manager can execute the trade through the PAC's commission recapture brokerage firm while not incurring any incremental commission or market impact costs, then the PAC would like the manager to do so. However, if a manager is required to carve out a portion of a block trade to accommodate a trade through the PAC's commission recapture brokerage firm or if such a trade is

likely to lead to increased costs, the manager shall not trade through the PAC's commission recapture brokerage firm.

## 10. COMMUNICATIONS TO PARTICIPANTS

The PAC or its designees will take reasonable steps to communicate the general characteristics of the various investment options to participants. These communications will include a description of the relative investment risk associated with each alternative, benefits of diversification and other general investment education.

At least quarterly, participants will be notified of the rates of return of the investment options. Other information may be included which will help the participants make informed decisions regarding their investment options. The PAC acknowledges the need to support Los Angeles County in its effort to adequately educate participants with respect to time horizons, risk, expected returns, and portfolio diversification. In addition, this Statement of Investment Policy is to be communicated to participants upon adoption by the PAC.

## Appendix A
## SAVINGS PLAN INVESTMENT FUND OPTIONS

| Asset Class | Investment Option | Market Benchmark | Peer Universe |
|---|---|---|---|
| Capital Preservation | Bank Depository Fund | Average 3 Month LIBOR during the last ten business days of the calendar quarter less 15 basis points with a floor of 10 basis points | Not applicable |
| Capital Preservation | Savings Stable Value Fund | 3 Month T-Bills plus 1.5% | Stable value |
| Bond/Fixed Income | Savings Bond Fund | Barclays Capital Aggregate Bond Index | Core-plus bond |
| Inflation Protection | Savings Inflation Protection Fund | Blended index of 50% Barclays Capital US TIPS Index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index. | Not applicable |
| Balanced/Target Date | Savings Retirement Income Fund | Blended index of 27% Barclays Capital Aggregate Bond Index; 5% Merrill Lynch U.S. High Yield BB-B 2% Constrained Index; 8% JPMorgan EMBI Global Diversified Index; 7% S&P 500 Index; 3% MSCI EAFE Index; 1.5% Russell Mid Cap Index; 1.5% Russell 2000 Index; 2% MSCI Emerging Market Free Index; 6.0% Barclays Capital U.S. TIPs 1-10 Year Index; 12% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI; 7.5% MSCI All Country World Index; and 12.0% blended index of 50% Barclays Capital US TIPS Index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |
| Balanced/Target Date | Savings 2010 Target Date Fund | Blended index of 22.20% Barclays Capital Aggregate Bond Index; 3.98% Merrill Lynch U.S. High Yield BB-B 2% Constrained Index; 6.80% JPMorgan EMBI Global Diversified Index; 12.52% S&P 500 Index; 6.30% MSCI EAFE Index; 2.76% Russell Mid Cap Index; 2.76% Russell 2000 Index; 3.20% MSCI Emerging Markets Free Index; 5.07% Barclays Capital U.S. TIPs 1-10 Year Index; 10.14% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI; 7.5% MSCI All Country World Index; and 9.27% blended index of 50% Barclays Capital US TIPS Index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |

| | | | |
|---|---|---|---|
| Balanced/Target Date | Savings 2015 Target Date Fund | Blended index of 17.60% Barclays Capital Aggregate Bond Index; 3.17% Merrill Lynch U.S. High Yield BB-B 2% Constrained Index; 5.0% JPMorgan EMBI Global Diversified Index; 17.08% S&P 500 Index; 9.20% MSCI EAFE Index; 3.79% Russell Mid Cap Index; 3.79% Russell 2000 Index; 4.0% MSCI Emerging Markets Free Index; 4.98% Barclays Capital U.S. TIPs 1-10 Year Index; 9.96% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI; and 7.5% MSCI All Country World Index; and 6.43% blended index of 50% Barclays Capital US TIPS Index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |
| Balanced/Target Date | Savings 2020 Target Date Fund | Blended index of 11.0% Barclays Capital Aggregate Bond Index; 2.20% Merrill Lynch U.S. High Yield BB-B 2% Constrained Index; 4.50% JPMorgan EMBI Global Diversified Index; 23.60% S&P 500 Index; 12.0% MSCI EAFE Index; 5.200% Russell Mid Cap Index; 5.20% Russell 2000 Index; 5.50% MSCI Emerging Markets Free Index; 3.95% Barclays Capital U.S. TIPs 1-10 Year Index; 7.90% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI;7.5% MSCI All Country World Index; and 3.95% blended index of 50% Barclays Capital US TIPS Index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |
| Balanced/Target Date | Savings 2025 Target Date Fund | Blended index of 4.70% Barclays Capital Aggregate Bond Index; 1.20% Merrill Lynch U.S. High Yield BB-B 2% Constrained Index; 3.90% JPMorgan EMBI Global Diversified Index; 29.0% S&P 500 Index; 16.0% MSCI EAFE Index; 6.30% Russell Mid Cap Index; 6.30% Russell 2000 Index; 6.60% MSCI Emerging Markets Free Index; 2.75% Barclays Capital U.S. TIPs 1-10 Year Index; 5.50% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI; 7.5% MSCI All Country World Index; and 2.75% blended index of 50% Barclays Capital US TIPS Index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |

| | | | |
|---|---|---|---|
| Balanced/Target Date | Savings 2030 Target Date Fund | Blended index of 1.40% Barclays Capital Aggregate Bond Index; 0.20% Merrill Lynch U.S. High Yield BB-B 2% Constrained Index; 2.0% JPMorgan EMBI Global Diversified Index; 33.20% S&P 500 Index; 16.0% MSCI EAFE Index; 7.30% Russell Mid Cap Index; 7.30% Russell 2000 Index; 7.60% MSCI Emerging Markets Free Index; 2.50% Barclays Capital U.S. TIPs 1-10 Year Index; 5.0% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI; 7.5% MSCI All Country World Index; and 2.50% blended index 50% Barclays Capital US TIPS index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |
| Balanced/Target Date | Savings 2035 Target Date Fund | Blended index of 2% JPMorgan EMBI Global Diversified Index; 34% S&P 500 Index; 16% MSCI EAFE Index; 7.5% Russell Mid Cap Index; 7.5% Russell 2000 Index; 8% MSCI Emerging Markets Free Index; 2.50% Barclays Capital U.S. TIPs 1-10 Year Index; 5.0% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI; 7.5% MSCI All Country World Index; and 2.50% blended index 50% Barclays Capital US TIPS index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |
| Balanced/Target Date | Savings 2040 Target Date Fund | Blended index of 2% JPMorgan EMBI Global Diversified Index; 34% S&P 500 Index; 16% MSCI EAFE Index; 7.5% Russell Mid Cap Index; 7.5% Russell 2000 Index; 8% MSCI Emerging Markets Free Index; 2.50% Barclays Capital U.S. TIPs 1-10 Year Index; 5.0% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI; 7.5% MSCI All Country World Index; and 2.50% blended index 50% Barclays Capital US TIPS index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |
| Balanced/Target Date | Savings 2045 Target Date Fund | Blended index of 2% JPMorgan EMBI Global Diversified Index; 34% S&P 500 Index; 16% MSCI EAFE Index; 7.5% Russell Mid Cap Index; 7.5% Russell 2000 Index; 8% MSCI Emerging Markets Free Index; 2.50% Barclays Capital U.S. TIPs 1-10 Year Index; 5.0% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI; 7.5% MSCI All Country World Index; and 2.50% blended index 50% Barclays Capital US TIPS index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |

| | | | |
|---|---|---|---|
| Balanced/Target Date | Savings 2050 Target Date Fund | Blended index of 2% JPMorgan EMBI Global Diversified Index; 34% S&P 500 Index; 16% MSCI EAFE Index; 7.5% Russell Mid Cap Index; 7.5% Russell 2000 Index; 8% MSCI Emerging Markets Free Index; 2.50% Barclays Capital U.S. TIPs 1-10 Year Index; 5.0% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI; 7.5% MSCI All Country World Index; and 2.50% blended index 50% Barclays Capital US TIPS index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |
| Balanced/Target Date | Savings 2055 Target Date Fund | Blended index of 2% JPMorgan EMBI Global Diversified Index; 34% S&P 500 Index; 16% MSCI EAFE Index; 7.5% Russell Mid Cap Index; 7.5% Russell 2000 Index; 8% MSCI Emerging Markets Free Index; 2.50% Barclays Capital U.S. TIPs 1-10 Year Index; 5.0% blended index of 75% NCREIF ODCE and 25% MSCI US REIT Index; 7.5% blended index of 60% MSCI World and 40% CitiWGBI; 7.5% MSCI All Country World Index; and 2.50% blended index 50% Barclays Capital US TIPS index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index.* | Target Date funds with similar retirement date |
| Balanced | Savings Balanced Fund | Blended index of 60% S&P 500 Index and 40% Barclays Capital Aggregate Bond Index | Balanced funds with similar asset allocation |
| Large Capitalization Domestic Equity | Savings Large Cap Equity Fund | S&P 500 Index | Not applicable |
| International Equity | Savings Non-U.S. Equity Fund | MSCI EAFE Index | Non-U.S. equity |
| Mid Capitalization Domestic Equity | Savings Mid Cap Equity Fund | S&P Mid Cap 400 Index | Mid cap equity |
| Small Capitalization Domestic Equity | Savings Small Cap Equity Fund | Russell 2000 Index | Small cap equity |

*The benchmark weight for each asset class represents the weight for 2015.

## Composition of Asset Class Funds

Some of the asset class funds seek diversification through a multi-manager structure. Each investment manager will manage their portfolio independently. For asset class funds where a liquidity buffer is not used, rebalancing between managers will occur monthly through the monthly payroll deferral contribution. To the extent necessary, managers will be

formally rebalanced on a quarterly basis. For those portfolios using a liquidity buffer, rebalancing will occur quarterly.

| Investment Option | Investment Manager | Benchmark | Target |
|---|---|---|---|
| Savings Bond Fund | Loomis Sayles & Company, L.P. Core Plus Full Discretion | Barclays Capital Aggregate Bond Index | 50% |
| | Metropolitan West Asset Management, LLC – separate account | | 50% |
| Savings Balanced Fund | Dodge & Cox Balanced Fund (DODBX) | 60% S&P 500 Index and 40% Barclays Capital Aggregate Bond Index | 100% |
| Savings Large Cap Equity Fund | SSgA S&P 500 Flagship Series C | S&P 500 Index | 33.3% |
| | TCW Asset Management Company – separate account | Russell 1000 Growth Index | 33.3% |
| | Sound Shore Management, Inc. – separate account | Russell 1000 Value Index | 16.7% |
| | Institutional Capital, LLC – separate account | Russell 1000 Value Index | 16.7% |
| Savings Non-U.S. Equity Fund | MFS Institutional International Equity – separate account | MSCI EAFE Index | 100% |
| Savings Mid Cap Equity Fund | SSgA Mid Cap Index Fund | S&P Mid Cap 400 Index | 100% |

| | | | |
|---|---|---|---|
| Savings Small Cap Equity Fund | SSgA Small Cap Index Fund | S&P Russell 2000 Index | 5% |
| | ICM Small Company – separate account | Russell 2000 Value Index | 47.5% |
| | T. Rowe Price New Horizons Fund (PRNHX) | Russell 2000 Growth Index | 47.5% |
| Savings Inflation Protection Fund | SSgA U.S. Inflation Protected Bond Index Fund – Class A | Barclays Capital U.S. Treasury Inflation Protected Securities Index | 30% |
| | SSgA Real Return Strategy Fund | 25% Dow Jones-UBS Roll Select Commodity Index, 30% S&P Global LargeMidCap Commodity and Resources Index, 15% Dow Jones U.S. Select REIT Index and 30% Barclays U.S. TIPS Index. | 70% |

## Composition of Target Date Funds

Each of the target date portfolios will invest in a combination of the Plan's core portfolios as well as other non-core strategies and is diversified by asset class and holdings. The asset allocation for each retirement date portfolio is approved by the PAC. Each month the asset allocation for each portfolio will be rebalanced through the monthly payroll deferral contribution. Portfolios will be formally rebalanced on a quarterly basis. The non-core portfolios currently included in the target date funds are listed in the table below.

| Asset Class | Investment Manager | Benchmark | Target | Range (+ / -) |
|---|---|---|---|---|
| Equity Alternatives | BNY Collective Trust – Government STIF | N/A | 3% | 1.5% |
| | Mellon Capital Management EB Daily Liquidity Global Alpha I Fund | 60% MSCI World and 40% CitiWGBI | 48.5% | 4.0% |
| | Wellington Trust Company, NA Collective Investment Fund II Unconstrained Themes Portfolio | MSCI All Country World Index | 48.5% | 4.0% |

| | | | | |
|---|---|---|---|---|
| Real Return | BNY Collective Trust – Government STIF | N/A | 3% | 1.5% |
| | JP Morgan Diversified Commercial Property Fund | 75% NCREIF ODCE and 25% MSCI REIT Index | 65.0% | 6.0% |
| | PIMCO All Asset Fund (PAAIX) | Barclays Capital U.S. TIPs 1-10 Year Index* | 32.0% | 3.0% |
| Emerging Markets Equity | Dimensional Fund Advisors Emerging Market Value Portfolio | MSCI Emerging Markets Free Index | 100% | n/a |
| Emerging Market Debt (Local Currency) | BNY Collective Trust – Government STIF | N/A | 3.0% | 2.0% |
| | Standish Mellon Emerging Market Debt Fund | JPMorgan EMBI Global Diversified Index | 97.0% | 2.0% |

*A secondary benchmark is 40% Barclays Capital Aggregate Bond Index; 30% Barclays Capital US TIPS 1-10 year Index; 10% S&P 500 Index; 10% Barclays Capital High Yield Index; 10% JP Morgan EMBI Index.

## Blended Funds
## Asset Allocation and Rebalancing Guidelines

The PAC has adopted the asset allocation policy and rebalancing ranges as outlined below for the Savings Target Date Funds. The PAC determined this policy after evaluating the implications of increased investment return versus increased variability of return for a number of potential investment policies with varying commitments to equities, fixed income securities and alternative investments.

| **Savings Target Date Income Fund** | **Target %** | **Range (+/-)** |
|---|---|---|
| Small Cap | 1.50% | 1.0% |
| Mid Cap | 1.50% | 1.0% |
| Large Cap | 7.00% | 3.0% |
| Non-U.S. | 3.00% | 1.5% |
| Bond | 27.00% | 5.0% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | 18.00% | 6.5% |
| High Yield | 5.00% | 2.0% |
| Emerging Market Equity | 2.00% | 1.0% |
| EMD (Local Currency) | 8.00% | 3.0% |
| Inflation Protection | 12.00% | 5.0% |
| | 100.00% | |

| **Savings Target Date 2010** | **Target %** | **Range (+/-)** |
|---|---|---|
| Small Cap | 2.76% | 1.5% |
| Mid Cap | 2.76% | 1.5% |
| Large Cap | 12.52% | 5.0% |
| Non-U.S. | 6.30% | 4.0% |
| Bond | 22.20% | 4.5% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | 15.21% | 5.5% |
| High Yield | 3.98% | 1.5% |
| Emerging Market Equity | 3.20% | 2.0% |
| EMD (Local Currency) | 6.80% | 3.0% |
| Inflation Protection | 9.27% | 3.5% |
| | 100.00% | |

| Savings Target Date 2015 | Target % | Range (+/-) |
|---|---|---|
| Small Cap | 3.79% | 2.0% |
| Mid Cap | 3.79% | 2.0% |
| Large Cap | 17.08% | 6.0% |
| Non-U.S. | 9.20% | 5.0% |
| Bond | 17.60% | 3.0% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | 14.94% | 5.5% |
| High Yield | 3.17% | 1.0% |
| Emerging Market Equity | 4.00% | 3.0% |
| EMD (Local Currency) | 5.00% | 2.0% |
| Inflation Protection | 6.43% | 3.0% |
| | 100.00% | |

| Savings Target Date 2020 | Target % | Range (+/-) |
|---|---|---|
| Small Cap | 5.20% | 2.0% |
| Mid Cap | 5.20% | 2.0% |
| Large Cap | 23.60% | 7.0% |
| Non-U.S. | 12.00% | 6.0% |
| Bond | 11.00% | 2.0% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | 11.85% | 4.5% |
| High Yield | 2.20% | 0.5% |
| Emerging Market Equity | 5.50% | 3.5% |
| EMD (Local Currency) | 4.50% | 2.0% |
| Inflation Protection | 3.95% | 2.5% |
| | 100.00% | |

| Savings Target Date Funds 2025 | Target % | Range (+/-) |
|---|---|---|
| Small Cap | 6.30% | 2.5% |
| Mid Cap | 6.30% | 2.5% |
| Large Cap | 29.00% | 8.0% |
| Non-U.S. | 16.00% | 6.0% |
| Bond | 4.70% | 1.0% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | 8.25% | 3.5% |
| High Yield | 1.20% | 0.5% |
| Emerging Market Equity | 6.60% | 4.0% |
| EMD (Local Currency) | 3.90% | 2.0% |
| Inflation Protection | 2.75% | 1.0% |
| | 100.00% | |

| Savings Target Date Funds 2030 | Target % | Range (+/-) |
|---|---|---|
| Small Cap | 7.30% | 3.0% |
| Mid Cap | 7.30% | 3.0% |
| Large Cap | 33.20% | 8.0% |
| Non-U.S. | 16.00% | 6.0% |
| Bond | 1.40% | 0.0% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | 7.50% | 3.5% |
| High Yield | 0.20% | 0.0% |
| Emerging Market Equity | 7.60% | 4.5% |
| EMD (Local Currency) | 2.00% | 1.5% |
| Inflation Protection | 2.50% | 1.0% |
| | 100.00% | |

| Savings Target Date Funds 2035 | Target % | Range (+/-) |
|---|---|---|
| Small Cap | 7.50% | 3.0% |
| Mid Cap | 7.50% | 3.0% |
| Large Cap | 34.00% | 8.0% |
| Non-U.S. | 16.00% | 6.0% |
| Bond | 0.00% | 0.0% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | 7.50% | 3.5% |
| High Yield | 0.00% | 0.0% |
| Emerging Market Equity | 8.00% | 4.5% |
| EMD (Local Currency) | 2.00% | 1.5% |
| Inflation Protection | 2.50% | 1.0% |
| | 100.00% | |

| Savings Target Date Funds 2040 | Target % | Range (+/-) |
|---|---|---|
| Small Cap | 7.50% | 3.0% |
| Mid Cap | 7.50% | 3.0% |
| Large Cap | 34.00% | 8.0% |
| Non-U.S. | 16.00% | 6.0% |
| Bond | 0.00% | 0.0% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | 7.50% | 3.5% |
| High Yield | 0.00% | 0.0% |
| Emerging Market Equity | 8.00% | 4.5% |
| EMD (Local Currency) | 2.00% | 1.5% |
| Inflation Protection | 2.50% | 1.0% |
| | 100.00% | |

| Savings Target Date Funds 2045 | Target % | Range (+/-) |
|---|---|---|
| Small Cap | 7.50% | 3.0% |
| Mid Cap | 7.50% | 3.0% |
| Large Cap | 34.00% | 8.0% |
| Non-U.S. | 16.00% | 6.0% |
| Bond | 0.00% | 0.0% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | 7.50% | 3.5% |
| High Yield | 0.00% | 0.0% |
| Emerging Market Equity | 8.00% | 4.5% |
| EMD (Local Currency) | 2.00% | 1.5% |
| Inflation Protection | 2.50% | 1.0% |
| | 100.00% | |

| Savings Target Date Funds 2050 | Target % | Range (+/-) |
|---|---|---|
| Small Cap | 7.50% | 3.0% |
| Mid Cap | 7.50% | 3.0% |
| Large Cap | 34.00% | 8.0% |
| Non-U.S. | 16.00% | 6.0% |
| Bond | 0.00% | 0.0% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | 7.50% | 3.5% |
| High Yield | 0.00% | 0.0% |
| Emerging Market Equity | 8.00% | 4.5% |
| EMD (Local Currency) | 2.00% | 1.5% |
| Inflation Protection | 2.50% | 1.0% |
| | 100.00% | |

| Savings Target Date Funds 2055 | Target % | Range (+/-) |
|---|---|---|
| Small Cap | 7.50% | 3.0% |
| Mid Cap | 7.50% | 3.0% |
| Large Cap | 34.00% | 8.0% |
| Non-U.S. | 16.00% | 6.0% |
| Bond | 0.00% | 0.0% |
| Equity Alternatives | 15.00% | 6.0% |
| Real Return | 7.50% | 3.5% |
| High Yield | 0.00% | 0.0% |
| Emerging Market Equity | 8.00% | 4.5% |
| EMD (Local Currency) | 2.00% | 1.5% |
| Inflation Protection | 2.50% | 1.0% |
| | 100.00% | |

The purpose of this rebalancing policy is to establish a frame work for keeping each target date fund in line with its target asset allocation. Rebalancing activities have been delegated to the custodian bank. Unless otherwise directed in writing from the PAC or staff, the custodian bank is directed to process requests for investments into and withdrawals from each fund by investing in or withdrawing from assets classes on a pro-rata basis using cash flow to help maintain the targeted weight for each portfolio. The PAC further directs and authorizes the custodian bank to rebalance each asset class fund and each target date fund quarterly. The PAC instructs the custodian bank to re-allocate the target date funds annually according to the glidepath adopted by the PAC.

Each target date fund's benchmark is a custom benchmark designed to indicate the returns that a passive investor would earn by consistently following the asset allocation targets set forth in this policy statement. The

table below indicates the benchmark for each underlying asset class used in the target date funds.

| Asset Class | Benchmark |
|---|---|
| Large Cap Equity Fund | S&P 500 Index |
| Mid Cap Equity Fund | S&P Mid Cap 400 Index |
| Small Cap Equity Fund | Russell 2000 Index |
| Non-U.S. Equity Fund | MSCI EAFE Index |
| Emerging Markets Equity | MSCI Emerging Markets Free Index |
| Equity Alternatives | Combined benchmark of ½ MSCI All Country World Index plus ½ of a combination of MSCI World Index Half Hedged (60%) and Citigroup WGBI Index (40%) |
| Bond Fund | Barclays Capital Aggregate Bond Index |
| High Yield | Merrill Lynch US High Yield BB-B Index |
| Emerging Market Debt (Local Currency) | JPMorgan EMBI Global Diversified Index |
| Real Return | Combined benchmark of ½ 75% NCREIF ODCE Index and 25% MSCI US REIT Index plus ½ Barclays Capital U.S. TIPS 1-10 Year Index |
| Inflation Protection Fund | Combined benchmark of 50% Barclays Capital U.S. TIPS Index, 18% Dow Jones-UBS Roll Select Commodity Index, 11% Dow Jones U.S. Select REIT Index and 21% S&P Global LargeMidCap Commodity and Resources Index. |

## Asset Class Funds

The PAC has determined that for certain of the asset class funds it is prudent to utilize more than one investment manager or underlying portfolios. To that end, the PAC has constructed multi-manager funds for the Large Cap Equity, Small Cap Equity, Bond and Inflation Protection Funds. Each multi-manager fund is constructed as follows:

| Savings Large Cap Fund | Target % | Range (+/-) |
|---|---|---|
| SSgA S&P 500 Index Fund | 33.30% | 5.0% |
| TCW Separate Account | 33.30% | 5.0% |
| Sound Shore Separate Account | 16.70% | 2.5% |
| ICAP Separate Account | 16.70% | 2.5% |
| | 100.00% | |

| Savings Small Cap Fund | Target % | Range (+/-) |
|---|---|---|
| T. Rowe Price New Horizons Mutual Fund | 47.50% | 8.0% |
| ICM Small Cap Separate Account | 47.50% | 8.0% |
| SSgA Small Cap | 5.00% | 2.0% |
| | 100.00% | |

| Savings Inflation Protection Fund | Target % | Range (+/-) |
|---|---|---|
| SSgA TIPs Fund | 30.0% | 2.5% |
| SSgA Real Return Fund | 70.0% | 5.0% |

| Savings Bond Fund | Target % | Range (+/-) |
|---|---|---|
| Loomis Sayles Core Plus Full Discretion | 50.0% | 10.0% |
| MetWest Separate Account | 50.0% | 10.0% |
| | 100.0% | |

**Appendix B**
TCW Asset Management Company
Large Capitalization Growth
Investment Policy and Guidelines

The purpose of this document is to establish a clear understanding between Los Angeles County Savings Plan and Deferred Earnings Plan and TCW Asset Management Company (TAMCO) with respect to the investment policies and objectives of the assets assigned to TAMCO for investment management. The policy is intended to provide risk policies to guide TAMCO toward long-term rate of return objectives that will serve as standards for evaluating investment performance. The policy will also establish the investment restrictions to be placed upon TAMCO.

## OBJECTIVE

To provide capital appreciation and to provide diversification to the equity options offered to participants. TAMCO is retained to manage a portfolio consisting primarily of large cap growth equity securities. TAMCO has the discretion to purchase securities across various industry groups with the objective of outperforming the Russell 1000 Growth index.

The primary objectives for the portfolio are:

- To remain fully invested with cash positions held to a reasonable minimum.
- To meet or exceed the performance standards set forth below.

## STANDARDS OF PERFORMANCE

TAMCO is expected to meet the following performance standards:

- Total portfolio return must exceed that of the Russell 1000 Growth index net of management fees.
- Total portfolio results should average in the top half of results from a comparable manager universe.

The period for investment evaluation will be three to five years and will normally include a market cycle unless the interim results are significantly below expectations.

The benchmark identified in this statement of investment policy and guidelines is for manager evaluation and comparative purposes only. While TAMCO's objective is to outperform the stated benchmark, it does not imply that the portfolio will share, or attempt to share, the same or similar characteristics of the benchmark, or any attempt to track the benchmark. It is understood that TAMCO may vary significantly from benchmark characteristics, including, among other things, diversification by sector or

sub sector, industry or geography, security concentration, credit rating and duration.

**RESTRICTIONS**

TAMCO is expected to exercise fiduciary responsibility in the overall management of the portfolio. Acceptable securities include all domestic common and preferred securities, securities that may be converted into or exchanged for stock (such as convertible debt and preferred stock) listed on an established exchange (including NASDAQ). Foreign common stocks listed on an U.S. exchange in dollar denominated issues and American Depository Receipts (ADRs) are permitted up to 20% of the portfolio at market value. 144A securities (with or without registration rights) which are deemed liquid by the investment manager are permitted up to 20% of the portfolio at market. TAMCO may purchase up to 10% at time of investment and accumulate up to 15% at market in any one security.

The following instruments are prohibited:

- Derivatives
- Commodities or commodity futures
- Private placements or other securities not readily marketable
- Securities purchased on margin
- Puts, calls, straddles or hedging
- Warrants or other options when acquired as part of purchase or another security
- Short selling

**GENERAL**

TAMCO is expected to vote all proxies to protect the financial interest of participants and TAMCO shall report annually the results of such voting.

**Appendix B**
Institutional Capital LLC
Large Capitalization Value
Investment Policy and Guidelines

The purpose of this document is to establish a clear understanding between Los Angeles County Savings (401(K)) Plan and Institutional Capital LLC (ICAP) with respect to the investment policies and objectives of the assets assigned to ICAP for investment management. The policy is intended to provide risk policies to guide ICAP toward long-term rate of return objectives that will serve as standards for evaluating investment performance. The policy will also establish the investment restrictions to be placed upon ICAP.

## OBJECTIVE

To provide capital appreciation and to provide diversification to the large cap equity option offered to participants in the Los Angeles County Savings Plan. ICAP is retained to manage a portfolio consisting primarily of domestic large cap value equity securities. ICAP has the discretion to purchase securities across various industry groups with the objective of outperforming the Russell 1000 Value Index.

The primary objectives for the portfolio are:

- To remain fully invested with cash positions held to a reasonable minimum.
- To meet or exceed the performance standards set forth below.

## STANDARDS OF PERFORMANCE

ICAP is expected to meet the following performance standards:

- Total portfolio return must exceed that of the Russell 1000 Value index net of management fees.
- Total portfolio results should average in the top half of results from a comparable manager universe.

The period for investment evaluation will be over a three to five year period and will normally include a market cycle unless the interim results are significantly below expectations.

The benchmark identified in this statement of investment policy and guidelines is for manager evaluation and comparative purposes only. While ICAP's objective is to outperform the stated benchmark, it does not imply that the portfolio will share, or attempt to share, the same or similar characteristics of the benchmark, or any attempt to track the benchmark. It is understood that ICAP may vary significantly from benchmark

characteristics, including, among other things, diversification by sector or sub sector, industry or geography or security concentration.

**RESTRICTIONS**

ICAP is expected to exercise fiduciary responsibility in the overall management of the portfolio. Acceptable securities include all domestic common and preferred securities, securities that may be converted into or exchanged for stock (such as convertible debt and preferred stock) listed on an established exchange (including NASDAQ). There is no restriction on the domestic stocks that ICAP can select for investment. Foreign common stocks listed on a U.S. exchange in dollar denominated issues and American Depository Receipts (ADRs) are permitted up to 20% of the portfolio at market value. Business Driven Investment companies that are incorporated offshore for tax purposes, but maintain a U.S. headquarters, trade on a U.S. exchange and derive the majority of their revenue from the United States will not be subject to the foreign limitation of 20%. 144A securities (with or without registration rights) which are deemed liquid by the investment manager are permitted up to 20% of the portfolio at market value. Futures or Exchange Traded Funds (ETFs) are permissible in order to equitize a short-term cash position. No single holding will account for more than 5% of the portfolio at the time of purchase.

The following instruments are prohibited:

- Derivatives
- Commodities or commodity futures
- Private placements or other securities not readily marketable
- Securities purchased on margin
- Puts, calls, straddles or hedging
- Warrants or other options except when acquired as part of a purchase of another security
- Short selling
- Mutual funds

**Appendix B**
MFS Institutional Advisors, Inc.
Non-U.S. Equity
Investment Policy and Guidelines

The purpose of this document is to establish a clear understanding between Los Angeles County Savings Plan and MFS Institutional Advisors, Inc. (MFS) with respect to the investment policies and objectives of the assets assigned to MFS for investment management. The policy is intended to provide risk policies to guide MFS toward long-term rate of return objectives that will serve as standards for evaluating investment performance. The policy will also establish the investment restrictions to be placed upon MFS.

## OBJECTIVE

To provide capital appreciation and to provide diversification to the equity options offered to participants. MFS is retained to manage a portfolio consisting primarily of non-U.S. equity securities. MFS has the discretion to purchase securities in various countries and across various industry groups with the objective of outperforming the MSCI EAFE index.

The primary objectives for the portfolio are:

- To remain fully invested with cash positions held to a reasonable minimum.
- To meet or exceed the performance standards set forth below.

## STANDARDS OF PERFORMANCE

MFS is expected to meet the following performance standards:

- Total portfolio return must exceed that of the MSCI EAFE index net of management fees.
- Total portfolio results should average in the top half of results from a comparable manager universe.

The period for investment evaluation will be five years and will normally include a market cycle unless the interim results are significantly below expectations.

The benchmark identified in this statement of investment policy and guidelines is for manager evaluation and comparative purposes only. While MFS' objective is to outperform the stated benchmark, it does not imply that the portfolio will share, or attempt to share, the same or similar characteristics of the benchmark, or any attempt to track the benchmark. It is understood that MFS may vary significantly from benchmark characteristics, including, among other things, diversification by sector or sub sector, industry, country or geography, security concentration, credit

rating and duration. MFS may invest in countries that are not in the MSCI EAFE index.

**RESTRICTIONS**

MFS is expected to exercise fiduciary responsibility in the overall management of the portfolio. Acceptable securities include all international equities, including common and preferred securities, securities that may be converted into or exchanged for stock (such as convertible debt and preferred stock) listed on an established exchange. Foreign common stocks listed on a U.S. exchange in dollar denominated issues and American Depositary Receipts (ADRs) are permitted. 144A securities (with or without registration rights) which are deemed liquid by the investment manager are permitted up to 20% of the portfolio at market. MFS may purchase up to 5% at time of investment in any one security. The maximum amount of the portfolio value to be invested in emerging markets is 15% as defined by MSCI.

The following instruments are prohibited:

- Derivatives, except forward foreign currency contracts in connection with the purchase and sale of securities
- Commodities or commodity futures
- Private placements (except 144A securities deemed liquid) or other securities not readily marketable
- Securities purchased on margin
- Puts, calls, straddles or hedging, except forward foreign currency contracts in connection with the purchase and sale of securities
- Warrants or other options except when acquired as part of purchase of another security
- Short selling

**Appendix B**
Sound Shore Management, Inc.
Large Capitalization Value
Investment Policy and Guidelines

The purpose of this document is to establish a clear understanding between Los Angeles County Savings (401(K)) Plan and Sound Shore Management, Inc. (Sound Shore) with respect to the investment policies and objectives of the assets assigned to Sound Shore for investment management. The policy is intended to provide risk policies to guide Sound Shore toward long-term rate of return objectives that will serve as standards for evaluating investment performance. The policy will also establish the investment restrictions to be placed upon Sound Shore.

## OBJECTIVE

To provide capital appreciation and to provide diversification to the large cap equity option offered to participants in the Los Angeles County Savings (401(K)) Plan Sound Shore is retained to manage a portfolio consisting primarily of domestic large cap value equity securities. Sound Shore has the discretion to purchase securities across various industry groups with the objective of outperforming the Russell 1000 Value Index.

The primary objectives for the portfolio are:

- To remain fully invested with cash positions held to a reasonable minimum.
- To meet or exceed the performance standards set forth below.

## STANDARDS OF PERFORMANCE

Sound Shore is expected to meet the following performance standards:

- Total portfolio return must exceed that of the Russell 1000 Value index net of management fees.
- Total portfolio results should average in the top half of results from a comparable manager universe.

The period for investment evaluation will be over a three to five year period and will normally include a market cycle unless the interim results are significantly below expectations.

The benchmark identified in this statement of investment policy and guidelines is for manager evaluation and comparative purposes only. While Sound Shore's objective is to outperform the stated benchmark, it does not imply that the portfolio will share, or attempt to share, the same or similar characteristics of the benchmark, or any attempt to track the benchmark. It is understood that Sound Shore may vary significantly from benchmark

characteristics, including, among other things, diversification by sector or sub sector, industry or geography or security concentration.

**RESTRICTIONS**

Sound Shore is expected to exercise fiduciary responsibility in the overall management of the portfolio. Acceptable securities include all domestic common and preferred securities, securities that may be converted into or exchanged for stock (such as convertible debt and preferred stock) listed on an established exchange (including NASDAQ). There is no restriction on the domestic stocks that Sound Shore can select for investment. Foreign common stocks listed on a U.S. exchange in dollar denominated issues and American Depository Receipts (ADRs) are permitted up to 20% of the portfolio at market value. 144A securities (with or without registration rights) which are deemed liquid by the investment manager are permitted up to 20% of the portfolio at market value. Futures or Exchange Traded Funds (ETFs) are permissible in order to equitize a short-term cash position. No single holding will account for more than 5% of the portfolio at the time of purchase.

The following instruments are prohibited:

- Derivatives
- Commodities or commodity futures
- Private placements or other securities not readily marketable
- Securities purchased on margin
- Puts, calls, straddles or hedging
- Warrants or other options except when acquired as part of a purchase of another security
- Short selling

**Appendix B**
Metropolitan West Asset Management, LLC
Core Fixed Income
Investment Policy and Guidelines

The purpose of this document is to establish a clear understanding between Los Angeles County Deferred Compensation and Thrift Plan and Metropolitan West Asset Management, LLC (MetWest) with respect to the investment policies and objectives of the assets assigned to MetWest for investment management. The policy is intended to provide risk policies to guide MetWest toward long-term rate of return objectives that will serve as standards for evaluating investment performance. The policy will also establish the investment restrictions to be placed upon MetWest.

## OBJECTIVE

To provide diversification to the fixed income investment option offered to participants. MetWest is retained to manage a portfolio consisting of domestic fixed income securities. MetWest has the discretion to purchase securities with the objective of producing a total rate of return that exceeds the Barclays Capital Aggregate Bond index.

## STANDARDS OF PERFORMANCE

MetWest is expected to meet the following performance standards:

- Total portfolio return must exceed that of the Barclays Aggregate Bond index net of management fees.
- Total portfolio results should average in the top half of results from a comparable manager universe.

The period for investment evaluation will be a five year period and will normally include a market cycle unless the interim results are significantly below expectations.

The benchmark identified in this statement of investment policy and guidelines is for manager evaluation and comparative purposes only. While MetWest's objective is to outperform the stated benchmark, it does not imply that the portfolio will share, or attempt to share, the same or similar characteristics of the benchmark, or any attempt to track the benchmark. It is understood that MetWest may vary significantly from benchmark characteristics, including among other things, diversification by sector, industry, security concentration, credit rating and duration.

**RESTRICTIONS**

MetWest is expected to exercise fiduciary responsibility in the overall management of the portfolio. Acceptable securities include all U.S. government and agency securities, credit securities, structured securities, short-term and cash equivalents investments. Additionally, futures, options and swap agreements are acceptable for duration/yield curve management or hedging purposes only.

The portfolio's average credit rating must be "A/A2" or higher. The minimum quality rating at the time of purchase must be "BBB-/Baa3" or above as rated by one nationally recognized rating agency. All cash equivalents must be of high quality, meaning the security must carry a short-term rating of at least A-1 or P-1. In the event that a security is downgraded, MetWest maintains discretion to hold the security. However, MetWest shall provide notice when a security has been downgraded below investment grade. Additionally, on a monthly basis MetWest shall provide a list of securities that are out of compliance with the credit standards set forth in this policy.

With the exception of the U.S. government, federal agencies and government-sponsored enterprises, the portfolio will not invest more than 2.5% of its assets (at market) in the securities of any single issuer. Investments in private placements or 144A securities shall be limited to 20% or less of the portfolio at market. Investments in mortgage derivative securities (i.e., IOs, POs, or Inverse Floaters) shall be limited to 5% or less of the portfolio's market value.

The following instruments are prohibited:

- Common stock
- Non-dollar securities

**Appendix B**
Investment Counselors of Maryland, LLC
Small Capitalization Value
Investment Policy and Guidelines

The purpose of this document is to establish a clear understanding between Los Angeles County Savings 401(k) Plan and Investment Counselors of Maryland, LLC (ICM) with respect to the investment policies and objectives of the assets assigned to ICM for investment management. The policy is intended to provide risk policies to guide ICM toward long-term rate of return objectives that will serve as standards for evaluating investment performance. The policy will also establish the investment restrictions to be placed upon ICM.

**OBJECTIVE**
To provide capital appreciation and to provide diversification to the equity options offered to participants. ICM is retained to manage a portfolio consisting primarily of domestic small cap value equity securities. ICM has the discretion to purchase securities across various industry groups with the objective of outperforming the Russell 2000 Value index.

**STANDARDS OF PERFORMANCE**
ICM is expected to meet the following performance standards:

- Total portfolio return must exceed that of the Russell 2000 Value index net of management fees.
- Total portfolio results should average in the top half of results from a comparable manager universe.

The period for investment evaluation will be over a five year period and will normally include a market cycle unless the interim results are significantly below expectations.

The benchmark identified in this statement of investment policy and guidelines is for manager evaluation and comparative purposes only. While ICM's objective is to outperform the stated benchmark, it does not imply that the portfolio will share, or attempt to share, the same or similar characteristics of the benchmark, or any attempt to track the benchmark. It is understood that ICM may vary significantly from benchmark characteristics, including among other things, diversification by sector or sub sector, industry or geography, security concentration, credit rating and duration.

**RESTRICTIONS**

ICM is expected to exercise fiduciary responsibility in the overall management of the portfolio. Acceptable securities include all domestic common and preferred securities, securities that may be converted into or exchanged for stock (such as convertible debt and preferred stock) listed on an established exchange (including NASDAQ). Foreign common stocks listed on an U.S. exchange in dollar denominated issues and American Depository Receipts (ADRs) are permitted up to 20% of the portfolio at market value. 144A securities (with or without registration rights) which are deemed liquid by the investment manager are permitted up to 20% of the portfolio at market. Futures or Exchange Traded Funds (ETFs) are permissible in order to equitize a short-term cash position. ICM may purchase up to 5% at a time of investment and accumulate up to 10% at market in any one security.

The following instruments are prohibited:

- Derivatives
- Commodities or commodity futures
- Private placements or other securities not readily marketable
- Securities purchased on margin
- Puts, calls, straddles or hedging
- Warrants or other options except when acquired as part of purchase of another security

# Appendix C
# STABLE VALUE INVESTMENT POLICY STATEMENT

## PURPOSE

The purpose of the Stable Value Fund (Fund) is to provide participants of the County of Los Angeles Savings Plan (the Plan) the opportunity to accumulate capital through a fixed income investment vehicle in a tax-advantaged environment by emphasizing current income.

## OBJECTIVES

The primary objective of the Fund is to provide for the preservation of capital regardless of interest rate fluctuations.

The secondary objective of the Fund is to generate current income with limited or no volatility in the book value of fund assets, . The generation of current income over time will be comparable to the income produced by intermediate term U.S. Treasury notes of like maturity. To achieve these objectives, the Fund must meet the following participant expectations:

- safety of principal;
- high real rate of return consistent with safety of principal;
- book value liquidity in accordance with Plan provisions; and
- responsiveness to changing interest rate environments.

The Fund will provide all participants with one blended rate of interest. The Fund's blended interest rate will reflect the dollar-weighted average of the interest rates applicable to each investment held by the Fund, and will be credited to all participants in the Fund, regardless of the timing of contributions or other cash flows. All contracts will permit benefit payments and in-service withdrawals which are authorized by the Plan including participant directed investment transfers to non-competing (non-fixed income) options. (Specific investment transfer provisions will be dependent upon and subject to any restructuring of the Plan's investment options.)

## INVESTMENT STRATEGY

The target asset allocation of the Fund reflecting allocations to broad market benchmarks is as follows:

5% Barclay's Capital U.S. Treasury Bellweather 3-Month Index
40% Barclay's Capital Custom Short-Term Index
35% Barclay's Capital Intermediate Government Credit Index
20% Barclay's Capital U.S. Aggregate Bond Index

These are target allocations that may vary over time given market conditions and Fund cash flows.

## INSURANCE COMPANY MINIMUM CREDIT QUALITY CRITERIA

For General Obligation Products

At the time of purchase, insurance companies selected by the Fund will meet the following criteria:

- An "A" (Excellent) or higher rating from A.M. Best Company.
- Invested assets of at least $2.0 billion and adjusted policyholder surplus of $200 million.
- An average Claims-Paying Ability Rating of at least "AA-/Aa3" from Standard & Poor's, Fitch or Moody's.
- Claims-Paying Ability rating from any of the above agencies cannot be less than "A+" ("A1").
- Risk Based Capital Ratio must be 250% or greater.
- At least two claims paying ability type ratings from the major rating services Fitch, Moody's and Standard & Poor's. In addition, one of the two ratings must be from Moody's.

For Non General Obligation Products

At the time of purchase, insurance companies selected by the Fund will meet the following criteria:

- An "A" (Excellent) or higher rating from A.M. Best Company.
- Invested assets of at least $2.0 billion and adjusted policyholder surplus of $200 million.
- An average Claims-Paying Ability Rating of at least "A/A2" from Standard & Poor's, Fitch or Moody's.

- Claims-Paying Ability rating from any of the above agencies cannot be less than "A-/A3".
- Risk Based Capital Ratio must be 250% or greater.
- At least two claims paying ability type ratings from the major rating services Fitch, Moody's and Standard & Poor's. In addition, one of the two ratings must be from Moody's.

**BANKS**

At the time or purchase, Banks utilized as wrap providers by the Fund will meet the following criteria:

- An average Long-Term Bank Deposit Rating of at least "A/A2" from Standard & Poor's or Moody's.
- Any Long-Term deposit rating cannot be less than "A-/A3".
- Assets of at least $10 billion.

**APPROVED INVESTMENTS**

In general, the assets may be various high quality fixed income investments that, in the aggregate, will provide stable account values.

A. INVESTMENT CONTRACTS

Investment contracts selected for the Fund are those that are acceptable to the Investment Manager considering creditworthiness, contract features, and administrative capabilities at the time of purchase. Investment contracts contain provisions requiring the issuing institution to provide plan-permitted liquidity from the Fund as needed to satisfy participant-initiated withdrawal requests without reflecting changes in capital value in the amounts withdrawn; provided that the withdrawals are made in accordance with the terms of the contracts.

(1) <u>Traditional Investment Contracts (including GICs)</u>

Approved traditional investment contracts, including guaranteed investment contracts (GICs), may be purchased from insurance companies, banks or other institutions. A traditional investment contract is a direct obligation backed by the creditworthiness of the issuing entity.

(2) Separate Account Contracts

Approved separate account contracts may be purchased from insurance companies. The investment performance of these contracts is typically related to a portfolio of investments held inside the separate account. The assets are owned by the contract issuer, are held in a separate account of the issuer and are protected from other creditors of the issuer. The acceptable assets held in separate account contracts are described in Section B Acceptable Assets.

(3) Security Backed Investment Contracts (Synthetic GICs)

Approved security backed investment contracts (synthetic GICs, or "wrap" contracts) may be purchased from insurance companies, banks, or other financial institutions. The investment performance of these contracts is typically related to a portfolio of investments owned by the Plan covered by the contract. The acceptable assets held inside security investment contracts are described in Section B Acceptable Assets.

B. ACCEPTABLE ASSETS

Acceptable assets include ERISA-eligible, U.S. dollar denominated, publicly or privately issued fixed-, floating- or variable-rate obligations of the following entities or types:

- U.S. Treasury
- U.S. agency or government-sponsored entity
- Mortgage pass-through securities (MBS), including To-Be-Announced
- (TBA) mortgage rolls
- Structured securities issued by various kinds of trusts, such as:
  - commercial mortgage-backed securities (CMBS)
  - collateralized mortgage obligations (CMO)
  - asset backed securities (ABS)
- U.S. or non-U.S. corporations
- Municipalities
- Trusts, including but not limited to, trust preferred securities, asset-backed securities, REMICs and units in the Invesco Group Trust for Retirement Savings funds or in any similar pooled or collective investment fund.
- Shares of a regulated investment company
- Foreign government entities

- Mortgage-backed collateral
- Fixed income derivatives, such as futures, forwards, options or swap agreements (including, without limitation, interest rate swaps, total return swaps and credit default swaps)
- Short-term investments (maturing, or invested in instruments maturing, in less than 12 months), including:
  (1) U.S. Treasury and U.S. agency-issued securities
  (2) Certificates of deposit and bankers' acceptances of U.S. banks
  (3) Commercial paper
  (4) Bank or other financial institution short-term investment accounts, (5) including such accounts maintained by the Plan's trustee bank
- Repurchase agreements, provided that they are no longer than 90 days and have collateral that is marked to market daily.
- Other securities not listed above that are or become represented in the indices applicable to pooled or commingled investment funds and insurance company separate account utilized in the Account as permitted in this Section B, provided that other constraints in these guidelines are not violated.

C. CREDIT QUALITY AND DIVERSIFICATION

- Traditional Investment Contract issuers must, at the time of purchase, be rated at least Aa3/AA- by Moody's, S&P, or other Nationally Recognized Statistical Rating Organization (NRSRO) and approved by the Investment Manager. The maximum percentage of the Account invested with a Traditional Investment Contract issuer shall not exceed 10% of the Fund at the time of purchase. The maximum percentage of the Fund invested in Traditional Investment Contracts shall not exceed 25% of the Fund at the time of purchase.

- Separate Account Contract issuers must be approved by the Investment Manager at the time of purchase. The maximum percentage of the Fund invested with an individual Separate Account Contract issuer shall not exceed 25% of the Fund at the time of purchase.

- Security Backed Investment Contract issuers ("wrap" issuers) must be approved by the Investment Manager at the time of purchase. The maximum percentage of the Fund invested with an individual Security Backed Investment Contract issuer shall not exceed 25% at the time of purchase.

- Acceptable Assets as described in Section B above must be rated at least investment grade or equivalent by Moody's, S&P, or other NRSRO at the time of purchase. In the case of units in an INVESCO Group Trust or in any similar pooled or commingled fund and insurance company separate account included in the Fund or shares of a regulated investment company as provided in Approved Investments, Section B above, the dollar-weighted average credit quality of such fund's investments must be at least Aa3/AA- by Moody's, S&P or other NRSRO. Short term investments as provided in Approved Investments B above must be rated at least A-1/P-1 at time of purchase. In the case of a split rated security, the higher rating applies.

- The Fund will maintain diversification across the various sectors of the fixed income market subject to the following maximum allocation constraints.

| Sector | Maximum Allocation |
|---|---|
| Cash | 100% |
| Treasuries | 95% |
| Agencies | 25% |
| Corporates | 40% |
| Mortgage Backed Securities | 55% |
| Commercial Mortgage Backed Securities | 20% |
| Asset Backed Securities | 30% |
| Municipals | 10% |
| Dollar Denominated Sovereign Debt | 20% |

- The Fund's investment with any specific investment manager may not exceed 25% of the Fund's assets. The dollar allocation to any specific manager may not exceed $650 million.

D. DURATION

The Fund shall normally be managed with a weighted average duration of not less than two nor more than four years. Short-term investments must be included in the calculation of the Fund's duration. While a range of two to four years is indicated, the Fund will be managed opportunistically, consistent with the investment objectives set forth above.

The Investment Manager is permitted to manage the Fund with a duration as short as zero if it judges that such action is prudent to protect principal in the Fund.

E. OTHER CONSTRAINTS

The Investment Manager may use derivatives to replicate cash investments, manage yield curve or other risk positions, and to pursue investment strategies generally allowed under these guidelines. In no instance can derivatives be used in a manner inconsistent with the other constraints herein. That is, the use of derivatives must abide by the duration, credit quality, and all other constraints under these guidelines. At no time are derivatives to be used to leverage the Fund's investment.

F. LIQUIDITY MANAGEMENT

In addition to holding short-term investments or other fixed income vehicles allowing ready access to cash for the Fund's liquidity needs, the Investment Manager may utilize other liquidity tools such as lines of credit and other appropriate borrowing arrangements on behalf of the Fund. These vehicles may be used as short-term measures to provide cash as needed for honoring Plan participant withdrawal and transfer requests.

## REVIEW PROCEDURES – TOTAL FUND

Review performance no less frequently than annually based on the standards of measurement defined below:

- Diversification: The Fund's diversification objective is to limit the amount invested with any financial institution to no more than 25% of the Fund's balance. In addition, the Fund's allocation of assets to any issuer of general obligation contracts shall not exceed 10% of the Fund's assets and may not represent more than 1% of an issuing institution's admitted assets.

- Duration: The dollar-weighted duration of the Fund is to be maintained between two and four years.

- Credit Quality: The Fund will maintain a weighted average quality rating of "AA" ("Aa2") or better. This rating will reflect the average Claims-Paying Ability Ratings for insurance companies and the average rating for underlying assets in synthetic contracts and separate account contracts.

- Performance: Over rolling three-year periods, the net total return of the Fund will be evaluated against the following minimum standards.

(1) The Consumer Price Index (CPI) plus 2%
(2) The return on 3-month United States Treasury Bills plus 1.5%
(3) The return on 5-year United States Treasury Constant Maturity Series

The expected performance pattern will be a lag in rate responsiveness. That is, during periods of rising rates, the Fund's yield will normally increase more slowly than market rates, and during periods of falling rates the yield will decline more slowly than market rates. Over the course of a full interest rate cycle, the rate of return should equal or exceed the average rate for comparable maturity securities. These comparisons will be used to determine whether the current strategy for the Fund is achieving the stated objectives. In addition, the rates of return achieved by the Fund, on an absolute basis, will be monitored to determine if it remains a viable investment option for the Plans relative to other investment alternatives.

# Appendix D
# TRANSITION GUIDELINES

## Objective

The purpose of this transition management policy is to establish an effective and efficient procedure for transitioning assets during manager replacement, funding a new asset class or investment manager or the restructuring of the investment options.

The Transition Manager (the "Manager") will receive a portfolio (the "Portfolio") of assets and shall seek to restructure the Portfolio to accomplish one of the following: a) to resemble and approximately track the performance of an index; b) to match as closely as possibly a model portfolio provided to Manager; or c) another goal as specified by the Deferred Compensation and Thrift Plan (the "Plan") in a manner that will minimize total transaction costs (commissions plus market impact).

## Transition Details

It is expected that the Manager will provide a pre-trade analysis that includes the following:

- The approximate amount of assets to be transitioned
- Base Currency (i.e., currency into which sale proceeds that are not reinvested should be converted)
- Target date(s) for completion of the transition of the Portfolio
- Total transaction costs including commissions and market impact
- Benchmarks for assessing the success of the transition
- Performance guarantee
- Investment Restrictions (if any)

The Plan acknowledges that certain securities in the Portfolio may be difficult to liquidate due to certain factors not within the control of Manager, including volume constraints. Unless otherwise directed, Manager will take an incremental approach to the liquidation of such securities to attempt to minimize transaction and market impact costs.

During the course of the transition, there is no limit on the percentage of assets that may be in cash. Proceeds of sales and any other cash that is not needed by Manager for reinvestment will be converted to the Base Currency and transferred out of the Portfolio as directed by the Plan.

Manager will not liquidate a security it has purchased (e.g., as part of the restructured portfolio) without the consent of the Plan.

**Affiliate Transactions**
Manager is instructed to undertake cross-trading with other investment funds, accounts or portfolios sponsored, maintained, trusted, or managed by Manager or any affiliate of Manager to the extent permitted by law. The Plan acknowledges that it has been fully informed of the cross-trading techniques which will be utilized for the Portfolio by the Manager.

The Plan has authorized Manager to trade through Manager's affiliated brokers.

**Reporting and Reconciliation**
Manager will provide a report at mutually agreed intervals that summarizes the activities and results of the transition. The report will include the amount of trade proceeds, a breakdown of assets traded and of the kind of trading done (e.g., trades crossed within the firm and externally, and traded in the open market) and their costs. Manager will also include a comparison of the Pre-Bid Analysis and Post Trading Report which reports on the performance of any liquidation or restructuring and the costs associated therewith as determined by the implementation shortfall. Manager will provide analysis associated with the performance guarantee provided as part of the pre-trade analysis.

Manager will periodically reconcile its accounting of transactions, security positions and cash to the Plan's custodian's records. The Plan shall instruct its custodian to provide all necessary information and cooperation to Manager to facilitate Manager's reconciliation.

# Appendix E
# PROXY POLICY STATEMENT

This statement sets forth the guidelines of the County of Los Angeles Deferred Compensation and Thrift Plan (the Plan) regarding the voting of client proxies.

The Plan's policy is designed to reflect the fiduciary duty to vote proxies in favor of shareholder interests. In determining our vote, we will not subordinate the economic interest of the plan participants to any other entity or interested party.

The Plan directs its Proxy Voting Agent to cast its proxies in a timely manner solely in the interests of the participants and beneficiaries of the Plan for the exclusive purpose for providing benefits to participants and their beneficiaries and defraying the reasonable expenses of administering the Plan with care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in like capacity familiar with such matters would use in the conduct of an enterprise of like character and with like aims in accordance with the documents and instruments governing the Plan .

Each proxy will be reviewed on a case-by-case basis with final decisions based on the merits of each case. In reviewing the proxy issues, we will use the following Issue Guidelines for each of the categories of issues listed below. If any conflicts of interest should arise, MCG will resolve them pursuant to the steps prescribed in the Administrative Procedures section below.

## Issue Guidelines

### *Election of Directors*

The members of the boards of directors are elected by shareholders to represent the shareholders' interests. This representation is most likely to occur if two-thirds of the members are independent outsiders as opposed to insider directors (such as senior management employees, former employees, relatives of management or contractors with the company). If two-thirds of the board is not represented by independent outsiders, a vote will usually be cast to withhold authority on the inside directors.

Other factors that will be considered when reviewing candidates will be the number of corporate boards on which they already serve (ideally directors with fulltime jobs should serve on no more than three other boards and no individual should serve on more than five other boards), whether they

pledged a substantial amount of company stock, their performance on committees and other boards, the company's short-term and long-term financial performance under the incumbent candidates, the company's responsiveness to shareholder concerns (particularly the responsiveness to shareholder proposals that were approved by a majority of shareholders in the past 12 months) and other important corporate constituents, the overall conduct of the company (e.g., excessive executive compensation, adopting anti-takeover provisions without shareholder approval) and not attending at least 75% of Board and Committee meetings unless there is a valid excuse.

Recently, more emphasis has been placed on the independence of key Board committees—audit, compensation and nominating committees. It is in the best interests of shareholders for only independent directors to serve on these committees. Votes will be withheld from any insider nominee who serves on these committees.

In contested elections of directors, the competing slates will be evaluated upon the personal qualifications of the candidates, the quality of the strategic plan they advance to enhance long-term corporate value, management's historical track record, the background to the proxy contest and the equity ownership positions of individual directors.

## Ratification of Auditors

The ratification of auditors used to be universally considered a routine proposal, but a disturbing series of audit scandals at publicly-traded companies and SEC-mandated disclosures that revealed auditors were being paid much more for "other" work at companies in addition to their "audit" work have demonstrated that the ratification of auditors needs to be scrutinized as much as the election of directors.

Although the Sarbanes-Oxley Act of 2002 attempted to address the issue of auditor conflicts of interest, it still allows auditors to do substantial "other" work (primarily in the area of taxes) for companies that they audit. Therefore MCG will weigh the amount of the non-audit work and if it is so substantial as to give rise to a conflict of interest, it will vote against the ratification of auditors. Concern will be raised if the non-audit work is more than 20% of the total fees paid to the auditors. Other factors to weigh will be if the auditors provide tax avoidance strategies, the reasons for any change in prior auditors by the company, and if the same firm has audited the company for more than seven years.

*Routine Proposals*
Routine proposals are most commonly defined as those which do not change the structure, by laws, or operation of the company to the detriment of the shareholders. Traditionally, these issues include:

-Indemnification provisions for directors;
-Liability limitations of directors;
-Stock splits/reverse stock splits;
-Name changes.

Given the routine nature of these proposals, proxies will usually be voted with management. However, each will be examined carefully. For example, limitations on directors' liability will be analyzed to ensure that the provisions conform with the law and do not affect their liability for such actions as the receipts of improper personal benefits or the breach of their duty of loyalty. The analysis of a proposal to limit directors' liability would also taken into consideration whether any litigation is pending against current board members.

*Non-Routine Proposals*
Issues in this category are more likely to affect the structure and operation of the company and, therefore will have a greater impact on the value of a shareholder's investment. We will review each issue in this category on case-by case basis.

As previously stated, voting decisions will be made based on the financial interest of the plan beneficiaries. Non-routine matters include:

*Mergers/Acquisitions and Restructuring (See also Reincorporating/Inversions)*
Our analysis will focus on the strategic justifications for the transaction and the fairness of any costs incurred.

*Advisory Votes on Compensation Policies and Practices*
To evaluate compensation policies and practices, the threshold query is "does a company's compensation reflects its performance"? This will be determined by how a company has performed for shareholders compared to its peer group as well as by how a company has compensated its executives compared to its peer group. Whether restricted stock awards are time vesting or performance vesting will also be taken into consideration. Additional queries will be made to determine the level of dilution in stock compensation plans, and to ascertain if golden parachutes have been awarded to executives and, if they have, whether they pay tax gross-ups. The threshold query will carry the most weight, but the additional queries can be persuasive in

the event the answer to the threshold query is not clear cut. There will also be an option as to whether the company should have these advisory votes on compensation on an annual basis or every two or three years. An annual basis is in the best interest of shareholders.

*Advisory Votes on Severance Packages in Connection with Mergers/Acquisitions*
The factors to weigh are whether the total payment is in excess of 2.99 times salary and bonus, whether excise taxes are grossed-up, if there is a double trigger for cash payments and whether the accelerated vesting of stock awards is excessive.

*Fair-Price Provisions*
These attempt to guard against two-tiered tender offers in which some shareholders receive less value for their stock than other shareholders from a bidder who seeks to take a controlling interest in the company. There can be an impact on the long-term value of holdings in the event shareholders do not tender. Such provisions must be analyzed on a case-by-case basis.

*Reincorporating/Inversions*
A company usually changes the state or country of its incorporation to take advantage of tax and corporate laws in the new state or country. These advantages should be clear and convincing and be supported by specific, legitimate business justifications that will enhance the company's long-term value to shareholders and will be weighed along with any loss in shareholder rights and protections (e.g., dilution of management accountability and liability, anti-takeover devices), reputational risk, damage to governmental relationships, adverse impact on the company's employees and erosion of the local/state/Federal tax base.

*Changes in Capitalization*
Our inquiry will study whether the change is necessary and beneficial in long run to shareholders. An example of a change that was neither was at Harcourt, Brace & Jovanich, which took on $3 billion in debt to ward off future hostile suitors and saw the value of its price per share plummet from $44.00 to $0.75. Creation of blank check preferred stock, which gives the board broad powers to establish voting, dividend and other rights without shareholder review, will be opposed.

*Increase in Preferred and Common Stock*
Such increases can cause significant dilution to current shareholder equity and can be used to deter acquisitions that would be beneficial to

shareholders. We will determine if any such increases have a specific, justified purpose and if the amounts of the increase are excessive.

*Stock/Executive Compensation Plans*
The purpose of such plans should be to reward employees or directors for superior performance in carrying out their responsibilities and to encourage the same performance in the future. Consequently, the plan should specify that awards are based on the executive's/director's and the company's performance. In the case of directors, their attendance at meetings should also be a requirement. In evaluating such plans we will also consider whether the amount of the shares cause significant dilution (5% or more) to current shareholder equity, how broad based and concentrated the grant rates are, if there are holding periods, if the shares are sold at less than fair market value, if the plan contains change-in-control provisions that deter acquisitions, if the plan has a reload feature, and if the plan allow the repricing of "underwater" options.

*Employee Stock Purchase Plans*
These are broad-based plans, federally regulated plans which allow almost all fulltime and some part-time workers to purchase limited amounts of company stock at a slight discount. Usually the amount of dilution is extremely small. They will normally be supported because they do give workers an equity interest in the company and better align their interests with shareholders.

*Creation of Tracking Stock*
Tracking stock is designed to reflect the performance of a particular business segment. The problem with tracking stocks is they can create substantial conflicts of interest between shareholders, board members and management. Such proposals must be carefully scrutinized and they should be supported only if a company makes a compelling justification for them.

*Approving Other Business*
Some companies seek shareholder approval of management being given broad authority to take action at a meeting without shareholder consent. Such proposals are not in the best interests of shareholders and will be opposed.

*Corporate Governance Proposals*
We will generally vote against any management proposal that is designed to limit shareholder democracy and has the effect of

restricting the ability of shareholders to realize the value of their investment. Proposals in this category would include:

*Golden Parachutes*
These are special severance agreements that take effect after an executive is terminated following a merger or takeover. In evaluating such proposals we will take into account the salaries, bonuses, stock option plans and other forms of compensation already available to these executives to determine if the additional compensation in the golden parachutes is excessive. Shareholder proposals requesting that they be approved by shareholders will be supported.

*Greenmail Payments*
Greenmail is when a company agrees to buy back a corporate raider's shares at a premium in exchange for an agreement by the raider to cease takeover activity. Such payments can have a negative impact on shareholder value. Given that impact, we will want there to be a shareholder vote to approve such payments and we will insist that there be solid economic justification before ever granting such approval.

*Super Majority Voting*
Some companies want a super majority (e.g., 66%) vote for certain issues. We believe a simple majority is generally in the best interest of shareholders and we will normally vote that way unless there is strong evidence to the contrary.

*Dual Class Voting*
Some companies create two classes of stock with different voting rights and dividend preferences. We will examine the purpose that is being used to justify the two classes as well as to whom the preferred class of stock is being offered. Proposals that are designed to entrench company management or a small group of shareholders at the expense of the majority of shareholders will not be supported. Proposals that seek to enhance the voting rights of long-term shareholders will be given careful consideration.

*Fair Price Proposals*
These require a bidder in a takeover situation to pay a defined "fair price" for stock. Our analysis will focus on how fairly "fair price" is defined and what other anti-takeover measures are already in place at the company that might discourage potential bids that would be beneficial in the long term to shareholders.

*Classified Boards*
These are boards where the members are elected for staggered terms. The most common method is to elect one-third of the board each year for three-year terms. We believe the accountability afforded by the annual election of the entire board is very beneficial to stockholders and it would take an extraordinary set of circumstance to develop for us to support classified boards.

*Shareholders' Right To Call Special Meetings and Act By Written Consent*
These are important rights for shareholders and any attempts to limit or eliminate them should be resisted. Proposals to restore them should be supported.

Shareholder Proposals

Proposals submitted by shareholders for vote usually include issues of corporate governance and other non-routine matters. We will review each issue on a case-by-case basis in order to determine the position that best represents the financial interest of the plan beneficiaries. Shareholders matters include:

*Poison Pill Plans*
These plans are designed to discourage takeovers of a company, which can deny shareholders the opportunity to benefit from a change in ownership of the company. Shareholders have responded with proposals to vote on the plans or to redeem them. In reviewing such plans we check whether the poison pill plans were initially approved by shareholders and what anti-takeover devices are already in place at the company.

*Independence of Boards and Auditors*
The wave of corporate/audit scandals at the start of the 21st Century provided compelling evidence that it is in the best interests of shareholders to support proposal seeking increased independence of boards (e.g., requiring supermajority of independents on boards, completely independent nominating, compensation and audit committees, stricter definitions of "independence", disclosures of conflicts of interest) and auditors (e.g., eliminate or limit "other" services auditors perform, rotation of audit firms). A related issue is the independence of analysts at investment banking firms. Proposals seeking to separate the investment banking business from the sell-side analyst research and IPO allocation process should be supported.

*Cumulative Voting*
This allows each shareholder to vote equal to the number of shares held multiplied by the number of directors to be elected to the board. Shareholders can then target all their votes for one of a few candidates or allocate them equally among all candidates. It is one of the few ways shareholders can attempt to elect board members. In studying cumulative voting proposals we will review the company's election procedures and what access shareholders have to the nominating and voting process.

*Confidential Voting*
Most voting of proxies in corporate America is not confidential. This opens the process to charges that management pressures shareholders or their investment managers to vote in accordance with management's recommendations. We believe the concept of confidential voting is so fundamental to the democratic process and is so much in the best interest of shareholders that we would oppose it only in the most extraordinary circumstances.

*Shareholder Access To the Proxy For Director Nominations*
Proposals to provide shareholders access to the company proxy statement to advance non-management board candidates will generally be supported if they are reasonably designed to enhance the ability of substantial shareholders to nominate directors and are not being used to promote hostile takeovers.

*Separate Chairperson and Chief Executive Officer*
The primary purpose of the board of directors is to protect shareholder interests by providing independent oversight of management. If the Chair of the Board is also the Chief Executive Officer of the company, the quality of oversight is obviously hindered. Therefore, proposals seeking to require that an independent director serve as Chair of the Board will be supported. An alternative to this proposal would be the establishment of a lead independent director, who would preside at meetings of the board's independent directors and coordinate the activities of the independent directors.

*Term Limit For Directors*
Proposals seeking to limit the term for directors will normally not be supported because they can deny shareholders the service of well-qualified directors who have effectively represented shareholder interests.

*Broader Participation On Boards*
A more diverse board of qualified directors is in the best interests of shareholders. Therefore proposal requesting companies to make efforts to seek more qualified women and minority group members will be supported.

*Greater Transparency and Oversight*
Shareholders benefit from full disclosure of board practices and procedures, company operating practices and policies, business strategy, and the way companies calculate executive compensation. Proposals seeking greater disclosure on these matters will generally be supported.

*Executive/Director Compensation*
Proposals seeking to tie executive and director compensation to specific performance standards, to impose reasonable limits on it or to require greater disclosure of it are in the best interests of shareholders. The expense of options should be included in financial statements (as required in Canada). Financial performance is the traditional measurement for executive compensation—the more specific the better. Other performance measures can be a useful supplement to the traditional financial performance measurement and are worthy of consideration. Examples are regulatory compliance, international labor standards, high performance workplace standards and measures of employee satisfaction.

*High Performance Workplaces*
We will support proposals encouraging the high performance workplace practices identified in the Department of Labor's report that contribute to a company's productivity and long-term financial performance.

*Codes of Conduct*
Proposals seeking reports on and/or implementation of such commonly accepted principles of conducts as the Ceres Principles (environment), MacBride Principles (Northern Ireland), Code of Conduct for South Africa, United Nations' International Labor Organization's Fundamental Conventions, fair lending practices and the U.S. Equal Employment Opportunity Commission are in the best interests of shareholders because they provide useful information and promote compliance with the principles.

*Pension Choice*
There has been a recent trend by companies to convert traditional defined benefit pension plans into cash-balance plans. This has proved controversial because cash-balance plans often hurt older workers and may be motivated by a company's desire to inflate its book profits by boosting surpluses in its pension trust funds. Proposals giving employees a choice between maintaining their defined benefits or converting to a cash-balance will generally be supported.

*Say on Pay*
Shareholders in the United Kingdom, Australia, Norway, the Netherlands and Sweden have had an advisory vote on companies' compensation reports for a number of years. Say on Pay proposals will be supported because they give shareholders meaningful input on a company's approach to executive compensation without entangling them with the micromanagement of specific plans.

*Majority Vote Standard for Director Elections*
For years, most boards of directors were elected by a plurality vote standard—nominees who get the most votes win. In a non-contested election (which most are) the only vote options are "for" and "withhold authority." That means a nominee could have only one share cast "for" him/her and still be elected, regardless of how many shareholders withheld their votes for that nominee. Therefore, proposals requesting that nominees in non-contested elections receive a majority of the votes cast will be supported.

Administrative Procedures

The Plan approves the following procedures for receipt and voting of proxies by its Proxy Voting agent.

1. The Plan notifies the custodian bank to forward all proxies to its Proxy Voting Agent.
2. The Proxy Voting Agent tracks the portfolio to ensure current listing of all securities held.
3. The Proxy Voting Agent tracks the shareholders meeting dates to ensure that all proxies are voted on time.
4. The Proxy Voting Agent notifies the Plan's custodian of any missing or improper proxies to secure all proxies due the Plan.
5. The Proxy Voting Agent provides a report annually on shares voted and positions taken. The Plan is able to contact the Proxy Voting Agent at any time to find out how the Proxy Voting Agent has voted on a particular issue.

6. The Securities and Exchange Commission (SEC) has expressed concern that proxy-voting agents may have material conflicts that can affect how they vote proxies. The SEC notes that advisers may render services to a publicly traded company or they may have business or personal relationships with participants in proxy contests, corporate directors or candidates for directorships. Since the Plan's Proxy Voting Agent does not render services to publicly traded companies and we do have a comprehensive, detailed proxy voting policy that dictates the overwhelming majority of our votes, it is extremely unlikely that such material conflicts will arise. If they do, any employee of the Proxy Voting Agent will immediately recuse himself/herself from the analysis/voting of the pertinent issue and the Proxy Voting Agent's General Counsel will deal with the issue. If the Proxy Voting Agent's General Counsel also has a material conflict, he will recuse himself/herself and refer the issue to the Proxy Voting Agent's President. If the Proxy Voting Agent's President also has a material conflict, he will recuse himself/herself and the issue will be referred to the Proxy Voting Agent's outside law firm for resolution.
7. For SEC record keeping purposes, the Proxy Voting Agent will retain copies of (i) the Plan's proxy voting policies and procedures; (ii) proxy statements received as preserved through access to the SEC's EDGAR system; (iii) records of the votes it cast as preserved on PGI's proxy voting platform; (iv) records of the Plan's requests for proxy voting information; (v) documents the Proxy Voting Agent prepared material to making a decision on how to vote as preserved on PGI's proxy voting platform.

**EXHIBIT K**

# TRADE RESTRICTION POLICY
# FOR COUNTY OF LOS ANGELES

## DEFERRED COMPENSATION AND THRIFT PLAN

## [AND]

## SAVINGS PLAN

## *Trade Restriction Policy*

The County DC Plans (Plans) PACs have implemented a Plan-wide Trade Restriction Policy to:

- Address complaints from fund managers about disruptive trading practices by Plans Participants
- Ensure the PACs' ability to continue to select qualified investment options for the Plans, and
- Protect the viability of the remaining investment options.

The Plans Trade Restriction Policy (or "Policy") will apply to all Plans investment options except the Stable Funds and the Bank Depository Funds, the latter of which is subject to a transfer fee described above. The Policy includes an "Investment Period" Restriction and a "Round-Trip" Restriction, which are described below.

In addition, it is a Participant's responsibility to review the prospectus and disclosure documents for any investment option that the Participant invests in and to adhere to the trading policy and related restrictions established by the fund in the prospectus (as in effect from time to time). The PACs reserves the right to impose the penalties described below for any disruptive trading practices that are identified by the fund managers and communicated to the Plans even if those practices may not be in violation of the Plans' Trade Restriction Policy.

### "Investment Period" Restriction

In order to address market timing, the PACs have imposed the following 10-business-day investment holding requirement:

Participant transfers of $10,000 or more into an investment option on a single day through transfer or rebalance transactions must remain invested in that option for a minimum of 10 business days. This 10-business-day period is called the "Investment Period." It begins to run on the day the transfer is made. Monthly payroll contributions are not subject to the Investment Period Restriction. Any transfer of assets out of that option and into another investment option during the Investment Period will be considered market timing and the penalties discussed below will apply. Certain transactions, such as loans, hardship withdrawals, distributions and service credit purchases, are considered "non-transfer" transactions and are not subject to the Investment Period Restriction.

It is up to individual Participants to adhere to the Investment Period Restriction. Plans will not block a Participant's request to transfer assets out of an investment option. Transfers requested in violation of this restriction will be executed by the Plans; however, Participants who violate the restriction will be penalized.

Plans will treat the last assets transferred into an investment option as being the first assets transferred out (“last in are first out”).

Here are some examples to illustrate how the Investment Period Restriction works:

> On Monday, September 13, 2004, Jim transfers $15,000 from another Plan investment option into the High Yield Fund. The earliest date that he can transfer any or all of those $15,000 assets out of the High Yield Fund is September 27 -- the first trading day after the $15,000 transfer has been in the High Yield Fund for 10 business days. Any amount transferred out prior to September 27 would result in a market-timing violation and Jim would be subject to a penalty.
>
> On September 20, Jim decides to transfer an additional $5,000 into the High Yield Fund. This transfer in is not subject to the Investment Period Restriction because it is below the $10,000 threshold. Since this was the last transfer in, Jim may transfer out up to $5,000 at anytime.
>
> On September 23, Jim transfers $11,000 out of the High Yield Fund. Jim has violated the Investment Period Restriction because the $11,000 transfer out includes the September 20 transfer ($5,000) and a portion of the restricted September 13 transfer ($6,000). Remember, the assets from the September 13 transfer are under the Investment Period Restriction until September 27.
>
> In a different example, Jim executes the September 20 transfer described above and on September 23 transfers an additional $11,000 into the High Yield Fund. The earliest date that he can transfer any or all of those $16,000 assets out of the High Yield Fund is October 7, which is the first day after the $11,000 transfer has been in the High Yield Fund for 10 business days. Since the September 23 transfer in of $11,000 is the last transfer in, any transfers out would be made up of these assets, so if Jim transferred any amount out of the High Yield Fund prior to October 7, it would be a violation of the Investment Period Restriction and Jim would be subject to a penalty. That is, even though Jim has $5,000 in unrestricted September 20 assets, the September 23 assets (as the "last in") will be treated as the "first out" for purposes of this restriction.

## “Investment Period” Restriction Penalties

In order to address market timing among the Plans Participants, the PACs have authorized the following penalties for those Participants who violate the 10-business-day Investment Period Restriction.

Upon the first violation of the Investment Period Restriction, the Participant will receive a “Warning Notice.” The notice will inform the Participant that certain transactions violated the Trade Restriction Policy and ask that the Participant stop market timing immediately. The Participant will maintain “normal transaction privileges”; that is, the Participant can still conduct transactions through the website, KeyTalk® Voice Response System, fax, overnight mail and with a Participant Service Center Representative.

Upon the second violation of the Investment Period Restriction, the Participant will be penalized. Normal transaction privileges will be suspended for 180 calendar days. During the penalty period, the Participant may execute transactions only through standard First Class U.S. Postal Service. At the end of the 180-calendar-day penalty period, the Participant must submit a signed “Trade Restriction Policy Compliance Agreement" (“Agreement”) in which the Participant agrees to comply with the Trade Restriction Policy in exchange for having normal transaction privileges restored.

If a Participant breaches the Agreement, the PACs, in their discretion, may impose another penalty on the Participant. This can range from another 180-calendar-day suspension of normal transaction privileges up to and including the permanent suspension of normal transaction privileges for Participants who have been determined to have a history of market timing.

A Participant may appeal the imposition of a penalty to the PAC under the Claims and Appeals procedures. Remember, the only transactions exempt from the Investment Period Restriction are those considered “non-transfer” transactions — for example, monthly payroll contributions, loans, hardship withdrawals, disbursements, and service credit purchases, as applicable.

## “Round-Trip” Restriction

In order to eliminate excessive trading, the PACs have imposed a 30-calendar-day “round-trip” restriction:

If a Participant transfers assets out of an investment option, the Participant cannot transfer assets into that investment option for a period of 30 calendar days. The Participant may continue to transfer out any assets that remain in that investment option. However, the 30-calendar-day restriction will begin anew each time assets are transferred out of the option. Monthly payroll contributions are not subject to this Round-Trip Restriction. The Round-Trip Restriction is automatically imposed on all Participant accounts; improper transfers into the restricted investment option will be blocked.

Here are some examples to illustrate how the Round-Trip Restriction works:

> On September 1, 2004, Mary transfers $5,000 out of the Stock Index Fund into another Plan investment option. Under the Round-Trip Restriction, the earliest date Mary will be permitted to transfer money into the Stock Index Fund is October 1, 2004 -- after the 30 calendar day period expires.
>
> On September 20, 2004, Mary decides to transfer an additional $3,000 out of the Stock Index Fund into another Plan investment option. The Round-Trip Restriction starts over again on September 20. Now, the earliest date Mary will be permitted to transfer any money into the Stock Index Fund is October 20, 2004 -- 30 calendar days after the latest date that Mary transferred assets out of the Stock Index Fund.

**How the Two Trade Restrictions Work Together**

When you transfer funds from one Plan investment option to another, your transfer may be affected by one or both of the trade restrictions depending on a number of factors, including the amount of the transfer and the amount of time since your last transfer into or out of the investment option.

Here are some additional examples that show how each restriction can limit your ability to transfer funds.

Pat transferred $7,000 out of a Growth Equity Fund into the Stock Index Fund on October 14, 2004. The Round-Trip Restriction requires that she must wait 30 calendar days before she can transfer any funds into the Growth Equity Fund. The Investment Period Restriction does not apply to this transfer into the Stock Index Fund because the $7,000 transfer is less than the $10,000 threshold that triggers the restriction.

Four days later, on October 18, 2004 Pat transfers $5,000 out of the Stock Index Fund into the High Yield Fund. As noted above, this Stock Index Fund transfer is not in violation of the Investment Period Restriction even though Pat did not wait 10 business days to make the transfer because the amount Pat transferred into the Stock Index Fund is less than the $10,000 threshold. However, since Pat transferred money out of the Stock Index Fund, she cannot transfer any amount into that fund for a period of 30 calendar days because the Round-Trip Restriction would apply.

In another example:

On September 15, 2004, David transfers $12,000 out of the Small Cap Value Equity Fund and into a Mid Cap Fund. He will now be prevented from transferring any funds into the Small Cap Value Equity Fund (the Round-Trip Restriction) for a period of 30 calendar days. In addition, if David does not wait 10 business days before he transfers any portion of the $12,000 out of the Mid Cap Fund, he will be in violation of the Investment Period Restriction. David's one transfer affects his ability to transfer funds into and out of two Plan investment options without being subject to a penalty.

# APPENDIX D

# REQUIRED FORMS

# FOR

# REQUEST FOR PROPOSALS (RFP)

# APPENDIX D
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# REQUIRED FORMS

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14 REQUEST FOR DISABLED VETERAN BUSINESS ENTERPRISE PREFERENCE PROGRAM CONSIDERATION

## REQUIRED FORMS - EXHIBIT 1

## PROPOSER'S ORGANIZATION QUESTIONNAIRE/AFFIDAVIT



Please complete, date and sign this form and place it as the first page of your proposal. The person signing the form must be authorized to sign on behalf of the Proposer and to bind the applicant in a Contract.

1. If your firm is a corporation or limited liability company (LLC), state its legal name (as found in your Articles of Incorporation) and State of incorporation:

   _____ _____ _____
   Name State Year Inc.

2. If your firm is a limited partnership or a sole proprietorship, state the name of the proprietor or managing partner:

   _____

3. If your firm is doing business under one or more DBA's, please list all DBA's and the County(s) of registration:

   | Name | County of Registration | Year became DBA |
   |---|---|---|
   | | | |
   | | | |

4. Is your firm wholly or majority owned by, or a subsidiary of, another firm? ____ If yes,

   Name of parent firm: _____

   State of incorporation or registration of parent firm:_____

5. Please list any other names your firm has done business as within the last five (5) years.

   | Name | Year of Name Change |
   |---|---|
   | | |
   | | |

6. Indicate if your firm is involved in any pending acquisition/merger, including the associated company name. If not applicable, so indicate below.

   _____

   _____

Proposer acknowledges and certifies that it meets and will comply with all of the Minimum Mandatory Requirements listed in Paragraph 1.4 - Minimum Mandatory Requirements, of this Request for Proposal, as listed below.

(list each minimum requirement stated in Paragraph 1.4)

Check the appropriate boxes:

☐ **Yes** ☐ **No** _____ years experience, within the last ___ years

Proposer further acknowledges that if any false, misleading, incomplete, or deceptively unresponsive statements in connection with this proposal are made, the proposal may be rejected. The evaluation and determination in this area shall be at the Director's sole judgment and his/her judgment shall be final.

Proposer's Name:

_____

Address:

_____

_____

E-mail address:_____ Telephone number:_____

Fax number: _____

On behalf of _____ (Proposer's name), I _____ (Name of Proposer's authorized representative), certify that the information contained in this Proposer's Organization Questionnaire/Affidavit is true and correct to the best of my information and belief.

| | |
|---|---|
| _____ | _____ |
| Signature | Internal Revenue Service Employer Identification Number |
| _____ | _____ |
| Title | California Business License Number |
| _____ | _____ |
| Date | County WebVen Number |

## REQUIRED FORMS - EXHIBIT 2

## PROSPECTIVE CONTRACTOR REFERENCES

**Contractor's Name:_____**

List Five (5) References where the same or similar scope of services were provided in order to meet the Minimum Requirements stated in this solicitation.

| | | | | |
|---|---|---|---|---|
| **1. Name of Firm** | **Address of Firm** | **Contact Person** | **Telephone #** ( ) | **Fax #** ( ) |
| Name or Contract No. | # of Years / Term of Contract | | Type of Service | Dollar Amt. |
| **2. Name of Firm** | **Address of Firm** | **Contact Person** | **Telephone #** ( ) | **Fax #** ( ) |
| Name or Contract No. | # of Years / Term of Contract | | Type of Service | Dollar Amt. |
| **3. Name of Firm** | **Address of Firm** | **Contact Person** | **Telephone #** ( ) | **Fax #** ( ) |
| Name or Contract No. | # of Years / Term of Contract | | Type of Service | Dollar Amt. |
| **4. Name of Firm** | **Address of Firm** | **Contact Person** | **Telephone #** ( ) | **Fax #** ( ) |
| Name or Contract No. | # of Years / Term of Contract | | Type of Service | Dollar Amt. |
| **5. Name of Firm** | **Address of Firm** | **Contact Person** | **Telephone #** ( ) | **Fax #** ( ) |
| Name or Contract No. | # of Years / Term of Contract | | Type of Service | Dollar Amt. |

**REQUIRED FORMS - EXHIBIT 3**

**PROSPECTIVE CONTRACTOR LIST OF CONTRACTS**

## Contractor's Name:_____

List of all public entities for which the Contractor has provided service within the last three (3) years. Use additional sheets if necessary.

| | | | | |
|---|---|---|---|---|
| **1. Name of Firm** | **Address of Firm** | **Contact Person** | **Telephone #** ( ) | **Fax #** ( ) |
| Name or Contract No. | # of Years / Term of Contract | | Type of Service | Dollar Amt. |
| **2. Name of Firm** | **Address of Firm** | **Contact Person** | **Telephone #** ( ) | **Fax #** ( ) |
| Name or Contract No. | # of Years / Term of Contract | | Type of Service | Dollar Amt. |
| **3. Name of Firm** | **Address of Firm** | **Contact Person** | **Telephone #** ( ) | **Fax #** ( ) |
| Name or Contract No. | # of Years / Term of Contract | | Type of Service | Dollar Amt. |
| **4. Name of Firm** | **Address of Firm** | **Contact Person** | **Telephone #** ( ) | **Fax #** ( ) |
| Name or Contract No. | # of Years / Term of Contract | | Type of Service | Dollar Amt. |
| **5. Name of Firm** | **Address of Firm** | **Contact Person** | **Telephone #** ( ) | **Fax #** ( ) |
| Name or Contract No. | # of Years / Term of Contract | | Type of Service | Dollar Amt. |

## REQUIRED FORMS - EXHIBIT 4

## PROSPECTIVE CONTRACTOR LIST OF TERMINATED CONTRACTS

**Contractor's Name:_____**

List of all contracts that have been terminated within the past three (3) years.

| **1. Name of Firm** | **Address of Firm** | **Contact Person** | **Telephone #** ( ) | **Fax #** ( ) |
|---|---|---|---|---|
| Name or Contract No. | Reason for Termination: | | | |
| **2. Name of Firm** | **Address of Firm** | **Contact Person** | **Telephone #** ( ) | **Fax #** ( ) |
| Name or Contract No. | Reason for Termination: | | | |
| **3. Name of Firm** | **Address of Firm** | **Contact Person** | **Telephone #** ( ) | **Fax #** ( ) |
| Name or Contract No. | Reason for Termination: | | | |
| **4. Name of Firm** | **Address of Firm** | **Contact Person** | **Telephone #** ( ) | **Fax #** ( ) |
| Name or Contract No. | Reason for Termination: | | | |

## REQUIRED FORMS - EXHIBIT 5

## 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.

_____

Proposer Name

_____

Proposer Official Title

_____

Official's Signature

Cert. of No Conflict of Interest

## REQUIRED FORMS - EXHIBIT 6

## 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 7

Use this form for County Solicitations which **are not** subject to the Federal Restriction

**Request for Local SBE Preference Program Consideration and CBE Firm/Organization Information Form**

**INSTRUCTIONS: All proposers/bidders responding to this solicitation must complete and return this form for proper consideration of the proposal/bid.**

**I. LOCAL SMALL BUSINESS ENTERPRISE PREFERENCE PROGRAM:**

**FIRM NAME:** _____

**COUNTY VENDOR NUMBER:**_____

- ❑ As a Local SBE, certified by the County of Los Angeles, Internal Services Department, I request this proposal/bid be considered for the Local SBE Preference.
- ❑ Attached is my Local SBE Certification letter issued by the County

**II. FIRM/ORGANIZATION INFORMATION:** The information requested below is for statistical purposes only. On final analysis and consideration of award, contractor/vendor will be selected without regard to race/ethnicity, color, religion, sex, national origin, age, sexual orientation or disability.

**Business Structure:** ❑ Sole Proprietorship ❑ Partnership ❑ Corporation ❑ Non-Profit ❑ Franchise ❑ Other (Please Specify) _____

**Total Number of Employees** (including owners)**:**

**Race/Ethnic Composition of Firm.** Please distribute the above total number of individuals into the following categories:

| Race/Ethnic Composition | Owners/Partners/ Associate Partners | | Managers | | Staff | |
|---|---|---|---|---|---|---|
| | Male | Female | Male | Female | Male | Female |
| Black/African American | | | | | | |
| Hispanic/Latino | | | | | | |
| Asian or Pacific Islander | | | | | | |
| American Indian | | | | | | |
| Filipino | | | | | | |
| White | | | | | | |

**III. PERCENTAGE OF OWNERSHIP IN FIRM:** Please indicate by percentage (%) how ownership of the firm is distributed.

| | Black/African American | Hispanic/ Latino | Asian or Pacific Islander | American Indian | Filipino | White |
|---|---|---|---|---|---|---|
| Men | % | % | % | % | % | % |
| Women | % | % | % | % | % | % |

**IV. CERTIFICATION AS MINORITY, WOMEN, DISADVANTAGED, AND DISABLED VETERAN BUSINESS ENTERPRISES:**
*If your firm is currently certified as a minority, women, disadvantaged or disabled veteran owned business enterprise by a public agency, complete the following and attach a copy of your proof of certification. (Use back of form, if necessary.)*

| Agency Name | Minority | Women | Dis-advantaged | Disabled Veteran | Expiration Date |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |

**V. DECLARATION: I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE ABOVE INFORMATION IS TRUE AND ACCURATE.**

| Print Authorized Name | Authorized Signature | Title | Date |
|---|---|---|---|
| | | | |

REQUIRED FORMS - EXHIBIT 7

Use this form for County Solicitations which **are** subject to the Federal Restriction

**Request for Local SBE Preference Program Consideration and CBE Firm/Organization Information Form**

**INSTRUCTIONS: All proposers/bidders responding to this solicitation must complete and return this form for proper consideration of the proposal/bid.**

**I. LOCAL SMALL BUSINESS ENTERPRISE PREFERENCE PROGRAM:**

**FIRM NAME:** _____

**CAGE CODE:**_____ **NAICS CODE:**_____

- ❑ As a business registered as 'Small' on the federal Central Contractor Registration (CCR) data base, I request this proposal/bid be considered for the Local SBE Preference.
- ❑ The NAICS Code shown corresponds to the services in this solicitation.
- ❑ Attached is my CCR certification page.

**II. FIRM/ORGANIZATION INFORMATION:** The information requested below is for statistical purposes only. On final analysis and consideration of award, contractor/vendor will be selected without regard to race/ethnicity, color, religion, sex, national origin, age, sexual orientation or disability.

**Business Structure:** ❑ Sole Proprietorship ❑ Partnership ❑ Corporation ❑ Non-Profit ❑ Franchise ❑ Other (Please Specify) _____

**Total Number of Employees** (including owners)**:**

**Race/Ethnic Composition of Firm.** Please distribute the above total number of individuals into the following categories:

| Race/Ethnic Composition | Owners/Partners/ Associate Partners | | Managers | | Staff | |
|---|---|---|---|---|---|---|
| | Male | Female | Male | Female | Male | Female |
| Black/African American | | | | | | |
| Hispanic/Latino | | | | | | |
| Asian or Pacific Islander | | | | | | |
| American Indian | | | | | | |
| Filipino | | | | | | |
| White | | | | | | |

**III. PERCENTAGE OF OWNERSHIP IN FIRM:** Please indicate by percentage (%) how ownership of the firm is distributed.

| | Black/African American | Hispanic/ Latino | Asian or Pacific Islander | American Indian | Filipino | White |
|---|---|---|---|---|---|---|
| Men | % | % | % | % | % | % |
| Women | % | % | % | % | % | % |

**IV. CERTIFICATION AS MINORITY, WOMEN, DISADVANTAGED, AND DISABLED VETERAN BUSINESS ENTERPRISES:** *If your firm is currently certified as a minority, women, disadvantaged or disabled veteran owned business enterprise by a public agency, complete the following and attach a copy of your proof of certification. (Use back of form, if necessary.)*

| Agency Name | Minority | Women | Dis-advantaged | Disabled Veteran | Expiration Date |
|---|---|---|---|---|---|
| | | | | | |

**V. DECLARATION: I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE ABOVE INFORMATION IS TRUE AND ACCURATE.**

| Print Authorized Name | Authorized Signature | Title | Date |
|---|---|---|---|
| | | | |

## REQUIRED FORMS - EXHIBIT 8

# PROPOSER'S EEO CERTIFICATION

_____
Company Name

_____
Address

_____
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.

| CERTIFICATION | YES | NO |
|---|---|---|
| 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. | ( ) | ( ) |

_____ _____
Signature Date

_____
Name and Title of Signer (please print)

**REQUIRED FORMS - EXHIBIT 9**

# 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.

To report all job openings with job requirements to obtain qualified GAIN/GROW participants as potential employment candidates, Contractor shall email: GAINGROW@dpss.lacounty.gov.

**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 provide DPSS with all job openings and job requirements 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's Organization: _____

Signature: _____

Print Name: _____

Title: _____ Date: _____

Telephone No: _____ Fax No: _____

## REQUIRED FORMS - EXHIBIT 10

## 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: |
| Signature: | Date: |

## REQUIRED FORMS - EXHIBIT 11

## PRICING SCHEDULE: PROXY VOTING PROGRAM SERVICES[1]

**Proposer's Name:**_____ **Date:** _____

Cost proposal shall be for proxy voting program services for either the Horizons Plan[2], the Savings Plan[2], OR for Both Plans[3]. Annual fee and each additional account added shall be prorated on a monthly basis if services are for a partial year.

---

| | **Flat Annual Fee** | **+ Fee for EACH Additional Separate Account to be Added** | | |
|---|---|---|---|---|
| Additional Separate Account(s) Added: | | 1 - 2 Add'l Accts | 3 - 6 Add'l Accts | 7 to 10 Add'l Accts |
| **Horizons Plan (only)[2]:** | $_____ | $_____ | $_____ | $_____ |
| **Savings Plan (only)[2]:** | $_____ | $_____ | $_____ | $_____ |
| **Both Plans (together)[3]:** | $_____ | $_____ | $_____ | $_____ |

**Notes:** (1) Refer to Appendix A, Statement of Work, for a description of the required services.
(2) The number of separate accounts may vary during the term of the contract. At the time of Contract execution, the Horizons Plan will have 10 separate accounts, and the Savings Plan will have 5 separate accounts. Price proposal shall reflect current accounts plus potential additions from the list of managers identified in Appendix B, Statement of Work Exhibits.
(3) Proposer may submit a proposal for the Horizons Plan, and/or Savings Plan, and/or both Plans together.

## REQUIRED FORMS - EXHIBIT 12

## CERTIFICATION OF INDEPENDENT PRICE DETERMINATION AND ACKNOWLEDGEMENT OF RFP RESTRICTIONS

A. By submission of this Proposal, Proposer certifies that the prices quoted herein have been arrived at independently without consultation, communication, or agreement with any other Proposer or competitor for the purpose of restricting competition.

B. List all names and telephone number of person legally authorized to commit the Proposer.

| NAME | PHONE NUMBER |
|---|---|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

**NOTE:** Persons signing on behalf of the Contractor will be required to warrant that they are authorized to bind the Contractor.

C. List names of all joint ventures, partners, subcontractors, or others having any right or interest in this contract or the proceeds thereof. If not applicable, state "NONE".

_____

_____

D. Proposer acknowledges that it has not participated as a consultant in the development, preparation, or selection process associated with this RFP. Proposer understands that if it is determined by the County that the Proposer did participate as a consultant in this RFP process, the County shall reject this proposal.

_____
Name of Firm

_____
Print Name of Signer Title

_____
Signature Date

## REQUIRED FORMS EXHIBIT 13

## 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 14

## REQUEST FOR DVBE PREFERENCE PROGRAM CONSIDERATION

INSTRUCTIONS: All proposers/bidders responding to this solicitation must complete and return this form for proper consideration of the proposal/bid.

In evaluating bids/proposals, the County will give preference to businesses that are certified by the State of California as a Disabled Veteran Business Enterprise (DVBE) or by the Department of Veterans as a Service Disabled Veteran Owned Small Business (SDVOSB) consistent with Chapter 2.211 of the Los Angeles County Code.

Vendor understands that in no instance shall the disabled veteran business enterprise preference program price or scoring preference be combined with any other County preference program to exceed eight percent (8%) in response to any County solicitation.

Information about the State's Disabled Veteran Business Enterprise certification regulations is in the California Code of Regulations, Title 2, Subchapter 8, Section 1896 et seq., and is also available on the California Department of General Services Office of Disabled Veteran Business Certification and Resources Website at http://www.pd.dgs.ca.gov/

Information on the Veteran Affairs Disabled Business Enterprise certification regulations made be found in the Code of Federal Regulations, 38CFR 74 and is also available on the Veterans Affairs Website at: http://www.vetbiz.gov/

☐ **I AM NOT** a Disabled Veteran Business Enterprise certified by the State of California or a Service Disabled Veteran Owned Small Business with the Department of Veteran Affairs.

☐ **I AM** certified as a Disabled Veteran Enterprise with the State of California or a Service Disabled Veteran Owned Small Business with the Department of Veteran Affairs as of the date of this proposal/bid submission and I request this proposal be considered for the DVBE Preference.

**DECLARATION: I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE ABOVE INFORMATION IS TRUE AND ACCURATE.**

| | |
|---|---|
| Name of Firm | County Webven No. |
| Print Name: | Title: |
| Signature: | Date: |

| *SIGNATURE OF REVIEWER* | *APPROVED* | *DISAPPROVED* | *DATE* |
|---|---|---|---|
| | | | |

**APPENDIX E**

# REQUEST FOR PROPOSALS (RFP) TRANSMITTAL TO REQUEST A SOLICITATION REQUIREMENTS REVIEW

A Solicitation Requirements Review must be received by the County within 10 business days of issuance of the solicitation document

| Proposer Name: | Date of Request: |
|---|---|
| Project Title: | Project No. |

A **Solicitation Requirements Review** is being requested because the Proposer asserts that they are being unfairly disadvantage for the following reason(s): *(check all that apply)*

- ☐ Application of **Minimum Requirements**
- ☐ Application of **Evaluation Criteria**
- ☐ Application of **Business Requirements**
- ☐ Due to **unclear instructions**, the process may result in the County not receiving the best possible responses

I understand that this request must be received by the County within **10 business days** of issuance of the solicitation document.

For each area contested, Proposer must explain in detail the factual reasons for the requested review. *(Attach additional pages and supporting documentation as necessary.)*

_____

_____

_____

Request submitted by:

_____ _____

*(Name)* *(Title)*

***For County use only***

Date Transmittal Received by County: _____ Date Solicitation Released:_____

Reviewed by:

Results of Review - Comments:

_____

_____

_____

Date Response sent to Proposer:_____

**APPENDIX F**

# COUNTY OF LOS ANGELES
# POLICY ON DOING BUSINESS WITH SMALL BUSINESS

Forty-two percent of businesses in Los Angeles County have five or fewer employees. Only about four percent of businesses in the area exceed 100 employees. According to the Los Angeles Times and local economists, it is not large corporations, but these small companies that are generating new jobs and helping move Los Angeles County out of its worst recession in decades.

## WE RECOGNIZE. . . .

**The importance of small business to the County. . .**

- in fueling local economic growth
- providing new jobs
- creating new local tax revenues
- offering new entrepreneurial opportunity to those historically under-represented in business

**The County can play a positive role in helping small business grow. . .**

- as a multi-billion dollar purchaser of goods and services
- as a broker of intergovernmental cooperation among numerous local jurisdictions
- by greater outreach in providing information and training
- by simplifying the bid/proposal process
- by maintaining selection criteria which are fair to all
- by streamlining the payment process

## WE THEREFORE SHALL:

1. Constantly seek to streamline and simplify our processes for selecting our vendors and for conducting business with them.

2. Maintain a strong outreach program, fully-coordinated among our departments and districts, as well as other participating governments to: a) inform and assist the local business community in competing to provide goods and services; b) provide for ongoing dialogue with and involvement by the business community in implementing this policy.

3. Continually review and revise how we package and advertise solicitations, evaluate and select prospective vendors, address subcontracting and conduct business with our vendors, in order to: a) expand opportunity for small business to compete for our business; and b) to further opportunities for all businesses to compete regardless of size.

4. Insure that staff who manage and carry out the business of purchasing goods and services are well trained, capable and highly motivated to carry out the letter and spirit of this policy.

## 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)

# IRS NOTICE 1015

Latest version is available from IRS website at
http://www.irs.gov/pub/irs-pdf/n1015.pdf

Department of the Treasury
Internal Revenue Service

## Notice 1015

(Rev. December 2013)

## Have You Told Your Employees About the Earned Income Credit (EIC)?

### What is the EIC?

The EIC is a refundable tax credit for certain workers.

### Which Employees Must I Notify About the EIC?

You must notify each employee who worked for you at any time during the year and from whom you did not withhold income tax. However, you do not have to notify any employee who claimed exemption from withholding on Form W-4, Employee's Withholding Allowance Certificate.

**Note.** You are encouraged to notify each employee whose wages for 2013 are less than $51,567 that he or she may be eligible for the EIC.

### How and When Must I Notify My Employees?

You must give the employee one of the following:

- The IRS Form W-2, Wage and Tax Statement, which has the required information about the EIC on the back of Copy B.
- A substitute Form W-2 with the same EIC information on the back of the employee's copy that is on Copy B of the IRS Form W-2.
- Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC).
- Your written statement with the same wording as Notice 797.

If you are required to give Form W-2 and do so on time, no further notice is necessary if the Form W-2 has the required information about the EIC on the back of the employee's copy. If a substitute Form W-2 is given on time but does not have the required information, you must notify the employee within 1 week of the date the substitute Form W-2 is given. If Form W-2 is required but is not given on time, you must give the employee Notice 797 or your written statement by the date Form W-2 is required to be given. If Form W-2 is not required, you must notify the employee by February 7, 2014.

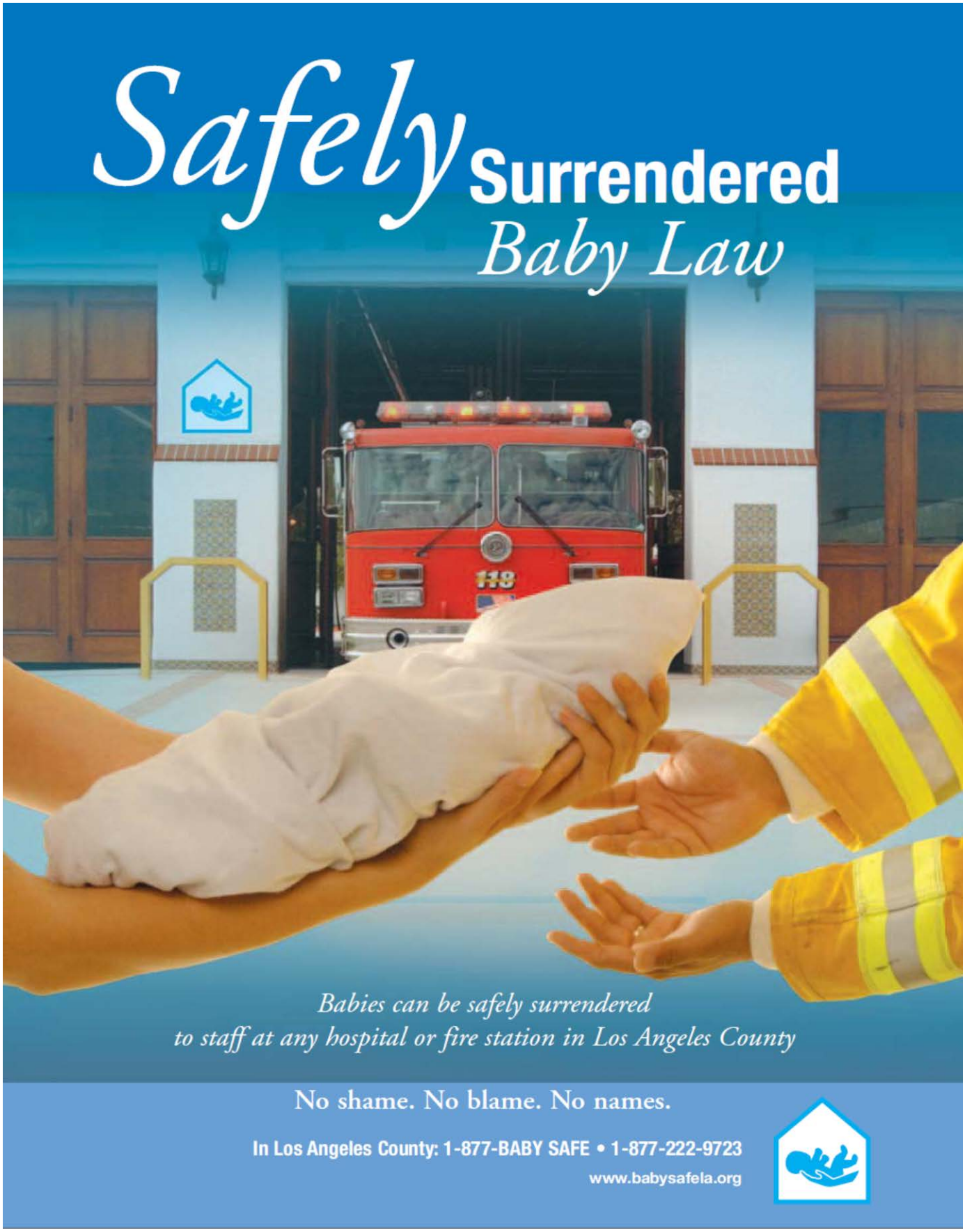
You must hand the notice directly to the employee or send it by first-class mail to the employee's last known address. You will not meet the notification requirements by posting Notice 797 on an employee bulletin board or sending it through office mail. However, you may want to post the notice to help inform all employees of the EIC. You can get copies of the notice from IRS.gov or by calling 1-800-829-3676.

### How Will My Employees Know If They Can Claim the EIC?

The basic requirements are covered in Notice 797. For more detailed information, the employee needs to see Pub. 596, Earned Income Credit (EIC), or the instructions for Form 1040, 1040A, or 1040EZ.

### How Do My Employees Claim the EIC?

Eligible employees claim the EIC on their 2013 tax return. Even employees who have no tax withheld from their pay or owe no tax can claim the EIC and get a refund, but they must file a tax return to do so. For example, if an employee has no tax withheld in 2013 and owes no tax but is eligible for a credit of $800, he or she must file a 2013 tax return to get the $800 refund.


Safely Surrendered
Baby Law
Babies can be safely surrendered
to staff at any hospital or fire station in Los Angeles County
No shame. No blame. No names.
In Los Angeles County: 1-877-BABY SAFE • 1-877-222-9723
www.babysafela.org

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.

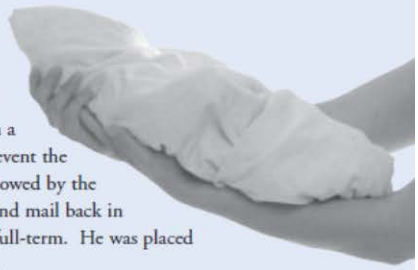
## What happens to the parent or surrendering adult?

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?

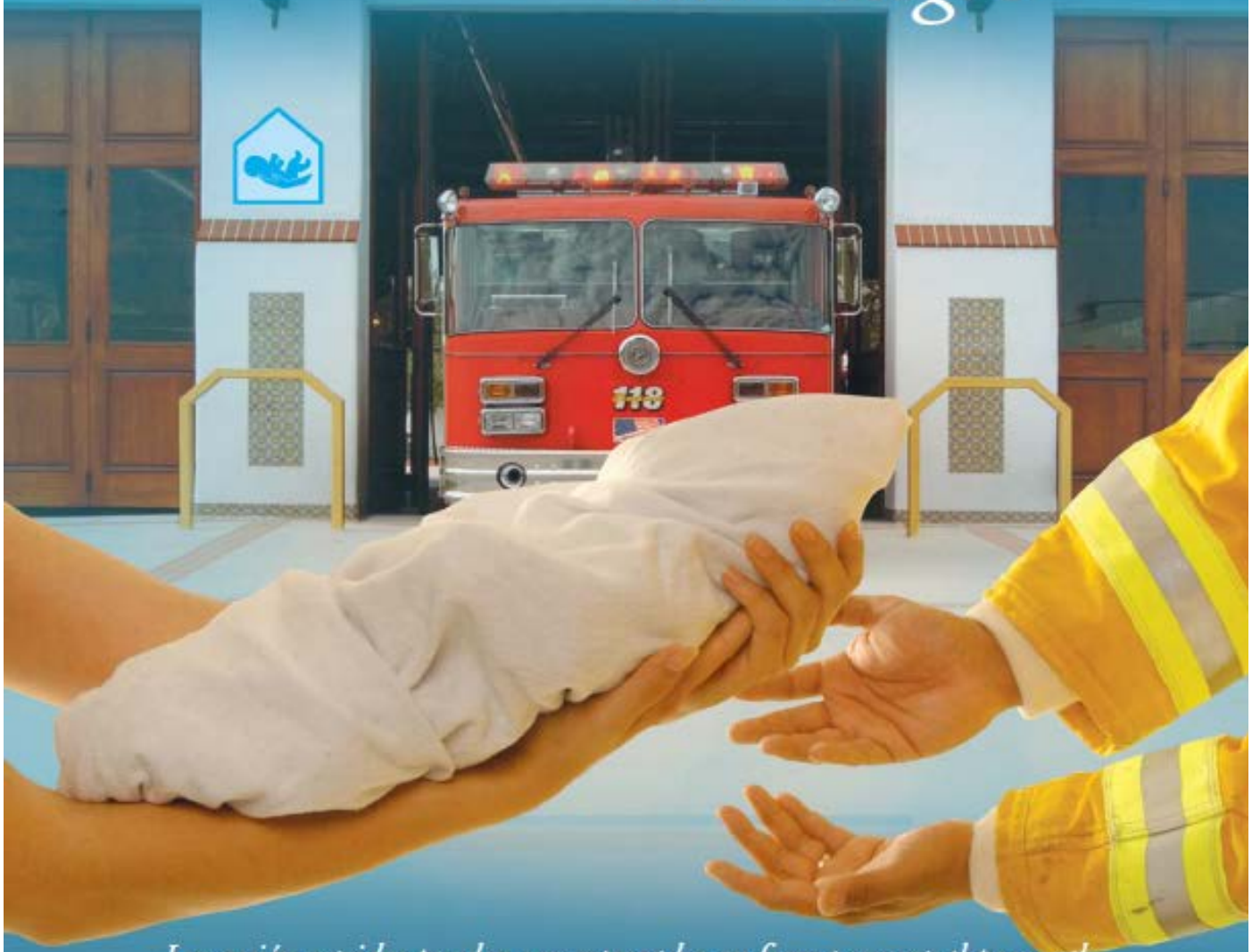
The purpose of the **Safely Surrendered Baby Law** is to protect babies from being abandoned, hurt or killed by their parents. You may have heard tragic stories of babies left in dumpsters or public bathrooms. Their parents may have been under severe emotional distress. The mothers may have hidden their 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**

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

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 Ángeles 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.

**APPENDIX J**

# LISTING OF CONTRACTORS DEBARRED IN LOS ANGELES COUNTY

List of Debarred Contractors in Los Angeles County may be obtained by going to the following website.

http://doingbusiness.lacounty.gov/DebarmentList.htm

**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), 2000.)

**2.206.010 Findings and declarations.**
**2.206.020 Definitions.**
**2.206.030 Applicability.**
**2.206.040 Required solicitation and contract language.**
**2.206.050 Administration and compliance certification.**
**2.206.060 Exclusions/Exemptions.**
**2.206.070 Enforcement and remedies.**
**2.206.080 Severability.**

## 2.206.010 Findings and declarations.

The Board of Supervisors finds that significant revenues are lost each year as a result of taxpayers who fail to pay their tax obligations on time. The delinquencies impose an economic burden upon the County and its taxpayers. Therefore, the Board of Supervisors establishes the goal of ensuring that individuals and businesses that benefit financially from contracts with the County fulfill their property tax obligation. (Ord. No. 2009-0026 § 1 (part), 2009.)

## 2.206.020 Definitions.

The following definitions shall be applicable to this chapter:

A. “Contractor” shall mean any person, firm, corporation, partnership, or combination thereof, which submits a bid or proposal or enters into a contract or agreement with the County.

B. “County” shall mean the county of Los Angeles or any public entities for which the Board of Supervisors is the governing body.

C. “County Property Taxes” shall mean any property tax obligation on the County's secured or unsecured roll; except for tax obligations on the secured roll with respect to property held by a Contractor in a trust or fiduciary capacity or otherwise not beneficially owned by the Contractor.

D. “Department” shall mean the County department, entity, or organization responsible for the solicitation and/or administration of the contract.

E. “Default” shall mean any property tax obligation on the secured roll that has been deemed defaulted by operation of law pursuant to California Revenue and Taxation Code section 3436; or any property tax obligation on the unsecured roll that remains unpaid on the applicable delinquency date pursuant to California Revenue and Taxation Code section 2922; except for any property tax obligation dispute pending before the Assessment Appeals Board.

F. “Solicitation” shall mean the County’s process to obtain bids or proposals for goods and services.

G. “Treasurer-Tax Collector” shall mean the Treasurer and Tax Collector of the County of Los Angeles. (Ord. No. 2009-0026 § 1 (part), 2009.)

## 2.206.030 Applicability.

This chapter shall apply to all solicitations issued 60 days after the effective date of the ordinance codified in this chapter. This chapter shall also apply to all new, renewed, extended, and/or amended contracts entered into 60 days after the effective date of the ordinance codified in this chapter. (Ord. No. 2009-0026 § 1 (part), 2009.)

## 2.206.040 Required solicitation and contract language.

All solicitations and all new, renewed, extended, and/or amended contracts shall contain language which:

A. Requires any Contractor to keep County Property Taxes out of Default status at all times during the term of an awarded contract;

B. Provides that the failure of the Contractor to comply with the provisions in this chapter may prevent the Contractor from being awarded a new contract; and

C. Provides that the failure of the Contractor to comply with the provisions in this chapter may constitute a material breach of an existing contract, and failure to cure the breach within 10 days of notice by the County by paying the outstanding County Property Tax or making payments in a manner agreed to and approved by the Treasurer-Tax Collector, may subject the contract to suspension and/or termination. (Ord. No. 2009-0026 § 1 (part), 2009.)

## 2.206.050 Administration and compliance certification.

A. The Treasurer-Tax Collector shall be responsible for the administration of this chapter. The Treasurer-Tax Collector shall, with the assistance of the Chief Executive Officer, Director of Internal Services, and County Counsel, issue written instructions on the implementation and ongoing administration of this chapter. Such instructions may provide for the delegation of functions to other departments.

B. Contractor shall be required to certify, at the time of submitting any bid or proposal to the County, or entering into any new contract, or renewal, extension or amendment of an existing contract with the County, that it is in compliance with this chapter is not in Default on any County Property Taxes or is current in payments due under any approved payment arrangement. (Ord. No. 2009-0026 § 1 (part), 2009.)

## 2.206.060 Exclusions/Exemptions.

A. This chapter shall not apply to the following contracts:
   1. Chief Executive Office delegated authority agreements under $50,000;
   2. A contract where federal or state law or a condition of a federal or state program mandates the use of a particular contractor;

3. A purchase made through a state or federal contract;
4. A contract where state or federal monies are used to fund service related programs, including but not limited to voucher programs, foster care, or other social programs that provide immediate direct assistance;
5. Purchase orders under a master agreement, where the Contractor was certified at the time the master agreement was entered into and at any subsequent renewal, extension and/or amendment to the master agreement.
6. Purchase orders issued by Internal Services Department under $100,000 that is not the result of a competitive bidding process.
7. Program agreements that utilize Board of Supervisors' discretionary funds;
8. National contracts established for the purchase of equipment and supplies for and by the National Association of Counties, U.S. Communities Government Purchasing Alliance, or any similar related group purchasing organization;
9. A monopoly purchase that is exclusive and proprietary to a specific manufacturer, distributor, reseller, and must match and inter-member with existing supplies, equipment or systems maintained by the county pursuant to the Los Angeles Purchasing Policy and Procedures Manual, section P-3700 or a successor provision;
10. A revolving fund (petty cash) purchase pursuant to the Los Angeles County Fiscal Manual, section 4.6.0 or a successor provision;
11. A purchase card purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, section P-2810 or a successor provision;
12. A non-agreement purchase worth 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
13. A bona fide emergency purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual section P-0900 or a successor provision;
14. Other contracts for mission critical goods and/or services where the Board of Supervisors determines that an exemption is justified.

B. Other laws. This chapter shall not be interpreted or applied to any Contractor in a manner inconsistent with the laws of the United States or California. (Ord. No. 2009-0026 § 1 (part), 2009.)

**2.206.070 Enforcement and remedies.**

A. The information furnished by each Contractor certifying that it is in compliance with this chapter shall be under penalty of perjury.

B. No Contractor shall willfully and knowingly make a false statement certifying compliance with this chapter for the purpose of obtaining or retaining a County contract.

C. For 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; and/or,

3. Recommend to the Board of Supervisors that an exemption is justified pursuant to Section 2.206.060.A.14 of this chapter or payment deferral as provided pursuant to the California Revenue and Taxation Code. (Ord. No. 2009-0026 § 1 (part), 2009.)

**2.206.080 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. No. 2009-0026 § 1 (part), 2009.)