

ENVOY SERVICES AGREEMENT

403(b) & 457(b) PLANS

This agreement is between Envoy Plan Services, Inc. ("Company") and _____ District ("Employer"), collectively referred to as the Parties for the purpose of Company providing Employer with the services set forth in this Agreement. This Agreement shall be effective on March 1, 2005 (the "Effective Date").

ARTICLE 1. COMPANY SERVICES

Company will act as the limited agent of the Employer for the sole purpose of providing the services listed in this Article 1 ("Company Services") to the Employer:

- 1.1 Compliance Review and Update. Company will perform an initial review of the documents and any written practices and procedures of the Employer's retirement plan and operational practices for complying with IRC Section 403(b) and 457(b) of the Internal Revenue Code ("IRC") of 1986 or the Code, as amended from time to time. Company's review of the documents, practices and procedures of the Plan shall be done to assist the Employer in identifying current and potential plan and/or operational defects. Based on such review, Company, as limited agent of the Employer, shall make recommendations to Employer or such other person designated by the Employer for review by Employer and Employer's legal counsel, in order to implement such remedial corrective measures as permitted under the Code, Revenue Procedure 2003-44 or its successors, and applicable laws, regulations and rulings. Thereafter, Company will provide Employer with information relating to changes in the Code and supporting regulatory guidance that affect the Employer's Plan for the purpose of assisting the Employer with continuing compliance with the Code. In performing the services set forth in this Agreement, Company will be performing ministerial services at Employer's direction and will not have discretionary authority or control over the operation of the Employer's Plan.

- 1.2 Plan Administration. Company will act as limited agent of the Employer and agrees to assume the responsibilities of performing the administrative and compliance duties that otherwise is the Employer's responsibility for the proper administration of Employer's retirement plans that qualify under IRC Sections 457(b) and 403(b) ("the Plans"). The primary responsibility of the Company is to administer the Plans for the benefit of the Participants and their Beneficiaries, subject to the procedures established by Employer and/or the specific terms of the 457(b) Plan Document and Adoption Agreement. The Company shall administer the Plans in accordance with their terms and shall have the power and discretion to construe the terms of the Plans and determine all questions arising in connection with the administration, interpretation, and application of the Plans. Any such determination by the Company shall be conclusive and binding upon all persons. The Company may establish procedures, correct any defect, supply any information, or reconcile any inconsistency in such manner and to such extent as shall be deemed necessary or advisable to carry out the purpose of the Plans; provided, however, that any procedure, discretionary act, interpretation or construction shall be done in a nondiscriminatory manner based upon

Employer's established procedures, and the 457(b) Plan Document and Adoption Agreement, and principles consistently applied and shall be consistent with the intent that the Plans shall continue to be qualified under the terms of IRC Sections 457(b) and 403(b), any related Code Sections, regulations and guidance issued by the Internal Revenue Service, and any related State Code. The Company shall have all powers necessary or appropriate to accomplish the duties under the Plans. Upon the Company's receipt of written request from the Employer, make available for the Employer's copying and review during normal business hours all 457 and/or 403(b) plan records in the Company's possession or control. The Company shall be charged with the duties of the general administration of the Plans, including, but not limited to, the following:

- (a) Determine eligibility of Employees and Independent Contractors for participation in the Plans;
- (b) Determine the eligibility of participants to receive benefits under the 457(b) Plan pursuant to information provided by Employer, Employer's established procedures, and the 457(b) Plan Document and Adoption Agreement;
- (c) Establish procedures for required payroll deduction loan repayments for all 457(b) participant loans, if loans are permitted in the 457(b) Plan;
- (d) Determine the maximum allowable amounts to be contributed to each of the Plans, whether by salary reduction or by Employer contribution;
- (e) Authorize and direct the provider(s) with respect to all disbursements to which a 457(b) Participant is entitled under the Plan;
- (f) Maintain all necessary records for the administration of the Plans; and
- (g) Establish and maintain practices and procedures necessary to administer the Plans consistent with the Code and with the terms of the 457(b) Plan Document and Adoption Agreement;
- (h) Assist participants regarding their rights, benefits, or elections available under the Plans.
- (i) Those duties of Plan administrator as described in the Plans.
- (j) To assist the Employer in processing loan applications and unforeseeable emergency distributions.

Employer acknowledges and agrees that Company reserves the right, at its discretion, to terminate any provider's privileges as an approved provider under the Plan, for any and all providers of investment options for the Employer's Plans, at such time provider does not agree to cooperate with all material administrative and compliance procedures as established by the Employer and Company, by law, and/or in accordance with the terms of the 457(b) Plan Document and Adoption Agreement, and the Provider Agreement. Employer acknowledges and agrees that the Provider and not the Company has sole responsibility for complying with federal and state regulations relating to the proper administration of direct or indirect rollovers into the Plans.

- 1.3 Maximum Contribution Limits. Company will create and maintain a database of information provided by Employer and Employer's employees to establish and monitor the maximum allowable contribution ("MAC") limit for each participant in the Plans, and make all reasonable efforts to prevent excess deferrals during the tax year. Company will coordinate procedures to properly correct contributions made in excess of MAC limits, if any, with the participant

and investment option provider. The MAC shall be used to determine the applicable contribution limits under IRC Sections 457(b), 403(b), 402(g), and 415(c). Employer, and where applicable, the employee of the Employer participating in the Plans described above, shall provide to Company all information necessary for Company to establish the MAC limits, including, but not limited to, information described in Article 2.1. Company will rely exclusively on such information provided by the Employer and employee in establishing allowable limits and performing any required calculations.

- 1.4 Service Provider Agreements. Company will coordinate the distribution and collection of new Service Provider Agreements with all 457(b) providers and 403(b) investment option providers that are registered on the California 403bCompare Web site (when implemented by CalSTRS). Company will facilitate the collection of the Provider Agreements and act as the Employer's liaison to answer questions and inquiries from providers regarding distribution and collection of Service Provider Agreements. Company will review requested modifications of the Service Provider Agreement by providers, if any, and make recommendations to Employer; however, Company shall have no decision-making authority with regard to the terms of the Service Provider Agreements between providers and the Employer.
- 1.5 Common Remitting Services. Company agrees to assist Employer to establish technology that is necessary to share encrypted employee data and to receive retirement plan contributions and loan payments for the Plans via electronic format. Each pay period, Employer will remit retirement plan contributions for the benefit of its employees, and loan repayments if applicable, for the Plans to Company made payable to PCG-Envoy via ACH/EFT or Fed Wire, or by check; and Employer will provide Company an Excel or other electronic file of employee data from Employer's payroll system via secure electronic transmission. Company agrees that contributions and loan repayments remitted to Company shall be promptly transmitted to the providers of the investment options selected by the individual Plan participants, usually within one (1) business day and in no event longer than three (3) business days.
- 1.6 Salary Reduction Agreement Processing. Company will receive and process all Salary Reduction Agreements ("SRA") for all participants of the Plans in compliance with state and federal regulations. Company will provide to Employer changes to employee's payroll as a result of changes to their salary reductions made by Employer's employees, via their timely and accurate submission of their new SRA. For each payroll period Company will timely submit to Employer, an employee salary reduction data file in a format agreed upon by Company and Employer, via secure electronic transmission, to be used by Employer to update its payroll system for each specified pay period of the Employer. Company agrees to assist Employer in establishing the technologies and procedures described above, and to assist Employer's employees in the completion of SRA's.
- 1.7 Consulting Services. During the term and renewal term(s) of this Agreement, Company will remain a technical resource for Employer and Employer's employees, and will provide ongoing services to resolve operational, administrative, and compliance issues.

ARTICLE 2. EMPLOYER RESPONSIBILITIES

- 2.1 Employee Information. The Employer will provide Company with information for each employee, and additional information for each employee participating in the Plans, as described below, in a secure electronic format for Company to establish an information database, and to establish the MAC limits and monitoring as set forth in Article 1.3. Employee information shall include, but is not limited to the information specified below:

All Employees Monthly

- (a) Social Security number;
- (b) Employee payroll name;
- (c) Employee mailing address;
- (d) Date of birth;
- (e) Date of hire, and adjusted date of hire if applicable;
- (f) FTE;
- (g) Retirement system;
- (h) Certificated or Classified;
- (i) Number of months paid annually;
- (j) Annual gross salary;
- (k) Employee and Employer contributions to 403(b) and 457(b) retirement plans per pay period and year to date (YTD), including name of provider;
- (l) Employee work email address, if available,
- (m) Employer/District name/code.

All Employees – When Services Begin – One Time Only

- (a) Total dollar amount of all past employee salary reduction contributions to 457(b) and 403(b) retirement plans, by tax year, from the employee's date of hire through the end of the most recent past tax year.

- 2.2 Changes to Employee Information. Employer agrees to promptly provide Company with changes to the information provided under Article 2.1.
- 2.3 Fees. Employer hereby authorizes and agrees to the payment of fees for services provided by Company as set forth in Exhibit A, attached hereto and incorporated into this Agreement. Fees for additional services beyond those specified in this Agreement will be billed to and payable by Employer at the then hourly rates being charged by Company; Company will perform such additional services only upon receipt of written authorization from Employer; after Employer's receipt of written notice that the services requested will incur additional fees, along with written notification of the hourly rate to be charged for such fees.

ARTICLE 3. TERM AND TERMINATION

- 3.1 Term and Termination. The initial term of this Agreement shall begin on the Effective Date of the Agreement and shall continue for three (3) years thereafter ("Initial Term"). This Agreement shall be extended automatically for additional one (1) year periods thereafter ("Renewal Term"). This Agreement may be

terminated at any time, with or without cause by one Party giving the other Party a 30-day written notice of its intent to terminate this Agreement.

ARTICLE 4. INDEMNIFICATION

Each Party agrees to indemnify, defend and hold the other Party harmless from any and all losses, costs, claims, demands, damages (including punitive damages) and attorneys' fees arising out of, relating to, or caused by the negligence, misconduct, fraud, dishonesty, forgery, embezzlement, misappropriation, or theft by its officers, agents, or employees in connection with or arising from the performance or non-performance of the obligations and services required under this Agreement. Company also agrees to indemnify the Employer for penalties and interest payments imposed by the Internal Revenue Service, the DOL or any other regulatory agency as a direct result of services provided in under this Agreement, including inaccurate MAC limits provided by Company, so long as the information provided by the Employer and the employee/participant pursuant to Article 2.1 is materially accurate and complete. Nothing contained in this Article shall require Company to indemnify the Employer for any tax withholding liability that may result from contributions that exceed the maximum contribution limits described in Article 1.3. Furthermore, Company shall not be required to pay penalties, interest, and taxes imposed by the Internal Revenue Service in the event the Employer, knowingly or unknowingly, allows contributions to the Plans to be made in excess of the limits established by Company. Company is not obligated to indemnify Employer for: (i) the acts or inactions of the providers and/or trustees under the Plans unless such acts or inactions result from acts or inaction of Company as described above, with respect to which the Company has an obligation to indemnify the Employer; (ii) for losses or damages resulting from the Employer's conduct of its responsibilities as plan sponsor except to the extent that the Employer has delegated such responsibilities to the Company; or (iii) for the Employer's inaccurate interpretation or the improper execution of reasonable requests, decisions, instructions or documentation as communicated to the Employer by Company.

ARTICLE 5. MISCELLANEOUS PROVISIONS

- 5.1 No Endorsement. The Parties agree that nothing contained herein shall be construed as an endorsement by the Employer of Company, its agents or affiliates, or the products or services offered by Company, its agents or affiliates.
- 5.2 Privacy of Employee Information. Company acknowledges that in the course of carrying out its duties under this Agreement it may receive confidential information relating to the Employer's employees. Company, its agents or affiliates, agrees not to use such information beyond the purpose for which it was provided and not to disclose such confidential information to other Parties, other than its agents or affiliates as required for Company to fulfill the responsibilities as stated in this Agreement, except to the extent required by the Internal Revenue Service, by law, or with the consent of the Employer or employee. Additionally, Company, its agents or affiliates agree to take appropriate steps to secure such confidential information from misuse or unauthorized disclosure.
- 5.3 Proprietary and Confidential Information. The Parties acknowledge that they may receive certain information with respect to the business practices and records of

the other Party (“Information”). The Parties agree that all Information is proprietary and confidential and shall not be disclosed or used for any purpose other than as necessary in connection with this Agreement, unless such disclosure is required pursuant to an order of a court of competent jurisdiction, by law, or both Parties agree in writing to such disclosure. The Parties further agree that Information will remain the property of the Party furnishing the Information and to return the Information and all copies thereof to the furnishing Party upon request or upon termination of this Agreement.

- 5.4 Copyright. Except as may be set forth in Article 5.3 above, Employer acknowledges and agrees that all matters produced by Company under this Agreement shall become the property of Company and cannot be used without Company’s express written permission. Company shall have all rights, title and interest in said matter, including the right to secure and maintain the copyright, trademark and/or patent of said matter in the name of the Company.
- 5.5 Insurance: Company agrees to maintain liability insurance, and errors and omissions coverage in the amount of \$1,000,000; and to provide the Employer a Certificate of Insurance thereof.
- 5.6 Invalidity. If any provision or application of this Agreement shall be adjudicated to be void or invalid, then the remaining provisions or applications shall be unimpaired, provided, however, that the basic purposes of this Agreement must be achieved through the remaining valid provisions.
- 5.7 Complete Agreement Amendments. This Agreement contains the complete Agreement between the Parties for the services described in this Agreement and supersedes all prior agreements and understandings between the Parties. This Agreement may not be altered, amended, or otherwise modified without the prior written agreement of both Parties.
- 5.8 Third-Party Beneficiaries. The Parties to this Agreement do not intend to make any other Party(ies) a “third-party beneficiary” of this Agreement. Parties who have not signed this Agreement have no right to enforce this Agreement or to prevent it from being modified or terminated.
- 5.9 Subcontractor. Employer acknowledges that Company has entered into a subcontractor agreement with Plan Compliance Group, LTD (“subcontractor”) and engages subcontractor to perform some or all of the services specified in Article 1.5 and 1.6 of this Agreement, with Company providing oversight of such services.
- 5.10 Notices. Any written notices required by the terms of this Agreement shall be sent by certified mail to the address of the Party given below:

Employer: _____

Company: Envoy Plan Services, Inc.
901 Calle Amanecer - Suite 200

- 5.11 Extraordinary Circumstances. Neither Party shall be held responsible for the delay or failure to perform services or obligations under this Agreement when such delay or failure is due to fire, flood, epidemic, strikes, acts of God or any public enemy, unusually severe weather, failure or malfunction of any electronic, electric or mechanical equipment, legislative or regulatory acts of any public authority, delays or defaults caused by any public carriers, or other circumstances which cannot reasonably be forecast or provided against.
- 5.12 Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.
- 5.13 Limitation of Authority to Act. Neither Party shall have any authority to incur any expense or obligation of any kind or nature, in the name of or on behalf of the other Party, without express written authority.
- 5.14 Successors. The terms and conditions of this Agreement apply to the Parties, their heirs, executors, successors, and assigns.
- 5.15 Dispute Resolution. The Parties specifically agree and recognize that all disputes between the Parties, their agents, affiliates, representatives, employees, successors or assigns, arising directly or indirectly from the services and obligations contemplated by this Agreement or any prior or contemporaneous agreement between the Parties, shall be determined by binding arbitration to the full extent provided by law. The Parties agree that such arbitration shall be held in the State of California, in the County of Orange, before a neutral arbitrator under the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon an award of the arbitrators may be entered and enforced in any court having jurisdiction. The Parties to such dispute will equally share the fees and expenses of the arbitrator. The Parties agree that the prevailing Party in any such arbitration, as determined by the arbitrator, shall be entitled to reasonable attorney's fees. The Parties specifically waive the right to seek remedies in court, including the right to jury trial. Nothing herein shall be interpreted to limit the rights of any Party to seek injunctive or equitable relief pending arbitration.
- 5.16 Scope of Services Rendered. The Parties specifically agree and recognize that Company is a service provider to the Plans and is not providing tax or legal advice to the Employer, Employer's employees, the Plans or to provider(s) of investment options to the Plans. The Parties understand that the Employer as Plan Sponsor is responsible, together with such legal counsel as may be designated, for the continued qualification of the plan in accordance with the Code and for operation of the plan as permitted by applicable law, except to the extent such duties are delegated to Company under this Agreement or the Plans. Additionally, the Parties agree and acknowledge that Company in performing the services described in this Agreement is not acting as a fiduciary as the term is described in Section 3(21) of ERISA or other applicable law including the laws of the State of California.

SIGNATURE PAGE FOLLOWS

ENVOY PLAN SERVICES, INC.

_____ **DISTRICT**

By: _____

By: _____
(Signature Authorized Representative)

ROBERT HORNADAY

(Print Name)

Its: President

Its: _____
(Title)

Date: _____

Date: _____