

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



724

FROM: Human Resource Department

SUBMITTAL DATE:
July 20, 2010

SUBJECT: 401(a) Part-Time and Temporary Employees' Retirement Plan - Investment Consultant, Investment Manager, Trust Agreement and Deferred Compensation Advisory Committee Oversight.

RECOMMENDED MOTION: That the Board of Supervisors 1) approve the appointment of U.S. Bank as the Investment Consultant, Investment Manager and Trustee for the County of Riverside 401(a) Retirement Plan for Part-time and Temporary Employees (the "Plan"); 2) adopt the new Trust Agreement (Attachment "A") commencing September 1, 2010 through June 30, 2015; 3) approve the U.S. Bank Fee Schedule (Exhibit 1); 4) adopt the new Investment Policy and Guidelines (Exhibit 2); 5) approve the oversight of the County's Deferred Compensation Advisory Committee to assure the financial stability of the Plan through prudent monitoring of investments and costs; and 6) authorize the Chairperson to sign four (4) copies of the Attachment A, retain one (1) copy of the signed document and return three (3) copies signed copies to Human Resources for distribution.

BACKGROUND: The County of Riverside Temporary/Part-time Employee Retirement Plan (Plan) is a qualified defined benefit pension plan that was implemented on April 1, 1999. On November 17, 1999 the Board ratified the Trust Agreement designating the County's Human Resources Director as the

Barbara A. Olivier
Asst. County Executive Officer/Human Resources Dir.

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2010/11

SOURCE OF FUNDS: No cost to the County. Fund fees are charged against the Funds assets.	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY:
Karen E. Johnson

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Buster, seconded by Supervisor Ashley and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: August 10, 2010
xc: HR, Treasurer, Committee, COB

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

Prev. Agn. Ref.: 03/16/1999 – 3.26 | District: ALL | Agenda Number:

3.40

FORM APPROVED COUNTY COUNSEL
BY:
TAWNY D. LIEU
DATE: 7/20/2010
Departmental Concurrence

FORM APPROVED
DON KENT, Treasurer-Tax Collector
By:
Date: 7/20/10

Dep't Recomm.:
Per Exec. Ofc.:

Policy
 Policy
 Consent
 Consent

BACKGROUND (continued):

401(a) Plan Administrator and the County Treasurer as the Plan Trustee.

The Plan is designed to pay benefits in compliance with Safe Harbor Internal Revenue Service (IRS) Code Section 3121(b)(7)(F) in place of Social Security, for those employees not covered by CalPERS. Employer contribution rates are actuarially set each year; the employee rate is fixed at 3.75%. The Social Security tax is 6.2% of pay for both the employer and the employee. As a result of the differential between Plan rates and the Social Security tax rate, since the inception of the plan participants have saved approximately \$8 million and the County has saved approximately \$10 million in Social Security contributions.

Plan assets have increased significantly since the inception of the Plan and are now valued in excess of \$18 million. The County Treasurer Tax Collector has invested Plan assets almost wholly in fixed income securities and less than 1% in equities. These assets have attained a 3.5% five (5) year and 3.75% ten (10) year rate of return on investments.

Investment Consultant, Investment Manager and Trustee

The County Treasurer Tax Collector and Human Resources jointly recommend diversifying Plan assets and prudently increasing the Plan's equity exposure in order to achieve a 6% long-term investment rate of return to match the rate of return assumed by the Plan's actuary. Because of the complex nature of managing a diversified investment portfolio for a pension plan, the County Treasurer Tax Collector and Human Resources jointly recommended that the County retain an experienced Investment Consultant, Investment Manager and Trustee.

Human Resources, in collaboration with the Office of the Treasurer-Tax Collector, submitted Requests for Proposal (RFPs). Four bids were received as a result of the RFPs, and U.S. Bank was the most responsive of the bidders.

U.S. Bancorp, the parent company of U.S. Bank, is a multi-state financial holding company, and the 6th largest commercial bank in the United States. U.S. Bank is regulated by the Office of the Comptroller of the Currency and deposits are insured by the FDIC. With \$265 billion in assets as of September 2009, U.S. Bank provides a large portfolio diversification with counterparty risk to maintain due diligence and risk management. The senior unsecured debt ratings established for U.S. Bancorp by Moody's (Aa2), Standard and Poor's (AA), Fitch (AA-), and Dominion Bond Rating Service (AA) reflect the rating agencies' recognition of the strong, consistent financial performance of their company and the quality of their balance sheets.

If approved as the Plan's Investment Consultant and Investment Manager, U.S. Bank will assign a portfolio manager to the Plan who will advise the County on investment strategies and appropriate asset allocations using a disciplined process. U.S. Bank will diversify the Plan assets incrementally using the Dollar Cost Averaging method; it will also monitor the Plan's investments and rebalance them as needed in accordance with the Plan's Investment Policy and Guidelines (Exhibit "2"). The Investment Policy and Guidelines were developed jointly by the County Treasurer Tax Collector and Human Resources in collaboration with U.S. Bank. The Investment Policy and Guidelines provide the Portfolio Manager a framework to evaluate appropriate investments for the Plan and guides balancing risk/rewards behavior.

U.S. Bank, as the Plan's Trustee, will be responsible for the safekeeping of assets, transaction settlements, consolidated accounting and reporting, and payment distribution among other duties. With the Board's approval this Trust Agreement (Attachment "A") will supersede the Board's November 1999 designation of the County Treasurer as Trustee and will transfer all Plan assets on or after August 15, 2010 to U.S. Bank. Equity assets will be transferred "in-kind"; fixed securities will be liquidated and re-invested in a diversified portfolio over time as investment opportunities arise.

Committee

The Human Resources Director and the County Treasurer Tax Collector jointly recommend the Board's approval for assigning oversight to the County's Deferred Compensation Advisory Committee (the "Committee") to assure the financial stability of the Plan through prudent monitoring of investments and costs. Members of the Committee will be Plan fiduciaries and will perform functions for the Plan similar to which they perform for the County's Deferred Compensation plans. These functions include:

- ◆ Recommending the appointment of a Trustee and Investment Manager to the Board of Supervisors.
- ◆ Amending the Plan Investment Policy and Guidelines as needed.
- ◆ Monitoring and supervising the investment performance of the Plan.

Currently, the Committee is comprised of the following five (5) members:

- ◆ Member of the County Board of Supervisors
- ◆ County Executive Officer
- ◆ Assistant County Executive Officer/Human Resources Director
- ◆ Treasurer/Tax Collector
- ◆ Auditor/Controller

The Committee will typically convene no less than annually to evaluate Trustee and Plan investment performance.

U.S. Bank's Fund fees and compensation (Exhibit "1") will be charged against Plan assets and are estimated at \$140,408 annually. There is no direct cost to the County for the approval and adoption of the recommended actions. Fees are paid from Plan assets.

401(a) Part-Time and Temporary Employees' Retirement Plan

Attachment "A"

Trust Agreement

(Effective September 1, 2010)

AUG 10 2010 3.40

TRUST AGREEMENT

THIS TRUST AGREEMENT, made and entered into as of this 1st day of September 2010 by and between The County of Riverside, a political subdivision of the State of California, as grantor (the "County"), and U.S. Bank National Association, a national banking association organized under the laws of the United States, with offices in Minneapolis, Minnesota, as trustee (the "Trustee");

WHEREAS, the County established a plan entitled County of Riverside Part-Time and Temporary Employees' Retirement Plan (the "Plan"), which was originally effective April 1, 1999, for the benefit of eligible governmental employees as a substitute for benefits under Social Security, as provided in the Omnibus Budget Reconciliation Act of 1990;

WHEREAS, by resolution of its Board, the County intends to fund the Plan with a trust, and has authorized and directed the creation or continuation, as applicable, of a trust for such purpose;

WHEREAS, the trust is to be contained and set forth in a trust agreement to be entered into by and between the County and a trustee, and further, the County has authorized the transfer of the assets of the Plan to the trust effective as of the first date written above;

WHEREAS, this Trust Agreement is the trust agreement so contemplated;

NOW, THEREFORE, the parties hereto do hereby create and establish a trust (the "Trust"), effective as of the first date written above, to read in full as follows:

SECTION 1 DEFINED BENEFIT PLAN

The County represents that the Plan is (a) a single-employer defined benefit employee pension plan; (b) not subject to Title I or Title IV of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); and (c) a "governmental plan" as defined in ERISA Section 4(b)(1) and in Section 414(d) of the Internal Revenue Code of 1986, as amended, (the "Code").

The Trust is intended to be a qualified trust under Code Section 401(a) and to be tax-exempt under Code Section 501(a). Unless and until the County notifies the Trustee in writing to the contrary, the Trustee will assume that the Trust is exempt from federal income taxation. The Trustee will have no duty to request or obtain a ruling from the Internal Revenue Service as to tax-qualified status.

SECTION 2 ESTABLISHMENT OF TRUST

2.1 Trust Established. The County will cause the predecessor trustee to assign and transfer assets to the Trustee, on a mutually agreed upon date on or after the effective date of this Trust Agreement. Such assets will comprise the initial principal of the Trust, which the Trustee will hold in trust. That amount may include assets transferred from another funding medium maintained in connection with the Plan. Such initial principal, along with additional cash and other property the County may deposit from time to time with the Trustee in trust, investments and reinvestments thereof, and any earnings thereon will be held, administered, and disposed of by the Trustee as provided in this Trust Agreement. The principal and income of the Trust will be held separate and apart from the assets of the County; will be used for the exclusive purpose of providing benefits to Plan participants ("Participants") and their

beneficiaries ("Beneficiaries") and defraying the reasonable expenses of administering the Plan and will never inure to the benefit of the County. It will be impossible at any time before the satisfaction of all liabilities to Participants and Beneficiaries for any part of the principal or income of the Trust to be used for, or diverted to, purposes other than for the exclusive benefit of Participants and Beneficiaries. If the Trustee is a national bank, the Trustee will keep the Trust's assets (other than deposits, such as cash or CDs) separate and apart from the assets of the Trustee pursuant to paragraph (b) (Separation of fiduciary assets) of Section 9.13 of Title 12 of the Code of Federal Regulations and paragraph (c) (Segregation of fiduciary and general assets) of Section 92a of Title 12 of the United States Code. The fiscal year of the Trust is the twelve (12) consecutive month period ending on June 30 (the "Trust Year").

2.2 Fiduciaries. The Trustee, Human Resources Director and the County's Deferred Compensation Advisory Committee (the "Committee") are fiduciaries with respect to the Plan.

2.3 Plan Administrator. The Human Resources Director is the Plan administrator.

2.4 Delegation to Investment Manager. The Committee may appoint any person or firm other than the Trustee (a) which has the power to manage, acquire, or dispose of any asset of a defined benefit employee pension plan; and (b) which has acknowledged in writing that it is an investment fiduciary with respect to the Plan to manage (including the power to acquire and dispose of) any part or all of the Trust. The Committee will notify the Trustee of any such appointment (each such appointee, an "Investment Manager"). The Trustee may assume that any such appointment is a delegation of the Committee's authority hereunder to manage, acquire, and dispose of the entire Trust, except to the extent that such notice expressly limits the Investment Manager's authority to a particular Subfund (as defined in Section 2.7 hereof) or Subfunds. The Committee may remove any Investment Manager and may appoint a successor from time to time to any Investment Manager who resigns, is removed, or otherwise ceases to serve hereunder. Upon termination of an Investment Manager, the Investment Manager's investment authority will revert to the Committee. The fees and expenses of any Investment Manager, as agreed upon from time to time between the Investment Manager and the County, will be charged to and paid from the Trust as directed by the County, except to the extent that the County, in its discretion, may pay such directly to the Investment Manager.

2.5 Management and Control.

2.5.1 The Trust held by the Trustee, together with all additional contributions made thereto and all net income thereof, will be controlled, managed, invested, reinvested, and ultimately paid and distributed to or on behalf of Participants and Beneficiaries by the Trustee with all the powers generally possessed by trustees, and with all the additional powers conferred upon the Trustee under this Trust Agreement, except to the extent that such powers have been delegated to an Investment Manager or reserved by the County or by the Committee. To the extent of such delegation or reservation, the Trustee will be subject to the direction of the Investment Manager and the Committee as the case may be.

2.5.2 The County hereby reserves to the Committee the authority to invest and reinvest Trust assets, except insofar as the County has otherwise reserved such rights hereunder and except insofar as the Committee may delegate its investment authority to an Investment Manager. Absent such delegation and Committee direction to invest and reinvest, the Trustee will invest and reinvest Trust assets in its sole discretion as provided hereunder. Subject to such limitations, the Trustee will therefore be what is commonly known as a 'discretionary trustee'.

2.6 Investment Policy and Guidelines and Funding Policy. Trustee and the Committee will determine the investment policy and guidelines for the Trust. The Committee will establish and carry out a funding policy and method consistent with the objectives of the Plan and deliver

to the Trustee and any Investment Manager such policies and guidelines, (including (i) the written record of actions taken under the funding policy, including but not limited to cash flow history, liquidity needs, short-term financial needs, long-term financial needs, expected levels of contributions, and other significant information which would affect the exercise of investment discretion and (ii) the reasons for those actions). Without limiting the generality of the foregoing, the Committee will direct each discretionary investment fiduciary from time to time as to the minimum amount of liquidity required for Plan administration purposes (such as making benefit distributions) within the portion of the Trust over which the investment fiduciary has investment authority.

2.7 Establishment of Subfunds. As directed by the Committee, the Trustee will divide the Trust into two (2) or more separate portions (each, a "Subfund"), dissolve any Subfund, and consolidate one or more Subfunds.

2.8 Contributions Upon Mistake of Fact. If a County contribution to the Trust was made by a mistake of fact, the County may direct the Trustee to return the contribution to the County as soon as administratively possible. In such a case, the County will direct the return of no more than the excess of the amount contributed over the amount that would have been contributed had no mistake occurred, adjusted for the excess's *pro rata* share of any net loss (but not any net gain) experienced by the Trust while the excess was held in the Trust.

2.9 Valuation, Accounting Method. The Trustee will value the Trust as of the close of business each quarter of the Trust Year. Each valuation will reflect, as nearly as possible, the then fair market value of the applicable assets (including income accumulations therein). The County acknowledges that such fair market values are intended to be reliable but are not guaranteed by the Trustee or otherwise. The Committee will direct the Trustee as to the value of the portion of the Trust involving an investment fund for which fair market value is unavailable. A valuation made by the Trustee in good faith will be binding and conclusive upon all persons interested, or becoming interested, in the Plan or the Trust. The Trustee will also cause the value of the Trust to be increased (or decreased) from time to time for distributions, contributions, investment gains (or losses), expenses and fees, if any, charged to the Trust. Furthermore, the Committee may direct the Trustee to adopt an alternative "unit" method of accounting for deposits, transfers, withdrawals, and distributions which issues, transfers, redeems, and adjusts (for changes in value) "units" which will have a uniform value in the Trust.

2.10 Subcustody. The Trustee will enter into a written service agreement with any Subcustodian appointed hereunder (the "Subcustody Agreement"). The Subcustody Agreement will (i) make the Subcustodian an agent of the Trustee and a custodian with respect to Trust assets delivered to the Subcustodian; (ii) delegate the Trustee's custodial powers, rights, and duties with respect to assets so delivered (including any duty to hold and safe-keep assets; maintain records and accounts; and submit periodic reports to the appropriate parties); (iii) let the Subcustodian resign at any time by giving prior written notice to the Trustee; (iv) give the Trustee the right to terminate the Subcustodian at any time by giving prior written notice to the custodian; and (v) as approved by the Committee, entitle the Subcustodian to reasonable compensation. The Trustee will transfer Trust assets to be subcustodied to the Subcustodian. Until the later of the Subcustodian's termination or the Subcustodian's return of all Trust assets to the Trustee, the Subcustodian will hold and administer any such assets as the Trustee's agent. The Trustee's entry into such a service agreement and exchange of Trust assets thereunder will be as directed by the Committee, if the Committee directed the appointment of the Subcustodian.

**SECTION 3
CONCERNING THE TRUSTEE**

3.1 Trustee Powers. Subject to Sections 2.5 and 3.2 of this Trust Agreement, the Trustee will have the following powers:

3.1.1 To receive contributions under the Plan; however, the Trustee will be a directed trustee with respect to determining, monitoring, and collecting Plan contributions.

3.1.2 To invest and reinvest Trust assets (without distinction between principal and income) in any kind of property or type of investment or investment strategy listed in the investment policy and guidelines for the Trust, including any of the foregoing which is administered, advised, custodied, issued, offered, sponsored, underwritten, or otherwise serviced by the Trustee or an affiliate of the Trustee.

3.1.3 To hold un-invested reasonable amounts of cash whenever advisable to facilitate disbursements or pending receipt of investment instructions or for other operational reasons, and to deposit the same in an interest-bearing or noninterest-bearing deposit account offered by the Trustee, an affiliate of the Trustee, or any other financial institution, notwithstanding the Trustee's, affiliate's, or other financial institution receipt of float from such un-invested cash.

3.1.4 To register any investment held in the Trust in the name of the Trustee, without trust designation, or in the name of a nominee or nominees, and to hold any investment in bearer form, but the records of the Trustee will at all times show that all such investments are part of the Trust, and the Trustee will be as responsible for any act or default of any such nominee as for its own.

3.1.5 To appoint a Subcustodian over any part of the Trust, as directed by the Committee or in the Trustee's discretion.

3.1.6 Subject to the consent of the Human Resources Director to retain such accountants, agents, attorneys, brokers, custodians, consultants, and legal counsel as may be necessary in the administration of the Trust and pay them reasonable compensation as an expense of the Trust.

3.1.7 Subject to the consent of the Human Resources Director to maintain legal proceedings in connection with the Trust as an expense of the Trust.

3.1.8 To engage in any transaction with, or acquire any service from, an affiliate of the Trustee, provided the transaction or service is otherwise authorized under this Trust Agreement and is based upon reasonable terms.

3.1.9 To pay from the Trust taxes that may be levied upon Trust assets.

3.1.10 To distribute Trust assets, as directed by the Human Resources Director.

3.1.11 To implement the Investment Policy and Guidelines.

3.1.12 Subject to the limitations of this Trust Agreement, to exercise all powers provided for under applicable laws.

3.2 Compliance with Law. The Trustee shall carry out its duties and obligations under this Trust Agreement and exercise its powers in compliance with all applicable laws, including, but not limited to, the Code, Section 92a (Trust Powers) of Title 12 (Banks and Banking) of the United States Code, and Part 9 (Fiduciary Activities of National Banks) of Title 12 (Banks and

Banking) of the Code of Federal Regulations (commencing with Section 9.1 *et seq.*, including 9.12).

3.3 Dealings with Trustee.

3.3.1 **No Duty to Inquire.** No person dealing with the Trustee will be required to take cognizance of the provisions of the Plan document or this Trust Agreement; to make inquiry as to the authority of the Trustee to do any act which the Trustee will do hereunder; or to see either to the administration of the Trust or to the faithful performance by the Trustee of its duties hereunder. Any such person will be entitled to assume conclusively that the Trustee is properly authorized to do any act which it will do hereunder. Any such person will be under no liability to anyone for any act done hereunder pursuant to the written direction of the Trustee.

3.3.2 **Assumed Authority.** Any such person may conclusively assume that the Trustee has authority to receive any money or property becoming due and payable to the Trustee. No such person will be bound to inquire as to the disposition or application of any money or property paid to the Trustee or paid in accordance with the written directions of the Trustee.

3.3.3 **Incompetent Beneficiaries.** If Human Resources Director determines that a person entitled to a Trust distribution is incompetent (such as a minor), the Human Resources Director may direct the Trustee to make the distribution to a guardian, conservator, or other legal personal representative who has demonstrated such role to the Human Resources Director's satisfaction. Prior to such demonstration, the Human Resources Director may direct the Trustee to make the distribution to the person's caregiver for the benefit of the person.

3.4 **Compensation.** The Trustee will be entitled to receive compensation from the Trust for its services as Trustee hereunder. A schedule of the Trustee's compensation is attached as **Exhibit 1** hereto. Subject to the consent of the Committee the Trustee will also be entitled to receive reimbursement from the Trust for expenses incurred in the administration of the Trust.

3.5 **Resignation, Removal, Succession.** The Trustee may resign by giving ninety (90) calendar days' notice of intention to resign to the Committee or such shorter notice as the Committee may approve. The Committee may remove any Trustee hereunder by giving the Trustee ninety (90) calendar days' written notice of removal by certified U.S. mail. The Committee will have the power to appoint a successor Trustee. The Committee will deliver to the terminating Trustee a successor Trustee's signed, written acceptance of trusteeship, on or before the effective date of resignation or removal. The Committee's failure to so deliver will entitle the terminating Trustee to petition a court immediately for appointment of a successor, and the cost of such petition will be a cost of the Trust. Upon accepting trusteeship (or upon judicial declaration of trusteeship), a successor trustee will become vested with full title and right to possession of all assets and records of the Plan and the Trust in the possession or control of such prior Trustee. The terminating Trustee will promptly account for and deliver the same to such remaining or successor Trustee or Trustees.

3.6 Accountings by Trustee.

3.6.1 **Periodic Reports.** The Trustee will render to the Committee and Human Resources Director an account and report within sixty (60) business days following the end of each quarter of the Trust Year showing all transactions affecting the administration of the Trust, including, but not by way of limitation, such information concerning Trust administration as agreed to by the Trustee and the Committee.

3.6.2 **Special Reports.** The Trustee will render such further reports from time to time as may be agreed to in writing with the Human Resources Director or the Committee. The

Trustee will submit its final report and account to the Human Resources Director and the Committee when it will cease to be Trustee hereunder, whether by resignation or other cause.

3.7 Tax Calculations, Withholding, Reporting, Remitting. The Human Resources Director will perform any tax calculation with respect to any federal, state, or local taxes that may be required to be calculated, withheld, reported, or remitted with respect to the payment of Plan benefits. The Trustee, as directed in every detail by the Human Resources Director, will be responsible for the withholding of taxes, reporting 1099's, and remitting of documents to appropriate taxing authorities with respect to any federal, state, or local taxes that may be required to be calculated, withheld, reported, or remitted with respect to the payment of Plan benefits.

3.8. Indemnification.

3.8.1 The County will indemnify and hold harmless the Trustee and the Trustee's officers, employees, agents, and representatives from any liability whatsoever, based or asserted upon the performance of the County, the Human Resources Director and the Committee (or the officers, employees, agents, or representatives thereof) arising out of or in any way relating to this Trust Agreement, including but not limited to any costs, expenses, interest, liabilities, loss, fines, penalties, taxes or any other damages of any kind or nature resulting from any reason whatsoever arising from the performance of the County, the Human Resources Director and the Committee (or the officers, employees, agents, or representatives thereof) in connection with this Trust Agreement.

3.8.2 Trustee shall indemnify and hold harmless the County, its Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives from any liability whatsoever, based or asserted upon any services of Trustee, its officers, employees, agents, and/or representatives arising out of or in any way relating to this Trust Agreement, including, but not limited to, any costs, expenses, interest, liabilities, loss, fines, penalties, taxes or any other damages of any kind or nature resulting from any reason whatsoever arising from the performance of Trustee, its officers, employees, agents and/or representatives in connection with this Trust Agreement.

3.8.3 The provisions of Section 3.8 herein above will survive the termination of this Trust Agreement and will inure to the benefit of the successors of such indemnified party.

3.9 Insurance. Without limiting or diminishing the Trustee's obligation to indemnify or hold the County harmless, the Trustee shall procure and maintain or cause to be maintained, at its sole cost and expense, insurance as required by applicable laws.

3.10 Limitations on Duties. The duties of the Trustee will be strictly limited to those set forth in this Trust Agreement. Without limiting the generality of the foregoing, the Trustee will have no duty to:

3.10.1 request or obtain a ruling from the Internal Revenue Service or any other governmental authority as to (or otherwise determine or monitor) the tax consequences of the form and operation of the Plan, Plan document, Trust, and Trust Agreement;

3.10.2 construe the terms of the Plan, determine eligibility for Plan benefits (including eligibility for participation, vesting, and distribution, as well as the timing, amount, and form thereof), resolve benefit claims or claim appeals, maintain participant-level records, determine whether any expense is a proper Plan expense, or perform any functions of a plan administrator;

3.10.3 determine, conduct a review of, or otherwise question (i) the investment policy and guidelines, including but not limited to whether any kind of property, type of investment, course of action, or investment strategy set forth therein complies with applicable state and local law; (ii) the funding policy and actions taken under the funding policy; (iii) the classes of permissible investments under this Trust Agreement; (iv) buying, holding, or selling Trust assets with respect to any portion of the Trust over which anyone other than the Trustee has investment authority; (v) the compliance with the investment policy or guidelines or funding policy of the buying, holding, or selling of Trust assets over which anyone other than the Trustee has investment authority; or (vi) the terms of any document the Trustee executes or receives in connection with the exercise of investment authority by anyone other than the Trustee;

3.10.4 monitor service providers hired by the County, the Committee, or the Human Resources Director, including any Investment Manager;

3.10.5 make a distribution to the extent that Trust assets, when reduced by taxes applicable to such a distribution, when further reduced by expenses payable by the Trust, are less than the amount of the payment; or

3.10.6 except as explicitly agreed in writing, give notices or make filings required by applicable law regarding the Plan, including with respect to taxation.

SECTION 4 HUMAN RESOURCES DIRECTOR

4.1. **Human Resources Director.** The Human Resources Director will have the discretionary authority and duty to construe the terms of the Plan document, to determine eligibility for Plan benefits (including eligibility for participation, vesting, and distribution, as well as the timing, amount, and form thereof), and to perform all other acts reasonably necessary for the administration of the Plan. Without limiting the generality of the foregoing, the Human Resources Director will also:

4.1.1 prescribe forms to be used for applications for participation, distributions, withdrawals, notifications, etc., as may be required in the administration of the Plan;

4.1.2 delegate or re-delegate to one or more persons, jointly or severally, such functions assigned to the Human Resources Director hereunder as it may from time to time deem advisable; and

4.1.3 designate other persons to carry out fiduciary responsibilities (other than Trustee and the Committee responsibilities) and may employ one or more persons to render advice with regard to any responsibility of the Human Resources Director.

SECTION 5 DEFERRED COMPENSATION ADVISORY COMMITTEE

5.1 **Deferred Compensation Advisory Committee (the "Committee") will:**

5.1.1 monitor, and initiate changes to, the Investment Policy and Guidelines;

5.1.2 have the authority to direct investments in the Trust as provided hereunder; and

5.1.3 monitor and supervise investment performance and options.

SECTION 6 FIDUCIARY STANDARD

6.1 Fiduciary Duties. A Plan fiduciary will discharge its duties with respect to the Plan solely in the interest of the Participants and Beneficiaries (a) for the exclusive purpose of providing benefits to Participants and Beneficiaries and defraying reasonable expenses of administering the Plan; (b) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; (c) by diversifying the investments of the Plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and (d) in accordance with the documents and instruments governing the Plan.

6.2 Prohibited Transactions. Except as exempted by law, a Plan fiduciary will not cause the Plan to engage in a prohibited transaction as defined in Section 503(b) of the Code.

6.3 Co-fiduciary Responsibility. Except as required by applicable law, no action taken by any fiduciary hereunder will be the responsibility of any other fiduciary, and no fiduciary will have the duty to question whether any other fiduciary is fulfilling all of the responsibility imposed upon such other fiduciary by this Trust Agreement, the Plan document, or by applicable law.

SECTION 7 SPENDTHRIFT PROVISIONS

Except as expressly permitted by the terms of the Plan and applicable law, no Participant or Beneficiary will have any transmissible interest in any beneficial interest in the Trust; nor will any Participant or Beneficiary have any power to anticipate, alienate, dispose of, pledge or encumber any beneficial interest in the Trust while in the possession or control of the Trustee; nor will the Trustee, the County, the Committee, or the Human Resources Director recognize any assignment thereof, either in whole or in part, nor will any beneficial interest in the Trust herein be subject to attachment, garnishment, execution following judgment, or other legal process while in the possession or control of the Trustee.

SECTION 8 TERM AND TERMINATION

8.1 Term. The initial term of this Trust Agreement begins on the first date written above and extends through June 30, 2013 (the "Initial Term"). At the conclusion of the Initial Term, the Trust Agreement shall renew for successive two-year periods thereafter unless and until terminated according to the terms of the Agreement as provided herein. At no time will this Trust Agreement extend beyond June 30, 2015. Wherever this Trust Agreement provides for a date of commencement or termination of any part or all of this Trust Agreement, commencement or termination shall be effective as of 12:01 A.M. Pacific Standard Time of that date.

8.2 Termination of Agreement. The County may terminate this Trust Agreement for no cause at any time by giving written notice of no less than ninety (90) calendar days to the other party. In the event of partial or full Plan termination, the Human Resources Director will direct the Trustee as to the distribution of the Trust assets in a manner consistent with the provisions of the Plan.

8.3 Termination for Breach. The County may terminate this Trust Agreement, effective immediately, if County, in its sole discretion, determines that Trustee has breached a material provision of this Trust Agreement. Alternatively, County may choose to provide Trustee with notice of the existence of an alleged material breach and afford Trustee with an opportunity to cure the alleged material breach. In the event Trustee fails to cure the breach to the satisfaction of County in a timely manner, County reserves the right to immediately terminate this Trust Agreement.

**SECTION 9
ADOPTION AND AMENDMENT**

9.1 **Adoption of this Trust Agreement.** Adoption of this Trust Agreement will not, by itself, serve to terminate a plan or establish a new plan. Where such adoption amends and restates a prior trust agreement, the adoption will be considered an express continuation of the Plan under a new trust agreement, and the County will cause assets of the predecessor trust to be deposited with the Trustee under this Trust Agreement. However, neither such continuation nor such deposit will make the Trustee liable for the actions of any prior Plan fiduciary, including a prior trustee.

9.2 **Amending the Trust Agreement.** This Trust Agreement may be amended at any time and from time to time, in whole or in part, by a written instrument signed by the County and the Trustee.

**SECTION 10
MISCELLANEOUS**

10.1 **Authorized Signers.** The Human Resources Director will identify each person who is authorized to act on the County's behalf with respect to the Trust Agreement, by giving the Trustee (i) a certificate of incumbency signed by the Human Resources Director indicating which County offices have such authority and naming the persons holding those offices; and (ii) the specimen signature of such persons. The Human Resources Director will similarly identify the persons who are authorized to act on behalf of the Human Resources Director. The Trustee may assume that any person so identified continues to be so authorized, until the Human Resources Director gives the Trustee written notice to the contrary.

10.2 **Execution in Counterparts.** This Trust Agreement may be executed in any number of counterparts, each of which, without production of the others, will be deemed to be an original.

10.3 **No Third Party Beneficiaries.** The Parties do not intend nor will this Trust Agreement be deemed to create in any third party any rights or responsibilities with respect to the Parties.

10.4 **No Vested Benefits.** Neither the creation nor the operation of the Trust will cause the vesting of a Participant's or Beneficiary's right to Plan benefits.

10.5 **Construction.** The provisions of this Trust Agreement are severable. The invalidity of a provision herein will not affect the validity of any other provision.

10.6 **Plan Document.** The Human Resources Director will provide the Trustee with any subsequent amendment to the Plan document in place at the time of this agreement. In the event of a conflict between the Plan document and this Trust Agreement, this Trust Agreement will prevail with respect to the rights, powers, and duties of the Trustee.

10.7 **Governing Law and Venue.** This Trust Agreement will be governed, enforced, and interpreted in accordance with the laws of the State of California, except where federal law preempts state law. The venue and jurisdiction for any action arising under this Trust Agreement will be in the state or federal courts in California. The parties consent to the jurisdiction and venue of the state or federal courts in California and waive any objections to such jurisdiction and venue.

10.8 **Rules of Interpretation.** Whenever appropriate, words used herein in the singular may be read in the plural, or words used herein in the plural may be read in the singular; the masculine may include the feminine; and the words "hereof," "herein", or "hereunder" or other

similar compounds of the word "here" will mean and refer to this entire Trust Agreement and not to any particular paragraph or section of this Trust Agreement unless the context clearly indicates to the contrary. The titles given to the various sections of this Trust Agreement are inserted for convenience of reference as part of the Trust Agreement, and they will be considered in determining the purpose, meaning or intent of any provision hereof. Any reference in this Trust Agreement to a statute or regulation will be considered also to mean and refer to any subsequent amendment or replacement of that statute or regulation.

10.9 Entire Agreement. This Trust Agreement (together with all attachments hereto) shall constitute the entire agreement between the parties related to the rights herein granted and the obligations herein assumed. It is the express intention of the Trustee and the County that any and all prior or contemporaneous agreements, promises, negotiations or representations, either oral or written, relating to the subject matter and period governed by this Trust Agreement which are not expressly set forth herein shall be of no further force, effect or legal consequence after the effective date hereunder."

10.10 Successors and Assigns. This Trust Agreement will be binding upon and inure to the benefit of the County, the Trustee, and their respective successors and assigns.

10.11 Delivery of Directions. Any direction or other communication provided for in this Trust Agreement will be given in writing and, until the recipient notifies the sender of a superseding address, addressed as follows:

If to the Trustee:

U.S. Bank National Association
c/o Steven Webb
Re: County of Riverside Part-Time & Temporary Employee's Retirement Plan
633 W. 5th St., 25th Floor
Los Angeles, CA 90071

If to the County, the Asst. County Executive Officer Human Resources Director and Deferred Compensation Advisory Committee:

County of Riverside
c/o Human Resources Division.
4080 Lemon St., 7th Floor
Riverside, CA 92502-1569

10.12 Administrative Expenses. The reasonable expenses of administering the Trust will be payable out of the Trust sixty (60) calendar days after the County receives notice thereof, unless the County first pays such expenses.

[The remainder of this page was intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused their duly appointed representatives to execute this Trust Agreement on the first date written above.

ATTEST:

Clerk of the Board
Kecia Harper-Ihem

By: [Signature]
Deputy

Date: AUG 10 2010

Approved as to form and content TH
Pamela J. Walls
County Counsel

By: [Signature]
Deputy County Counsel

COUNTY OF RIVERSIDE:

By: [Signature]
Barbara Olivier

Its: Assistant CEO/Human Resources
Director

Date: 7/20/10

By: [Signature]
Chairman, Board of Supervisors

Date: AUG 10 2010 **MARION ASHLEY**

U.S. BANK NATIONAL ASSOCIATION

By: [Signature]
Steven Webb

Its Vice President and Relationship Manager

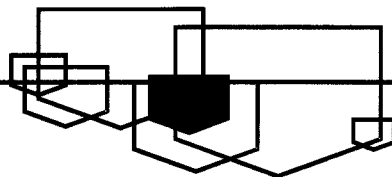
Date: 7/16/10

401(a) Part-Time and Temporary Employees' Retirement Plan

EXHIBIT 1

Benefit Plan Fee Disclosure and Authorization

(Effective September 1, 2010)



Benefit Plan* Fee Disclosure and Authorization

(FOR PLANS RECEIVING U.S. BANK INVESTMENT ADVISORY SERVICES – NO PARTICIPANT DIRECTION)

Plan Name: County of Riverside Part Time and Temporary Employee's Retirement Plan

The undersigned is the named fiduciary or other fiduciary ("Independent Fiduciary") of the above named plan ("Plan") with authority to select the Plan's investments and approve the fees to be paid from the Plan.

U.S. Bank (as defined below) will act in the following capacity for the Plan:

- Trustee
- Custodian

This Fee Disclosure and Authorization is effective as of 7/15/10 (the "Effective Date").

INTRODUCTION

The Independent Fiduciary has selected U.S. Bancorp, acting through its subsidiary, U.S. Bank National Association or one or more of its other subsidiaries or affiliates (collectively, "U.S. Bank"), to provide investment advisory and other services to the Plan. This Fee Disclosure and Authorization describes the Plan's services and fee arrangements, as follows:

Part A designates the investments for the Plan, including mutual funds and collective trust funds (the "Funds"), and describes the fees that the Plan will pay to the Funds, including compensation (if any) U.S. Bank receives from the Funds;

Part B describes the fees that the Plan will pay directly to U.S. Bank; and

Part C describes the circumstances under which this Fee Disclosure and Authorization may be changed and includes the Independent Fiduciary's approval and authorization of the arrangements described in Parts A, B, and C.

By executing this Fee Disclosure and Authorization, the Independent Fiduciary is authorizing these services, fees, and compensation.

For each designated Fund, U.S. Bank provides the Independent Fiduciary a prospectus or a summary description document. The prospectuses and summary description documents contain important information that supplements the information included in this Fee Disclosure and Authorization. The Independent Fiduciary should carefully review the prospectuses and summary description documents.

* To be used for all ERISA-covered benefit plans (including retirement plans and VEBAs) and governmental plans.



SHARES OF MUTUAL FUNDS AND COLLECTIVE TRUST FUNDS ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED BY, ANY BANK, INCLUDING U.S. BANCORP AFFILIATE BANKS, NOR DOES THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD, OR ANY OTHER AGENCY INSURE THEM. INVESTMENT IN MUTUAL FUNDS OR COLLECTIVE TRUST FUNDS INVOLVES INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF PRINCIPAL, DUE TO FLUCTUATIONS IN EACH FUND'S NET ASSET VALUE.

Benefit Plan* Fee Disclosure and Authorization

A. FUND SELECTION AND FEE DISCLOSURE

Subject to investment guidelines established for the Plan's account with U.S. Bank, as amended from time to time, U.S. Bank may invest the Plan's account in the following investments.

Proprietary Mutual Funds - Subject to the Plan's investment guidelines, U.S. Bank may invest Plan assets among the "proprietary" mutual funds affiliated with U.S. Bank, including *First American Investment Funds, Inc.*, *First American Funds, Inc.*, and *First American Strategy Funds, Inc.* (collectively, "*First American Funds*"), set forth below. U.S. Bank provides services to the *First American Funds*, including investment advisory, custodial, administrative and fund transfer agency services, distribution services, shareholder service and other services and receives fees for these services from the Funds. The advisory fees and other fees received by U.S. Bank from each of the *First American Funds* are shown below.

U.S. Bank may invest Plan assets in the following *First American Funds*:

Fund Name	Ticker	Share Class	Advisory Fee	Other Fees Received by U.S. Bank*	Total Expense	Net Expense (after fee waiver)**
FAF Prime Obligations Money Market- Y	FAIXX	Y	0.1	0.3754	0.5	0.50
FAF Govt Obligations Money Market - Y	FGVX X	Y	0.1	0.3755	0.49	0.46

* This amount is based on amounts received by U.S. Bank as reported by the *First American Funds* in the most recent annual report to shareholders. This amount may vary based on actual charges for services rendered, but the basis for calculating this amount does not change. U.S. Bank also receives fees from *First American Funds* for securities lending services; these fees are not included in this column. For more information on how these fees are calculated and actual amounts received by U.S. Bank, please see the applicable prospectus or contact your Relationship Manager.

**U.S. Bank may voluntarily waive a portion of the fees it is entitled to receive for providing advisory and other services to *First American Funds*. If there are any fee waivers in effect, the net Fund expense after the waiver is shown in this column. The fee waivers may be terminated at any time, as described by the applicable prospectus. By authorizing investment in the designated Funds, the Independent Fiduciary is hereby authorizing the fees paid by the Fund (and U.S. Bank's receipt of fees) up to the total annual operating expense as disclosed in the prospectus.

Directed Investments – In a separate instruction document, the Independent Fiduciary or an investment manager designated by the Independent Fiduciary has directed that Plan assets be invested in one or more additional investments. These investment(s) shall be made solely at the direction of the Independent Fiduciary. U.S. Bank has not recommended these additional investment(s), exercises no discretion with regard to the additional investment(s), and shall have no responsibility to review or monitor the additional investment(s). Investment in the additional investment(s) may be subject to additional fees and expenses.

- There are directed investments, as set forth in a separate instruction document.
- There are no directed investments.



SHARES OF MUTUAL FUNDS AND COLLECTIVE TRUST FUNDS ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED BY, ANY BANK, INCLUDING U.S. BANCORP AFFILIATE BANKS, NOR DOES THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD, OR ANY OTHER AGENCY INSURE THEM. INVESTMENT IN MUTUAL FUNDS OR COLLECTIVE TRUST FUNDS INVOLVES INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF PRINCIPAL, DUE TO FLUCTUATIONS IN EACH FUND'S NET ASSET VALUE.

Benefit Plan* Fee Disclosure and Authorization

B. FEES PAID BY THE PLAN

The Plan shall pay the following fees ("Plan Fees") directly to U.S. Bank:

Advisory Fee:	40 bps – Registered Mutual Funds
	40 bps – SMA Fixed Income
	85 bps – SMA Equities
Trust Administration Fee:	Included
Monthly Pension Distributions:	\$2
Lump Sum Benefit Payments:	\$3

The Plan Fees are in addition to fees and expenses the Plan pays as an investor in the Funds ("Fund Fees"). Fund Fees are charged against the Funds' assets and reduce the Funds' average daily balance and investment yields. Each of the Fund's fees and expenses are different and also vary based on share class. As of the Effective Date, each of the Fund's Fees are as set forth in Part A – Fund Selection and Fee Disclosure and are described in more detail by the applicable prospectus.

U.S. Bank's compensation for Plan services includes the Plan Fees and also the compensation received by U.S. Bank directly or indirectly from Funds as a result of the Plan's investment in the Funds, as described in Part A – Fund Selection and Fee Disclosure. Plan Fees may be affected by amounts received by U.S. Bank from the Funds because these amounts may reduce Plan Fees that would otherwise be charged by U.S. Bank. Amounts received by U.S. Bank directly or indirectly from Funds vary among the Funds and Funds' share classes. Therefore, selections among Funds and share classes may affect the amount of Plan Fees.

Pending Transaction Fees. U.S. Bank or its agent (the "Financial Institution") may hold (i) cash awaiting distribution to participants or other proper recipients, including beneficiaries, or (ii) funds held for other purposes (for example, maintaining liquidity) in an interest-bearing or noninterest-bearing deposit account in the Financial Institution's banking department and, thereby, earn and retain the "float" as part of its compensation for servicing the Plan.

For distributions made from the Plan, the float period commences on the date the check, wire transfer, or electronic transfer is issued to the participant or beneficiary (or other proper recipient) and ends on the date the check is presented to the Financial Institution for payment and settles or wire or electronic transfer is accepted by the receiving institution. The time period involved varies for each payment issued, though the average time such payments remain outstanding is one to 15 days from the date of issuance. For funds held for other purposes, the float period commences on the date good funds are deposited in the applicable deposit account and ends on the date the funds are withdrawn or transferred therefrom.

The float rate on (i) uncashed checks, pending wire transfers, and pending electronic transfers and (ii) funds held for other purposes is generally no more than the Target Federal Funds Rate (the "Target Rate") of interest applicable during the period involved. The Target Rate is the short-term rate objective announced by the Federal Reserve. The actual rate of interest paid between banks is the Effective Federal Funds Rate (the "Effective Rate"). The Effective Rate changes daily but is generally close to the Target Rate. Changes to the Target Rate are made by the Federal Reserve's Open Market Committee. The announced Target Rate can be obtained upon request from your account representative or can be found in the Wall Street Journal.

U.S. Bank's Provision of Services. Services to the Plan and Funds may be provided by U.S. Bank directly or through one or more of its affiliates, including any subsidiary or affiliate of U.S. Bancorp. In particular, U.S. Bank's affiliate, Quasar Distributors, LLC, a registered broker-dealer, or another affiliate, may provide brokerage and other services to the Plan, including effecting transactions in the Funds. U.S. Bank may also engage third parties to assist it in providing Plan services, including Fidelity Brokerage Services LLC and National Financial Services LLC (together, "Fidelity"), which provide certain brokerage and transaction processing services in connection with the Plan. U.S. Bank may change its arrangements for the provision of Plan services from time to time, including its engagement of any of its affiliates or Fidelity. U.S. Bank is solely responsible for compensating its affiliates and any third parties and



SHARES OF MUTUAL FUNDS AND COLLECTIVE TRUST FUNDS ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED BY, ANY BANK, INCLUDING U.S. BANCORP AFFILIATE BANKS, NOR DOES THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD, OR ANY OTHER AGENCY INSURE THEM. INVESTMENT IN MUTUAL FUNDS OR COLLECTIVE TRUST FUNDS INVOLVES INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF PRINCIPAL, DUE TO FLUCTUATIONS IN EACH FUND'S NET ASSET VALUE.

Benefit Plan* Fee Disclosure and Authorization

U.S. Bank may pay such compensation from amounts U.S. Bank receives from the Plan and directly or indirectly from Funds. The Plan's fees do not change based on U.S. Bank's decision to engage affiliates or third parties in connection with the Plan services.

Additional information concerning U.S. Bank's compensation is available on request to your account representative, including an estimate of the annual amounts U.S. Bank receives in connection with the Plan's investment in the Funds.

C. APPROVAL AND AUTHORIZATION

Disclosure and Approval of Investment in *First American Funds*.

In connection with the Plan's investment in *First American Funds*, the Independent Fiduciary acknowledges receipt of the following information in accordance with Department of Labor ("DOL") Prohibited Transaction Exemption 77-4. The total fees paid by the Plan and by the selected *First American Funds* to U.S. Bank are described above in Part A – Fund Selection and Fee Disclosure and Part B – Fees Paid by the Plan, including any differential between the fees of the different *First American Funds*. Additional information about fees paid by the *First American Funds* is provided in the prospectus for each Fund. Investment in the *First American Funds* offers diversified investments and provides features that are appropriate for the Plan, including that the Funds are valued daily, may be bought or sold on any business day, and prices of *First American Funds* are listed daily in most major newspapers and Internet financial sources. The Plan will invest in share classes that do not charge any sales commission, loads, or transfer fees for buying or selling Fund shares. The Plan may invest in share classes that charge redemption fees only to the extent such redemption fees are paid to the investment company and are disclosed in the prospectus at the time of purchase and at the time of sale. The Plan may only be eligible to invest in certain share classes of some *First American Funds*; such limitations are described in the Funds' prospectuses. By completing this form, the Independent Fiduciary authorizes U.S. Bank to invest the Plan's assets in the designated *First American Funds*, and this authorization shall apply to the purchase, retention, or sale of shares of any successor funds. The Independent Fiduciary authorizes the payment of expenses and the receipt by U.S. Bank of fees up to the total annual operating expense as disclosed in the prospectus.

In connection with the Plan's investment in the *First American Funds*, advisory fees paid by the Plan (as specified above) will be waived for assets invested in *First American Funds*.

Changes

This Fee Disclosure and Authorization may be amended from time to time in writing by the parties, or U.S. Bank may propose changes in writing, including any change in fees, or adding, deleting, or substituting any Funds on the Fund Schedule, by written notice to the Independent Fiduciary at least 30 days before any change. If the Independent Fiduciary does not object in writing before the change is to be effective in accordance with U.S. Bank's written notice, U.S. Bank shall implement the proposed change as a direction of the Independent Fiduciary.

However, the selection of *First American Funds* may not be changed without the express written consent of the Independent Fiduciary. Further, the rates of fees associated with *First American Funds* may not be changed without the express written consent of the Independent Fiduciary.



SHARES OF MUTUAL FUNDS AND COLLECTIVE TRUST FUNDS ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED BY, ANY BANK, INCLUDING U.S. BANCORP AFFILIATE BANKS, NOR DOES THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD, OR ANY OTHER AGENCY INSURE THEM. INVESTMENT IN MUTUAL FUNDS OR COLLECTIVE TRUST FUNDS INVOLVES INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF PRINCIPAL, DUE TO FLUCTUATIONS IN EACH FUND'S NET ASSET VALUE.

Benefit Plan* Fee Disclosure and Authorization

Acknowledgement

The Independent Fiduciary (or the Independent Fiduciary's authorized representative) hereby confirms and acknowledges that it:

- is independent of U.S. Bank and its affiliates and possesses authority to act as a fiduciary under the Plan;
- understands that, subject to the investment guidelines established for the Plan, the Plan may be invested in any of the *First American Funds* and any of the other Funds listed Part A – Fund Selection and Fee Disclosure;
- has received, read, and understands the prospectuses or summary description documents of the *First American Funds* and other Funds designated in Part A – Fund Selection and Fee Disclosure;
- understands and approves the total fees the Plan pays, including (a) the Fund Fees the Plan pays as an investor in the Funds up to the total annual operating expense as disclosed in the applicable prospectuses or summary description documents, (b) Plan Fees paid directly to U.S. Bank, (c) "float" retained by U.S. Bank as compensation for Plan services, and (d) compensation received by U.S. Bank directly or indirectly from the Funds; and
- agrees that a failure to object to an addition, deletion, or substitution of the Funds available for Plan investment or a change in the Plan Fees or Fund Fees may be treated as the Independent Fiduciary's direction, unless the Independent Fiduciary objects in writing before the effective date of such change.

The Independent Fiduciary approves the program of purchases and sales of shares of the *First American Funds* in accordance with the disclosures provided herein and the investment guidelines established by the Independent Fiduciary and U.S. Bank for the Plan.

Independent Fiduciary Authorization

Plan Name: **County of Riverside Part Time and Temporary Employee's Retirement Plan**

Authorized Signature: _____

Barbara A. Olivier

Name (Print or Type): _____

Barbara A. Olivier

Title: _____

Asst. County Executive Officer/
Human Resources Director

Date: _____



SHARES OF MUTUAL FUNDS AND COLLECTIVE TRUST FUNDS ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED BY, ANY BANK, INCLUDING U.S. BANCORP AFFILIATE BANKS, NOR DOES THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD, OR ANY OTHER AGENCY INSURE THEM. INVESTMENT IN MUTUAL FUNDS OR COLLECTIVE TRUST FUNDS INVOLVES INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF PRINCIPAL, DUE TO FLUCTUATIONS IN EACH FUND'S NET ASSET VALUE.

401(a) Part-Time and Temporary Employees' Retirement Plan

EXHIBIT 2

Investment Policy and Guidelines

(Effective September 1, 2010)

**The County of Riverside
Temporary and Part-Time Employees'
401(a) Defined Benefit Retirement Plan
Investment Policy and Guidelines**

SUMMARY

Organization: County of Riverside
Plan IRS Tax Identification: 95-6000930
Targeted Return – annualized: 6%

INTRODUCTION

The Temporary/Part-Time Employees' Retirement Plan ("Plan") is a defined benefit pension. The Plan was implemented by the County of Riverside effective April 1, 1999. The purpose of the Plan is to provide eligible employees with an additional source of income upon retirement.

Employees are required to participate in the Plan if they are designated as a temporary or part-time employee and are not eligible for participation in CalPERS. This Plan is offered in lieu of Social Security. The County's contribution to the plan is based on an annual actuarial valuation.

Retirement benefits of the Plan are based on an employee's eligible earnings (not on employee's contributions). The Plan is based on a fiscal year beginning July 1st and ending June 30th.

STATEMENT OF OBJECTIVES

This Investment Policy Statement (IPS) has been formalized through the consideration of the County of Riverside Deferred Compensation Advisory Committee (the "Committee") and Trustee and it describes the prudent investment process the Committee and Trustee deem appropriate. This process includes offering various asset classes and investment management styles that, in total, are expected to offer a sufficient level of overall diversification and total investment return over the long-term. The objective is to:

- ❖ Maintain an appropriate asset allocation based on a total return policy that is compatible with the County's policies, while still having the potential to produce positive real returns.

Performance Expectations

In general, the Committee and Trustee would like the Portfolio to earn a targeted gross investment return (before fees and expenses) of at least 6%.

Risk Tolerances

The Committee and Trustee recognize that in order to achieve the long-term investment objectives of the Portfolio, there are risks and complexities associated with contemporary investment markets.

Taxes

The Plan is an IRS Section 401(a) defined benefit plan and as such is not subject to taxes under U.S. tax laws.

Permitted Investments

Cash and Cash Equivalents:

- Bank Deposits (A1/P1)
- Domestic Certificates of Deposit (A1/P1)
- Domestic Commercial Paper (A1/P1)
- Demand Notes (A1/P1)
- Bankers' Acceptances (A1/P1)
- U.S. Treasury or Government Agency Securities
- Collateralized Repurchase Agreements (102% Collateralized)
- Eurodollar Time Deposits (A1/P1)
- Prime Money Market Mutual Funds (Aaa/AAA)

Fixed Income Investments

- Treasury Inflation Protection Security Bonds (TIPS)
- Domestic Certificates of Deposit
- U.S. Government Bonds
- U.S. Government Agency Bonds
- Corporate Bonds - investment grade (BBB or better)
- Mortgage backed bonds, Asset backed bonds
- Bond mutual funds (Open and Closed)
- International Government Bonds
- International Corporate Bonds - investment grade (BBB or better)
- Convertible Bonds/Securities
- Diversified High Yield Bonds

Equity Investments

- Common Stocks
- Preferred Stocks
- American Depository Receipts (ADRs)
- Domestic and International Equity Mutual funds (Open and Closed)
- Exchange Traded Index Funds (ETFs)
- Emerging Market Equity Funds or Exchange Traded Funds (ETFs)
- REIT Investments or REIT Mutual Funds
- Commodities Mutual funds or Exchange Traded Notes (ETNs)

Prohibited Investments

- Private Equity or Private Equity Fund of Funds
- Private Placements
- Hedge Fund of Funds – registered or non-registered
- Hedge Funds - registered or non-registered
- Direct Real Estate
- Venture Capital
- Sector or limited themed strategy in concentration to entire Portfolio of greater than 5%
- Non-registered investment cooperative or pooled fund
- Derivative investment or securities
- Partnerships unless investing in Master Limited Partnerships invested in a mutual fund and limited in scope and allocation of Portfolio based on asset class limitations of table above
- Letter stock and other unregistered securities
- Short sales or margin transactions
- Investments in the equity securities of any company with a record of less than three years continuous operation, including the operation of any predecessor
- Investments for the purpose of exercising control of management

DUTIES AND RESPONSIBILITIES

The Human Resources Director is the Plan Administrator (“Administrator”)

As a Plan Administrator and fiduciary, the Human Resources Director will have the discretionary authority and duty to construe the terms of the Plan document, determine eligibility for Plan benefits, and to perform all other acts reasonably necessary to administer the Plan.

County of Riverside Deferred Compensation Advisory Committee (“Committee”)

On behalf of the County, the Committee will be responsible for:

- ❖ Recommending the appointment of a Trustee and Investment Manager to the Board of Supervisors.
- ❖ Amending the Plan Investment Policy and Guidelines as needed.
- ❖ Monitoring and supervising the investment performance of the plan.

Trustee

The Trustee will be a discretionary trustee and will assume responsibility as Trustee and Investment Manager. On behalf of the County, the Committee and the Human Resources Director the Trustee will be responsible for carrying out the activities described in the Trust Agreement. Such activities will include but not be limited to:

- ❖ Custody of Assets
- ❖ Monitoring asset allocation and rebalancing the entire Portfolio
- ❖ Monitoring Portfolio returns
- ❖ Distribute benefit payments
- ❖ Report, withhold and pay all appropriate taxes as required by each tax agency schedule including:
 - Tax withholding and reporting for federal taxes;
 - Tax withholding and reporting for all required states;
 - Tax withholding and reporting for non-resident alien;
 - Process all 1099s and related tax payments for retirees in the plan. Produce 1099R, 1099MISC, 1099INT, 1099DIV, W2 and 1042 tax forms and mail them no later than January 31.
- ❖ Reporting quarterly to the County for performance reviews, investment updates, market conditions and to explore new opportunities.
- ❖ Value the holdings.
- ❖ Collect all plan contributions, income and dividends owed to the Portfolio.
- ❖ Settle all transactions (buy-sell orders) initiated by the Investment Manager (s).
- ❖ Provide monthly reports that detail transactions, cash flows, securities held and their current value, and change in value of each security and the overall Portfolio since the previous report.
- ❖ Assist in the development of investment guidelines.
- ❖ Meet with County representatives to review investment performance in Riverside at least four times a year.
- ❖ Provide quarterly account statements within ten business days following the end of the quarter.
- ❖ Provide Investment reports (return calculations) within five weeks of the end of the quarter.
- ❖ Provide current activity and historical information on the same day via their online Trust Now system.
- ❖ Through the U.S. Bank Benefit Payment system, provide the County:
- ❖ Control and account for all investment, recordkeeping and administrative expenses associated with the Portfolio.
- ❖ Avoid prohibited transactions and conflicts of interest.

Investment Manager

The Investment Manager will be responsible for guiding the Committee through a disciplined and rigorous investment process to enable the Committee to prudently manage fiduciary duties and responsibilities.

The responsibilities of the Investment Manager are to:

- ❖ Exercise full investment discretion with regard to buying, managing, and selling assets held in the portfolios.
- ❖ Communicate all significant changes pertaining to the fund it manages or the firm itself including but not limited to changes in ownership, organizational structure, financial condition, and professional staff.
- ❖ Effect all transactions for the Portfolio subject "to best price and execution." If a manager utilizes brokerage from the Portfolio assets to effect "soft dollar" transactions, detailed records will be kept and communicated to the Trust.
- ❖ Use the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like portfolios with like aims in accordance and compliance with all applicable laws, rules, and regulations.

ASSET CLASS GUIDELINES

Long-term investment performance, in large part, is primarily a function of asset class mix.

All investments made shall have good overall marketability, clear and acceptable pricing sources, and ability to liquidate in timely manner.

It is the policy of the County of Riverside to diversify the plan's assets among major asset classes.

The Trustee and Investment Manager will receive funds in kind from the County and deploy assets into the targeted allocation at the manager's discretion. Due to the current market environment and opportunities for risk-adjusted returns, the manager will fully invest the fixed income portion as soon as practical. The equity portion will be invested gradually as opportunities present themselves during market volatility, so as to minimize loss of principal. Asset allocation will be made depending on developing market conditions using the dollar cost averaging method.

Rebalancing of Strategic Allocation

Asset allocations will be reviewed periodically. When necessary and/or available, cash inflows/outflows will be deployed in a manner consistent with the strategic asset allocation of the Portfolio.

IMPLEMENTATION

The Trustee and Investment Manager will apply the following due diligence guidelines in selecting each money manager or mutual fund.

1. Regulatory oversight: Each investment option should be managed by: (a) a bank; (b) an insurance company; (c) a registered investment company (mutual fund); or, (d) a registered investment adviser.
2. Correlation to style or peer group: The investment option should be highly correlated to the asset class being implemented. This is one of the most critical parts of the analysis since most of the remaining due diligence involves comparisons of the investment option to the appropriate peer group.
3. Performance relative to a peer group: The investment option's performance should be evaluated against the peer group's median manager return, for 1-, 3- and 5-year cumulative periods. Performance should be above the peer group median for 1-, 3-, and 5-year periods.
4. Performance relative to assumed risk: The investment option's risk-adjusted performance (Alpha and/or Sharpe Ratio) should be evaluated against the peer group's median manager's risk-adjusted performance. Risk-adjusted performance should be above the peer group median.
5. Minimum track record: The investment option should have sufficient history so that performance statistics can be properly calculated. Inception date for the investment option should be 3-years or more.
6. Assets in the product: The investment option should have sufficient assets so that the portfolio manager can properly trade the account. The investment option should have at least \$75 million under management (can include assets in related share classes).
7. Holdings consistent with style: The underlying securities of the investment option should be consistent with the associated broad asset class. At least 80% of the underlying securities should be consistent with the broad asset class. For example, a Large-Cap Growth product should not hold more than 20% in cash, fixed income and/or international securities.
8. Expense ratios/fees: The investment option's fees should be fair and reasonable. Fees should not be in the bottom quartile (most expensive) of the peer group.
9. Stability of the organization: There should be no perceived organizational problems. The same management team should be in place for at least two years.

MONITORING

Performance Objectives

Periodically the Trustee will review whether each investment option continues to conform to the search criteria outlined in the Implementation section; specifically:

- ❖ The investment option's adherence to investment guidelines;
- ❖ Material changes in the investment option's organization, investment philosophy and/or personnel;
- ❖ Any legal, SEC and/or other regulatory agency proceedings affecting the investment option's organization

Performance Reporting; Measurement Periods

For comparative purposes, the Investment Manager shall measure and report to the Human Resources Director and Committee, the Portfolios' year to date performance as of March 31, June 30, September 30 and December 31, the preceding three months performance and the compound return since the inception date of each account. With respect to each measurement period, the Investment Manager shall calculate and report the Portfolio Benchmark return net of fees for the Portfolios. The Investment Manager shall also provide the Benchmark Indices' returns over the aforementioned periods.

Benchmarks

Performance objectives must be established for each investment option by the Trustee and Investment Manager. Performance will be evaluated in terms of an appropriate market index (e.g. the S&P 500 stock index for large-cap domestic equity manager) and the relevant peer group (e.g. the large-cap growth mutual fund universe for a large-cap growth mutual fund).

Watch list Procedures

The Investment Manager will evaluate and recommend investment options to be placed on a Watch list. Thorough review and analysis of the investment option will be conducted and the Committee and Trustee will determine to retain or terminate an investment option.

Measuring Costs – Investment Related

The Committee and Trustee will review periodically all costs associated with the management of the Portfolio, including:

- Expense ratios of each investment option against the appropriate peer group.
- Administrative Fees; costs to administer the Plan, including: (a) record keeping; (b) custody; (c) trust services.
- The proper identification and accounting of all parties receiving soft dollars and/or 12b-1 fees generated by the Portfolio.

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