

Ordinance No. 118619

Council Bill No. 111757

ORDINANCE related to the City's
Compensation Plan,
keeping contract for administrative
services, and amending Ordinance
ended by Ordinance 118327.

OK

INDEXED

~~Law Department~~
The City of Seattle - Legislative
Council Bill/Ordinance sponsored

Committee

DO PASS 1-0

CF No. _____

Date Introduced: <u>6-2-97</u>	
Date 1st Referred: <u>6-2-97</u>	To: (committee) <u>Forced, Op 5 Pen</u>
Date Re - Referred:	To: (committee)
Date Re - Referred:	To: (committee)
Date of First Passage: <u>JUN 9 1997</u>	Full Council Vote: <u>7-0</u>
Date Presented to Mayor: <u>JUN 10 1997</u>	Date Approved:
Date Returned to City Clerk:	Date Published: T.O. _____ F.T. _____
Date Vetoed by Mayor:	Date Veto Published:
Date Passed Over Veto:	Veto Sustained:

This file is complete and ready for presentation to F

Law Dept. Review

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~~Law Department~~ The City of Seattle - Legislative Department

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Council Bill/Ordinance sponsored by: Chong

Councilmember

Committee Action:

Do Pass 1-0

This use is complete and ready for presentation to Full Council. Committee:

(initial/date)

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ORDINANCE 118619

AN ORDINANCE related to the City's Voluntary Deferred Compensation Plan, adopting a recordkeeping contract for administrative and investment services, and amending Ordinance 115911 as amended by Ordinance 118327.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 1 of Ordinance 115911, as most recently amended by Ordinance 118327, Section 1, is further amended as follows:

Agreements Authorized. ~~((Consistent with other applicable City laws and practices, the Personnel Director is authorized to negotiate, execute and deliver, and the Finance Director to attest, for and on behalf of the City of Seattle, an))~~ The executed agreement between the City of Seattle and ((with)) Fidelity Investments Public Sector Services Company attached hereto as Exhibit "A" is hereby accepted. ~~((to act as the Plan Administrator for the City's Deferred Compensation Plan.))~~ ~~((The agreement shall provide substantially for the following terms and conditions:~~

- a) ~~The Plan Administrator's affiliate shall act as trustee and manage a trust account for the deferred compensation funds transferred by the City of Seattle on behalf of its deferred compensation plan participants. A separate trust account shall be established for the funds transferred to the Plan Administrator, and no funds from other non-City sources should be co-mingled with City funds. Expenses of the Plan and the City's administrative expenses shall be offset by fees drawn upon the trust account~~

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as provided in the Plan Administrator's agreement with the City. Excess interest will be used for the benefit of Plan participants.

b) ~~The Plan Administrator shall provide recordkeeping services for the City and for plan participants. In maintaining the trust account and recordkeeping for plan participants, the Plan Administrator shall comply with all applicable federal laws, requirements, and guidelines applicable to deferred compensation plans maintained by public employers, including Section 457 requirements.~~

e) ~~The Plan Administrator shall establish an individual subaccount for each Plan participant.~~

d) ~~Individual quarterly subaccount reports for each plan participant shall be mailed to each participant no later than 30 days following the end of each quarterly period. The individual statement of account shall indicate at a minimum the deferred amounts received and processed by the Plan Administrator for each participant, the total account value including earnings by investment product. The format and content of individual account reports shall be approved by the City.~~

e) ~~The City shall within 60 days after the end of each quarterly period provide the City's Personnel Director and Director of Finance with a statement of account which shall summarize all participant activity occurring during the reporting period. In addition, the Plan Administrator shall submit quarterly account activity reports, participation reports and~~

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1 other reports or information to enable the City to meet applicable state and
2 federal tax codes or to efficiently administer its Deferred Compensation
3 Plan.

4 f) ~~Investment products identified in the Plan Administrator's proposal and~~
5 ~~accepted by the City shall be made available to Plan participants by the~~
6 ~~Plan Administrator, or if Plan participants have invested in other~~
7 ~~investment options not provided by the Plan Administrator, account~~
8 ~~information regarding such other investment options shall be included in~~
9 ~~participants' account statements.~~

10 g) ~~The City and Plan Administrator may negotiate a method for including~~
11 ~~information in participant accounts for investment products or options not~~
12 ~~offered by the Plan Administrator.~~

13 h) ~~The agreement shall provide for the effective date of allocation of each~~
14 ~~participant's deferrals, and a method for correcting errors in deduction and~~
15 ~~recordkeeping.~~

16 i) ~~The agreement shall provide a method for the timely and efficient~~
17 ~~transition of deferred funds from the City's previous Plan Administrator.~~

18 j) ~~The compensation for the services rendered by the Plan Administrator~~
19 ~~whether to the participants or the City shall not exceed the fee proposed by~~
20 ~~the Plan Administrator in its response to the City's request for proposals.~~
21 ~~The agreement shall provide for administrative fees charged by the City for~~
22 ~~its operation of the Deferred Compensation Plan, and shall provide for a~~

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methr ~~fee to the participant.~~ No other fees, charges or
other expenses of the City or plan participants shall be allowed under the
Plan Administrator's agreement.

k) ~~All materials records and accounting records shall be confidential and
private and non disclosure provision shall be incorporated into the
agreement.~~

l) ~~The ownership of all materials records, documents and accounting records
relative to the deferred or invested amounts of the deferred compensation
plan shall be the property of the City, and the agreement shall provide for
free access to any such materials by authorized City employees.~~

m) ~~The Plan Administrator shall provide enrollment services, information,
literature, and shall participate in employee meetings. The Plan
Administrator shall provide the services of a full time representative in an
office location within or adjacent to a City owned building or in the
downtown area which shall be open from 9 a.m. to 5 p.m. during
weekdays.~~

n) ~~Telephonic enrollment services and telephone fund transfer capability shall
be made available to all participants. Telephonic availability hours shall be
24 hours 7 days a week.~~

o) ~~All representatives of Plan Administrator shall be properly licensed and
qualified as required by state, local and federal governments to sell mutual
funds and other investment products offered by the Plan Administrator. In~~

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1 ~~addition the Plan Administrator shall meet all state, local and federal laws~~
2 ~~governing its activities under the agreement.~~

3 ~~p) The agreement shall be for a period of one year, unless extended or~~
4 ~~terminated for cause.~~

5 ~~q) The Plan Administrator shall provide appropriate indemnification,~~
6 ~~bonding, and insurance coverage to protect the City, the plan participants,~~
7 ~~and the Plan Administrator's risks under this agreement.~~

8 ~~r) The agreement may include any other terms and conditions as may be~~
9 ~~necessary for the City to meet its obligations under the applicable local,~~
10 ~~state, and federal laws or to enable Plan participants to effectively manage~~
11 ~~their deferrals under the plan.))~~

12 ~~((Upon the execution of an agreement between Fidelity Investments Public Sector~~
13 ~~Services Company and the City of Seattle in accordance with the terms and conditions~~
14 ~~set out in Section 1,)) Fidelity Investments Public Sector Services Company shall be~~
15 ~~the Plan Administrator as defined in the agreement and sole provider of~~
16 ~~recordkeeping administrative services and investment selections for participants in the~~
17 ~~City's Voluntary Deferred Compensation Plan, established by Ordinance 112516.~~

18 ~~((The Personnel Director)) The Director of the Department of Executive~~
19 ~~Services~~ is further authorized to negotiate or accept changes in the above contract as
20 necessary from time to time to reflect changes in the United States Internal Revenue
21 code requirements for eligible deferred compensation plans (26 USC § 457) and
22 implementing regulations.
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bn: bn
May 15, 1997
VI

Section 2. Execution of the agreement contemplated in Section 1, and other actions to implement this ordinance made prior to its effective date are hereby ratified and confirmed.

PASSED by the City Council of the City of Seattle this 9th day of June, 1997, and signed by me in open session in authentication of its passage this 9th day of June, 1997

Jan Deago
President of the City Council

Approved by me this 12th day of June, 1997.

Morgan B. Bix
Mayor

Filed by me this 12th day of June, 1997.

Judith E. Pappin
City Clerk

(Seal)

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RECORDKEEPING AND ADMINISTRATIVE SERVICES AGREEMENT

This recordkeeping, investment, and administrative services agreement dated as of the 1st day of January, 1997, between, **THE CITY OF SEATTLE** having an office at The City of Seattle, Personnel Department, Dexter Horton Building, 710 Second Avenue, 13th Floor, Seattle, WA 98104-1793 ("City") and **FIDELITY INVESTMENTS PUBLIC SECTOR SERVICES COMPANY**, a division of FIIS, a Massachusetts corporation, having an office at 82 Devonshire Street, Boston, Massachusetts 02109 ("Fidelity").

WITNESSETH:

WHEREAS, The City of Seattle has established a Voluntary Deferred Compensation Plan (the "Plan") pursuant to Section 457 of the Internal Revenue Code for the benefit of its employees;

WHEREAS, The City is the sponsor of The City of Seattle's Deferred Compensation Plan;

WHEREAS, The City wishes to have Fidelity perform certain recordkeeping, investment and administrative functions for the Plan; and

WHEREAS, Fidelity is willing to perform such services within the explicit provisions of a framework of Plan provisions, agreements, guidelines and interpretations conveyed in writing to Fidelity by The City or the trustee of the Plan.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreement set forth below, The City and Fidelity agree as follows:

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A. APPOINTMENT OF PLAN ADMINISTRATOR

The City of Seattle appoints Fidelity as its exclusive Plan Administrator, defined in this Agreement to be the directed recordkeeper taking direction from the City, to provide certain recordkeeping, payroll, investment and administrative services for The City of Seattle's Voluntary Deferred Compensation Plan. Fidelity shall supply services pursuant to the terms and conditions set forth in this Agreement and in conformance with the explicit provision of the Plan or a framework of Plan provisions, any trust agreements, guidelines, interpretations conveyed in writing to Fidelity by The City. Such services shall include the day to day recordkeeping and payroll tasks, the investment of deferred salary and wages to participant's investment options, and other administrative functions set forth in this Agreement and Schedules A through I attached hereto and made a part of this Agreement. The City shall assist Fidelity in the transition of the administrative duties and responsibilities from the prior administrator of the Plan to Fidelity, and Fidelity shall undertake the duties and responsibilities set forth by this Agreement upon the effective date of this Agreement. The procedures for recordkeeping and administrative functions to be performed by Fidelity shall be agreed to and described in a handbook attached as the "Administrative Manual", Schedule [I] to this Agreement.

B. DURATION OF AGREEMENT

The effective date of this Agreement is January 1, 1997. This agreement shall be in effect for 5 years from its effective date unless extended by mutual agreement or terminated by either party. The parties may from time to time amend this agreement to add

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more investment options or to provide for additional administrative services not set out in this Agreement or the attached Schedules.

C. SEPARATE FUNDS AND CREATION OF A TRUST

The City shall subsequent to the execution of this agreement create a trust in compliance with Section 457(g), and The City shall appoint a trustee for the Plan ("Plan Trustee"). Upon the establishment of a trust ("Plan Trust") by The City, all Plan assets and income derived from those assets shall be held in trust for the Plan participants, and Fidelity shall continue to perform the services set forth in this Agreement and will continue to function as directed recordkeeper subsequent to the creation of the trust. If the amended Plan provides for a Plan Trustee, Fidelity shall perform its services under the direction of the Plan Trustee appointed by The City, and any references to the "City" in this Agreement shall apply to the Plan Trustee. Fidelity shall make the necessary recordkeeping adjustments and changes to enable The City to hold the Plan assets in trust for the exclusive benefit of the Plan participants and their beneficiaries, and such changes may be incorporated into this Agreement by mutual agreement of the Parties.

At all times during the term of this Agreement, Fidelity shall act as custodian of the Fidelity Mutual Funds and Managed Income Portfolio, and shall act only under the authority of The City or the Plan Trustee in performing the services provided under this Agreement. Fidelity will establish a separate account to hold and to manage the assets of the Plan for the benefit of the Participants. Subaccounts for individual Participants

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including participant data (e.g., social security number, address, etc.) shall be kept within the separate account kept by Fidelity.

D. DUTIES AND RESPONSIBILITIES OF FIDELITY:

1. Recordkeeping Services to be Performed by Fidelity:

- a) Fidelity shall have the responsibility to perform only those recordkeeping and administrative functions set forth in this Agreement. As directed by each Plan participant, Fidelity shall invest participants' deferred salary or wages in the investment options selected by Plan participants that are chosen from Schedule "A" attached hereto, and made a part thereof, as amended by the agreement of the parties from time to time. The services to be provided under this agreement shall be provided by Fidelity, its agents and affiliates or sub-entities including Fidelity Investments Institutional Operations Company ("FIIOC") or its successor. Fidelity shall not subcontract its recordkeeping and administrative services to non-Fidelity companies without the consent of The City.
- b) In addition to the services described in Schedule "A," Fidelity shall provide recordkeeping services for the Nationwide Fixed Fund, a non-Fidelity investment option, by converting information submitted by the Nationwide Fixed Fund to a unit value, and reporting the unit value on participants' statements. The conversion formula or procedure shall be approved by The City. Fidelity shall also provide recordkeeping services for the Seattle Federal Credit Union investment options listed in Schedule A, and pursuant to the operating procedures set forth in Schedules H, H-1, and H-2.

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- c) Fidelity shall report share balances for each participant's account for each Plan investment option. Each participant's statement will indicate the current market or cash value of the participant's balances expressed as shares.
- d) Fidelity shall provide account information to the Plan participants by providing:
- A quarterly statement to each participant,
 - A semi annual and annual report to each participant
 - Access to current investment information via the company's Voice Response System or through a Fidelity services representative, and through other electronic media.
- e) Participant quarterly statements shall be prepared and mailed to each participant within 20 days of the period end date (hereafter, "period end dates" shall refer to the dates of March 31, June 30, September 30 and December 31 or such end dates as agreed to by The City). The format and content of the individual participant statement of account shall be approved by The City and shall include at a minimum the deferred amounts received and processed by Fidelity for each participant, the total account value for each investment option, and the earnings for each investment option for the period.
- f) The City shall be provided standard quarterly administrative statements of account which shall summarize the participants' accounts activity occurring during the reporting period, and ad hoc administrative reports as needed on Plan investments and participation within twenty (20) days of the period end. The format and content of the administrative reports shall be approved by The City.

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- g) Fidelity shall provide recordkeeping backup and safety procedures to prevent loss of data on participants accounts and interruptions of electronic transactions, including power backup, telephone system backup, and data tape backups with off site storage.
- h) Fidelity shall provide investment performance series comparing plan investment options to industry benchmarks or indexes for comparable types of mutual funds or investment options, and prepare customized reports for other non-Fidelity investment options maintained by participants.

2. Investment Options:

As directed by each participant, participants' deferred salary or wages to the Plan shall be invested in the investment options listed on Schedule "A" attached hereto, which are registered in the name of The City as either the owner or, upon the formation of a trust for the Plan, in the name of the trust, the trustee, or the trustee's designee. The City reserves the right to determine which investment options are made available under the Plan, and Fidelity shall have no responsibility for the selection of investment options for the Plan, and Fidelity shall not render investment advice to any participant in connection with the selection of such options.

As used in this Agreement, "investment options" refer to Fidelity investments including Fidelity mutual funds, Managed Income Portfolio, FundsNet Funds, and non-Fidelity investments selected by The City. The City may determine to offer as investment options (i) securities issued by the investment companies advised by Fidelity Management and Research Company ("mutual funds"), (ii) collective investment funds maintained by Fidelity Management Trust Company for qualified plans, or (iii) investment options

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offered by investment providers other than Fidelity which can operationally be supported by Fidelity's recordkeeping system. The investment options initially selected by The City are identified on Schedule "A" attached hereto.

To the extent that the City selects as an investment option the Managed Income Portfolio of the Fidelity Group Trust for Employee Benefit Plans (the "Group Trust"), the Agency hereby (i) agrees to the terms of the Group Trust and adopts said terms as a part of this Agreement and (ii) acknowledges that it has received from Fidelity a copy of the Group Trust, the Declaration of Separate Fund for the Managed Income Portfolio of the Group Trust and the Circular for the Managed Income Portfolio. Upon determination that contribution directions are in good order, Fidelity shall request the City to send the moneys to Fidelity. If said moneys are received prior to 4:00 p.m. ET, investment of contributions shall be made on the same business day. If received after 4:00 p.m. ET, the investment shall be made the following business day. Exchange requests to or from the Managed Income Portfolio will be processed in accordance with Telephone Exchange Guidelines attached hereto as Schedule "D".

The City may add additional investments options with the consent of Fidelity, which shall not be unreasonably withheld, and upon the mutual amendment of this Agreement and the Schedules attached thereto. Fidelity shall provide recordkeeping services for any new investment options, including non-Fidelity investment options which can be supported by Fidelity's recordkeeping system. When investment options are removed, terminated or replaced with other options, Fidelity shall facilitate the transfer of the affected participant's funds to new investment options or shall maintain records for

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participants in the closed options as directed by The City. Fidelity shall provide record-keeping services for non-Fidelity investment options for the fees as set forth in this Agreement for non-Fidelity investments. The City and Fidelity shall jointly arrange for the non-Fidelity investment provider to provide a daily net asset value (NAV) or unit price to Fidelity by 7:00 p.m. Eastern Standard Time (ET) or The City may arrange for other information to be transferred to Fidelity to allow Fidelity to report the performance of the investment option to participants. All participants' ownership rights to investment options shall be determined by reference to The City's Plan document and/or The City's ordinances governing its Deferred Compensation Plan.

3. Execution of Purchase and Sale of Mutual Funds:

Fidelity shall execute the purchase and sale of mutual fund shares and assets in Plan investment options and of assets in Plan investment options that are not mutual funds. Contemporaneously with the execution of this Agreement, Fidelity shall provide to The City and any participant requesting the same a copy of the prospectus for each mutual fund selected by The City for the Plan and The City acknowledges receipt of the same. Fidelity shall execute the purchase and sale of mutual fund shares or non-mutual fund assets if such purchase(s) and sale(s) are based on a proper Direction from the Plan participant as established by this Agreement. If moneys are received prior to 4:00 p.m. Eastern Time ("ET"), investment of contributions shall be made on the same business day. Moneys received after 4 p.m. ET will be processed on the next business day. Exchanges will be

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processed in accordance with Telephone Exchange Guidelines attached hereto as Schedule "D" and made a part hereof, as amended from time to time.

Fidelity shall place no restrictions on the number of daily transfers or amounts transferred among investment options except as may apply to the Managed Income Portfolio when directed by The City or Plan Trustee. Fidelity will impose a restriction on a participant's ability to directly transfer any portion of their account balance invested in the Managed Income Portfolio to the SFCU Accumulator Account, PIMCO Total Return Fund, Fidelity Freedom Income Fund, and Fidelity Government Securities Fund (Here in after "Competing Fund Options"). A participant must direct the proceeds of a transfer from the Managed Income Portfolio to a Non Competing Fund Option for a period of ninety (90) days before a transfer to a Competing Fund Option will be permitted. No restrictions shall be placed on transfers to or from other Section 457 plans. No limits shall be placed on the number of investment options a Participant can select, and no minimum contribution amount shall be required for any investment option.

4. Allocations and Transfers and Crediting of Deferrals:

- a) On behalf of the Plan participants The City shall transfer to Fidelity deferred participant salaries and wages, and Fidelity shall allocate such deferrals into each participant's account and invest the deferrals in the investment options selected by the participant pursuant to the following procedures.
- b) Fidelity shall allocate each participant's deferrals to the participant's account effective not later than the same business day as:

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1. such deferred amounts are received from The City by Fidelity by wire. If funds are received through the Federal wire system, the funds shall be invested immediately by Fidelity on the day received. Fidelity shall notify designated City employees by 1:00 p.m. ET if such wire is not received as scheduled.
 2. the necessary magnetic tape deferral data are received by Fidelity no later than noon ET two (2) business days prior to receipt of such deferred amounts, or necessary hard copy deferral data for thirty (30) participants or less, are received by Fidelity no later than noon E.T. three (3) business days prior to receipt of such deferred amounts; and Fidelity shall notify designated City employees by noon E.T. on the last date that the magnetic table date is scheduled to be received.
 3. such deferral data and deferred amounts are in "good order" as defined in this Section. Any participant deferrals not allocated by Fidelity because Fidelity has not received such deferral data as specified above prior to receipt of deferred amounts, and in good order, as defined below, shall instead be allocated no later than two (2) business days after Fidelity's receipt of such deferral data in good order. Reconciliation of such deferral data and the total deferrals remitted by The City constitutes "good order." "Business day" shall refer to any day that the New York Stock Exchange is open for trading
- c) Upon the receipt of both the deferral data and deferral amounts in good order, Fidelity shall forward investment instructions to the proper mutual fund or investment provider in

order that all deferred amounts may be invested timely and properly in each participant's account, and Fidelity shall bear the responsibility for any failure to so perform.

5. Directions by Participants:

Each Plan participant shall direct Fidelity to invest his/her deferred salary or wages into the investment option(s) selected by the Plan and incorporated into Schedule "A". Such directions may be made by Plan participants in writing or by the use of the Telephone Exchange System, maintained by Fidelity for such purposes, in accordance with Telephone Exchange Guidelines attached hereto as Schedule "D." The City hereby directs Fidelity to act upon such telephonic instructions in compliance with Fidelity's telephonic verifications procedures. All instructions given by a participant in conformance with the procedures provided in Schedule D shall be treated for all purposes as if the instructions were a Direction from the participant. All telephone conversations will be recorded for the protection of the Plan participant, The City and Fidelity. A confirmation of the exchange of existing balances and/or change in allocation of future contributions will be mailed to the participants within three (3) business days of the call.

6. Telephone Services:

- a) Fidelity shall provide a telephone voice response system which shall be available 24 hours/7 days a week for participants and Participant Services Representatives which shall be available Monday - Friday from 5:30 a.m. - 9 p.m. PT.
- b) The telephone voice response system shall enable participants to:
 - Inquire about account balances

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- ◆ Obtain prices and yields for investment options
- Establish or change personal identification numbers
- Effect exchanges between investment options.
- Change future investment elections
- Review current investment elections
- Check pending exchanges
- Make payroll deferral changes.
- Obtain recorded fund performance.
- Obtain account history
- Obtain literature on investment options.
- Enroll in The City's Deferred Compensation Plan

- c) Confirmations on executed transactions shall be sent by mail within three days of the transaction.
- d) Telephone security procedures shall be established and followed by Fidelity to prevent unauthorized access to participants' accounts.
- e) Fidelity shall provide toll-free telephone services, and Telecommunications Device for the Deaf (TDD) access to its telephone services.

7. Staff Services, Educational Information, and Updates:

- a) Fidelity shall provide the services of at least one staff member dedicated to serving City employees, whose services shall be provided from an office located in the

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downtown Seattle area. Access to Fidelity's Investor Centers shall also be provided in addition to the dedicated staff member(s).

- b) Fidelity shall provide enrollment services, educational information and materials, investment and retirement seminars for City participants at local offices, and Fidelity shall arrange for its representatives to participate in employee meetings. The City shall be given five (5) business days to review all materials which Fidelity intends to provide to City participants.
- c) Fidelity shall provide information regarding legislative and regulatory updates that may affect The City's Plan, or its tax deferred status.
- d) At the request of The City, Fidelity may periodically review with The City and its investment committee or consultant those investment alternatives which may be made available under the Plan.
- e) Fidelity shall at least annually report the performance of the selected Fidelity investment options provided under this Agreement with respect to industry benchmarks or indexes for comparable investments.

8. Compliance with Applicable Law, and Plan Provisions:

The City's Plan is intended to satisfy the requirements of Section 457 of the Internal Revenue Code, and its subsequent amendments. Fidelity may assume, until advised to the contrary by the Internal Revenue Service, that the Plan continues to satisfy such requirements. If advised that this Agreement is not in compliance with Section 457, the parties shall amend this Agreement to bring it into compliance. If the Agreement must

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be terminated, no penalties, charges, deferred sales charges, or early withdrawal fees will be imposed on The City or the participants. Fidelity shall comply with all state and federal laws and regulations applicable to the administration and the sale of investment products to Plan participants. In performing services under this Agreement, Fidelity shall comply with the provisions of The City's Deferred Compensation Plan and any subsequent amendments to the Plan adopted by The City; provided, Fidelity reserves the right to re-negotiate this Agreement due to new costs incurred by subsequent amendments to the Plan. All Fidelity representatives shall be properly licensed and qualified by state and federal governments and their regulatory agencies to sell mutual funds offered by Fidelity through the Plan.

9. Federal Income Tax Withholding and Reporting:

Fidelity shall be responsible for withholding federal income tax from distributions in accordance with Circular E, Employer Tax Guide, Publication #15. The participant shall provide Fidelity with the following information concerning distribution:

- The name, address, and social security number of the participant (and the participant's spouse or other beneficiary if applicable).
- A statement of the reason for the payment or distribution and directions as to the type of distribution (i.e., emergency withdrawal, retirement) requested.
- The participant's W-4 form (Withholding Certificate) or reasonable facsimile.

When Fidelity does withhold federal income tax from participant distributions, it shall in a timely and proper manner, deposit and report such amounts under Fidelity's own tax identification number and issue a W-2 Certificate to the participant in accordance with

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IRS Guidelines. Fidelity shall provide The City with a confirmation or a copy of the report or withholding form identifying the participant and the amount withheld.

E. DUTIES OF THE CITY

1. Directions from City:

The City shall provide to Fidelity such provisions, guidelines, and interpretations (collectively, "Directions") as may reasonably be required to enable Fidelity to perform the services required in accordance with this Agreement and Schedule "A" (which Schedule shall itself be deemed to be a Direction). Whenever The City provides a Direction to Fidelity, Fidelity shall be fully protected in relying on the Direction, if the Direction is contained in a writing or is oral and immediately confirmed in writing, signed by any individual whose name and signature have been submitted in writing by The City to Fidelity, in the form of the letter attached hereto as Exhibit "C", provided Fidelity reasonably believes the signature to be genuine. Fidelity may in its discretion, refuse to honor a Direction if it is not made in writing. In addition to City Directions, each participant in the Plan may provide a Direction as to the purchase or sale of a mutual fund provided by the Plan, or an exchange or reallocation of the participant's deferred salary or wages into different investment options provided by the Plan.

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2. Documentation:

The City shall furnish Fidelity with a copy of the Plan and all amendments thereto in effect on or after the date of this Agreement, and copies of all Directions which may be required for Fidelity to perform the services required in accordance with this Agreement. The City will provide Fidelity with copies of all amendments to the Plan and all such Directions which The City deems necessary for Fidelity to perform its recordkeeping and administrative services under this Agreement or which Fidelity may reasonably request from time to time.

F. AMENDMENTS TO PLAN:

The City's Plan is intended to satisfy the requirement of Section 457 of the Internal Revenue Code. The parties acknowledge that changes in The City's Plan shall be made after the execution of this Agreement to satisfy the trust requirements of Section 457. The City shall furnish Fidelity with a copy of the Plan and all amendments thereto in effect on or after the date of this Agreement. The City will provide Fidelity with copies of all amendments to the Plan and all such Directions which The City deems necessary for Fidelity to perform its recordkeeping and administrative services under this Agreement or which Fidelity may reasonably request from time to time.

The City shall notify Fidelity as soon as possible of any amendments, modifications, or revisions to the Plan, including the name of the Plan Trustee or its designee. Fidelity shall comply with any revisions to the Plan that are required as a result of amendments to the Internal Revenue Code, private letter rulings, or guidelines adopted

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by the Internal Revenue Service; provided Fidelity reserves the right to re-negotiate this Agreement due to new costs incurred by private letter rulings.

G. NATURE OF RECORDS

All individual account records shall be considered confidential and private, and Fidelity shall not disclose individual account records without the consent of The City's authorized representative or pursuant to court order. The owner of the records generated by Fidelity in providing services to The City's Deferred Compensation Plan shall be The City or the Plan Trust. Fidelity agrees to keep complete and accurate records and accounts and shall follow the accounting methods and practices customarily employed in business of like character. All dealings and transactions relating to the performance of services hereunder shall be duly entered in the usual and ordinary course of business.

Prior to the termination of this Agreement, all records generated by Fidelity in the course of performing its services in accordance with this Agreement shall be open to inspection and audit by The City, or any person designated by The City, during Fidelity's regular business hours at Fidelity's office where such records are maintained. Upon the termination of this Agreement, Fidelity shall provide The City, or any person designated by The City, such records and information as may be requested by The City.

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H. SPECIAL PROCEDURES.

1. Catch Up.

Fidelity shall be responsible for calculating catch-up amounts for each participant. Fidelity shall provide forms to participants to authorize catch-up deferrals, and shall submit such payroll documents to The City for approval of catch up amounts. The City shall provide payroll information for each participant to enable Fidelity to calculate the participant's catch up amount under Section 457. The City shall indemnify Fidelity for losses resulting from defects in the integrity and completeness of the required data supplied by The City and used by Fidelity in calculating the catch-up amounts.

2. Withdrawals and Transfers.

The City shall approve all withdrawals under the Plan, including all annuity purchase requests from Participants, systematic withdrawals, transfers to other 457 plans, and unforeseeable emergency withdrawal requests pursuant to Section 457, and such withdrawal requests shall be promptly forwarded to Fidelity. Fidelity shall provide application forms to participants through its offices, obtain necessary documentation from participants, and submit the completed forms to The City for its decision. Upon approval by The City, Fidelity shall mail checks for authorized withdrawals within 3 to 5 business days.

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3. Maturing Certificates of Deposit.

As directed by The City, Fidelity shall receive the proceeds from matured Great-West Life Certificates of Deposit on behalf of participants, and Fidelity shall deposit the funds into an account designated by The City on behalf of the participant. All interest or "float" earned while the proceeds are held before deposit shall be credited to the participant's account.

4. Interest Earned or "Float."

If The City fails to provide investment directions in a timely manner, or for any other reason, Fidelity holds deferred amounts or Plan assets in a bank account pending allocation of the funds to the proper account or investment option, the interest earned on the funds while held by Fidelity (commonly called "float") shall be applied to the affected participant accounts. Fidelity shall notify The City of the amount of the interest and The City shall direct Fidelity as to the amount of interest to be distributed to each participant's account.

5. Errors and Refunds.

If either party discovers or suspects an error in recordkeeping, the transfer, crediting, or deduction from any account under the Plan, the other party shall be promptly notified of the error or potential error and immediate steps shall be taken to investigate and correct the error. Upon notification by The City, Fidelity shall issue a refund check to The City on behalf of the participants who are entitled to refunds of deferrals because of

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erroneous deduction, over-deferral, administrative error, or other causes. The amount of the refund shall be limited to the market value of the participant's deferrals on the day of The City's request for refund. In cases where the error is due to Fidelity's recordkeeping, the amount of the refund or adjustment shall reflect the correct market value that would be attributed to the account when the error occurred.

6. Payout of Great West Life Certificates of Deposit.

Upon separation and a participant's request for payout of the participant's funds invested in, or upon maturation of the Great-West Life Certificates of Deposit, The City shall direct Great West Life to transfer the participant's assets to Fidelity to be invested across participants' current investment elections.

I. FIDELITY'S COMPENSATION.

1. As consideration for its services under this Agreement, Fidelity shall be entitled to compensation which shall be as set out in this section. No other compensation, transaction fees such as load fees, initial or deferred sales charges, termination charges, penalties, or early withdrawal fees shall be imposed or deducted from participants' accounts for any investment options provided by Fidelity or its affiliates or for Fidelity's services under this Agreement unless this Agreement is amended to allow any additional compensation or fees. No withdrawal penalties, fees or deferred sales charges shall be imposed when The City or a participant transfers funds from any Fidelity investment option to another option, except where the fund prospectus provides for an early withdrawal redemption fee.

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2. As of the date of the execution of this Agreement, Fidelity represents and warrants that no initial transaction ("load") fees or 12(b)-1 fees are required by any of the Fidelity investment options listed in Schedule A. If subsequent to the execution of this Agreement, any load fees or 12(b)-1 fees are imposed by any Fidelity investment options listed in Schedule A, Fidelity shall promptly notify The City and The City may elect to remove the investment option from the investment selections for the Plan without imposition of 12(b)-1 fees or any other deferred charge or penalty.
3. The following fees shall be charged by Fidelity for all recordkeeping and other services covered by this Agreement:
 - a) The annual Participant fee shall be \$23 for every new or existing participant.
This fee shall be collected from participants in a manner approved by The City.
 - b) Fidelity shall not charge load fees or 12(b)-1 fees for any of the Fidelity investment options listed in Schedule "A".
 - c) The annual \$23 fee shall include recordkeeping for all assets in the Nationwide Fixed Fund, the Seattle Federal Credit Union options, and all investment options offered through Fidelity as listed in the attached Schedule "A."
 - d) Participants shall be charged on an annual basis an amount that shall not exceed 25 basis points of the total amount invested in mutual funds not affiliated with Fidelity, unless such fee is waived or paid by a mutual fund distributor who is not affiliated with Fidelity. This fee will be prorated and deducted from participant accounts on a quarterly basis.

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e) In addition Fidelity shall provide the following services for the fees listed below:

- 1) Hardship withdrawals and distributions: No charge.
- 2) Return of excess contributions or deferrals: No charge.
- 3) Implementation and conversion of participant's accounts: No charge.
- 4) Voice Response Services: No charge.
- 5) Postage and mailing: No charge.
- 6) Materials including investment kits for all current participants and kits for eligible non participating employees and, and 50 copies of financial planning computer disks: No charge.
- 7) The continued support of dedicated staff representatives including their attendance at employee meetings: No charge.
- 8) Informational and educational investment services and materials: No charge..
- 9) Installation of one remote access software package at no charge, and for each additional software package a charge of \$1,500 installation fee and a \$1,000 annual maintenance fee per terminal except for the initial terminal utilizing the software.

All fees as outlined in Section I, in this agreement, shall remain in effect until December 31, 1998. Thereafter to reflect increased operating costs, Fidelity may once each calendar year amend such fees subject to the City's consent, which consent shall not be

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unreasonably withheld. The effective date of any increase shall be at least ninety (90) calendar days from the date written notice of such increase is received by the City. Fidelity shall debit the participants' accounts quarterly in arrears for such compensation. Fidelity shall send to the City a report showing total amount of fees paid, the participants' account deductions and amount of deductions.

J. CITY'S ADMINISTRATIVE FEE.

The City hereby directs Fidelity to deduct The City's administrative fee for its services to the Plan which shall be five dollars (\$5.00) per participant per year. This fee shall be deducted from each participant's account and transferred to The City on a date to be designated by The City. Each participant statement for that period shall reflect The City's administrative fee.

K. AMENDMENT AND TERMINATION

- a) Either party, by 90 days written notice to the other, may terminate this Agreement, unless the receiving party agrees to a shorter notice period. Upon termination of this Agreement Fidelity shall promptly transfer to the successor recordkeeper or trustee designated by The City any Plan funds and records kept by Fidelity during the term of this Agreement. Fidelity shall provide at no additional cost a final accounting of all funds and Plan assets to The City in an electronic format to be accompanied by a data dictionary and standard tape layout. Fidelity shall provide at no additional cost the

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necessary information, reports, and records to facilitate the transfer of the Plan Administrator's duties to a successor.

- b) No termination charges, deferred sales or early withdrawal charges, or penalties will be imposed on The City or Participants by reason of The City's termination of this Agreement or any investment options provided by Fidelity.
- c) This Agreement and any schedule made a part of this Agreement may be amended or modified at any time by an written instrument executed by The City and Fidelity.

L. INDEMNIFICATION

Fidelity shall indemnify The City, its officers, agents and employees against, and hold The City, its officers, agents and employees harmless from any and all loss, damage, penalty, liability, cost, and expense, including without limitation, reasonable attorney's fees and disbursements, that may be incurred by, imposed upon, or asserted against The City, its officers, agents or employees in any regulatory proceeding, or litigation arising from any act done or omitted to be done with respect to the Plan by any individual or person, employed by Fidelity including any affiliate thereof to perform services under this Agreement, excepting only losses, damage, penalty, liability cost or expense resulting from the negligence of The City, its officers, agents or employees. Fidelity's indemnification shall without limiting the forgoing, include any loss, damage, penalty, liability, cost, and expense, arising from (a) Fidelity's negligence, (b) the wrongful, fraudulent or dishonest acts of Fidelity, (c) errors and omissions, (d) the failure to comply to the provisions of this Agreement, (e) the failure to comply with the applicable laws and regulations governing

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the transactions covered by this Agreement, (f) the failure to adhere to the professional standards of due care applicable to similar service providers in the industry.

The City shall indemnify Fidelity and hold Fidelity, its officers, agents and employees harmless from any and all loss, damage, penalty, liability, cost and expense, including without limitation, reasonable attorney's fees and disbursements, that may be incurred by, imposed upon, or asserted against Fidelity, its officers, agents or employees in any regulatory proceeding, or litigation arising from the negligence of The City, its officers, agents or employees with respect to the Directions provided to Fidelity in administering the Plan.

The provisions of this indemnification Section shall survive the termination or expiration of this Agreement.

M. INSURANCE AND BONDS

Fidelity shall at all times during the term of this Agreement obtain and maintain continuously, at its own expense, and file with The City and The City's Risk Manager, evidence of a policy or policies of insurance and bonds as enumerated below:

1. Bonds:

a) Fidelity Bond - including the following coverages and minimum limits:

- Employee Dishonesty: \$10,000,000
- Forgery or Alteration: \$10,000,000
- Theft, Disappearance or Destruction, both inside and outside the premises:
\$10,000,000

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- Computer Fraud: \$10,000,000

b) ERISA Bond - Amount: % of the monies handled or \$500,000 whichever is less.

2. Insurance:

a) Error and Omissions Liability Insurance:

A policy of errors and omissions liability insurance covering professional errors, acts or omissions and out of the scope of services shown in the Agreement. Such policy must provide the following minimum limit: \$10,000,000 per incident.

b) Commercial General Liability Insurance:

A policy of commercial general liability insurance shall be written on an insurance industry standard occurrence form: (CG 00 01) or equivalent, including all the usual coverages known as:

- - Premises/Operations Liability
- - Products/Completed Operations
- - Personal/Advertising Injury
- - Contractual Liability
- - Independent Contractors Liability
- - Stop Gap or Employers Contingent Liability
- - Fire Damage Legal

Such policy(ies) must provide the following minimum limit:

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- Bodily Injury and Property Damage: \$ 2,000,000 General Aggregate
- Products & Completed Operations Aggregate: \$ 2,000,000
- Personal & Advertising Injury: \$ 2,000,000
- Each Occurrence: \$ 1,000,000
- Fire Damage: \$ 100,000
- Stop Gap Employers Liability:
 - \$ 1,000,000 Each Accident
 - \$ 1,000,000 Disease - Policy Limit
 - \$ 1,000,000 Disease - Each Employee

Any deductible or self-insured retention must be disclosed and is subject to approval by The City's Risk Manager. The cost of any claim payments falling within the deductible shall be the responsibility of Fidelity.

c) Business Automobile Liability:

If any of the services provided under this Agreement involve the use of an automobile, a policy of automobile insurance including coverage for owned, non-owned, leased or hired vehicles written on an insurance industry standard form (CA 00 01) or equivalent.

Such policy(ies) must provide the following minimum limit: Bodily Injury and Property Damage: \$ 1,000,000 per accident.

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If such policy(ies) required in subsection (a), (b), and (c) above are written on a "claims made" form, the retroactive date shall be prior to or coincident with the date of this Agreement. The policy shall state that coverage is "claims made," and state the retroactive date. "Claims made" form coverage shall be maintained by Fidelity for a minimum of three years following the termination of this Agreement, and Fidelity shall annually provide The City with proof of renewal. If renewal of the claims made form of coverage becomes unavailable, or economically prohibitive, Fidelity shall purchase an extended reporting period ("tail") or execute another form of guarantee acceptable to The City to assure financial responsibility for liability for services performed.

All insurance policy(ies) and subsequent renewals must be maintained in full force and effect, at no expense to The City, throughout the entire period of the agreement. Any deductible or self-insured retention must be disclosed and is subject to approval by The City's Risk Manager.

Such insurance under subsections (b) and (c) above shall be endorsed to include The City of Seattle, its officers, elected officials, employees, agents and volunteers as additional insured, and shall not be reduced or canceled without forty-five (45) days prior written notice to The City.

Such insurance shall include a provision (whether by endorsement or otherwise) indicating that, except with respect to the limits of insurance and any rights or duties specifically assigned to the first named insured, such insurance shall apply (a) as if each party insured thereunder (whether as named insured or

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additional insured) were the only party insured by such policy(ies), and (b) separately to each party that is insured thereunder and against whom a claim is made or suit is brought.

d) Worker's Compensation Insurance:

Fidelity shall secure its liability for industrial injury to its employees in accordance with the provisions of Title 51 of the Revised Code of Washington. If Fidelity is qualified as a self-insurer in accordance with Chapter 51.14 of the Revised Code of Washington, Fidelity shall so certify by letter signed by a corporate officer indicating that it is a qualified self insured, and setting forth the limits of any policy of excess insurance covering its employees.

3. Approval of Insurance and Bonds:

All bonds shall be subject to the approval of The City Attorney. All insurance policies shall be subject to approval by The City's Risk Manager as to company (must be rated A-:VII or higher in the current year A.M. Best's Key Rating Guide and licensed to do business in the State of Washington, or issued as a surplus line by a Washington Surplus lines broker), form and coverage; and must be primary to all other insurance.

4. Affiliates and Sub-Contractors:

Fidelity shall include all affiliates or subcontractors as insureds under its policies or shall furnish separate evidence of insurance as stated above for

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each affiliate or subcontractor. All coverages for affiliates or subcontractors shall be subject to all the requirements stated herein and applicable to their activities.

5. Self-Insurance:

Should Fidelity be self-insured, under items (1) and (2) above, a letter from the Corporate Risk Manager, or appropriate Finance Officer, is acceptable - stipulating if actuarially funded and fund limits; plus any excess declaration pages to meet the contract requirements. Further, this letter should advise how Fidelity would protect and defend The City of Seattle as an additional insured in their self-insured layer, and include claims handling directions in the event of a claim.

6. Proof of Insurance:

Fidelity shall provide The City a duplicate (photocopy or facsimile acceptable) of the insurance policy(ies) with its endorsements, or a copy of the policy(ies) face, declaration pages - showing limits of coverage, and the endorsement forms list, as evidence of coverage. Approval of insurance is a condition precedent to full execution of the contract.

N. NOTICES

All notices required to be in writing by this Agreement shall be sent to the following.

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Fidelity's Representative:

Mr. David L. Liebrock, President
Fidelity Investments Public Sector Services Company
300 Puritan Way, MM2D
Marlborough, MA 01752
(508) 787-9355

The City's Representative:

Sarah Welch, Personnel Director
City of Seattle, Executive Services Department
Dexter Horton Bldg.
710 Second Avenue, 13th Floor
Seattle, WA 98104
(206) 684-7919

O. PROFESSIONAL RESPONSIBILITY

Fidelity shall be responsible for the professional quality and accuracy of all services furnished under this Agreement. Fidelity shall, without additional compensation, immediately upon notification, correct or revise any errors or deficiencies in its services. Fidelity shall bear complete responsibility for all losses to participant's accounts as a result of Fidelity's negligence. All transactions performed by Fidelity under this Agreement shall be performed in a manner that would meet the standards of due care applicable to similar service providers in the industry, and in accordance with state and federal laws and regulations.

P. EQUAL OPPORTUNITY/AFFIRMATIVE ACTION

- a) In rendering services under this Agreement, Fidelity shall not discriminate against any employee or applicant for employment because of race, religion, creed, color, sex,

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marital status, sexual orientation, political ideology, ancestry, national origin, or the presence of any sensory, mental or physical handicap, unless based upon a bona fide occupational qualification. Fidelity will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to the creed, religion, race, color, sex, national origin, or the presence of any sensory, mental or physical handicap. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment, or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Fidelity agrees to post in conspicuous places, available to employees and applicants for employment, Fidelity's Equal Opportunity Policy.

- b) Fidelity will, prior to commencement and during the term of this Agreement, furnish the Director of Human Rights (or his/her designee) upon his/her request and on such form as may be provided by the Director therefor, a report (Contractor Workforce Report) of the actions taken by Fidelity in implementing the terms of these provisions, and will permit access to Fidelity's records requested by the Director for the purposes of investigation to determine compliance with this provision.

- c) **Women and Minority Owned Businesses:**

Fidelity shall (1) make good faith efforts to utilize women's business enterprises and minority business enterprises; (2) require that their subcontractors make every effort to utilize women's business enterprises and minority business enterprises;

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and (3) maintain records reasonably necessary for monitoring their compliance with the provisions of applicable City or state laws or regulations.

Q. ENTIRE AGREEMENT/NO WAIVER OF PROVISIONS

This agreement supersedes all written and oral agreements, communications or negotiations among the parties, and it constitutes the complete and full understanding and agreement of the parties with regard to the subject matter hereof. No waiver by any party of any failure or refusal to comply with an obligation thereunder shall be deemed a waiver of any other subsequent failure or refusal to so comply.

R. SUCCESSORS AND ASSIGNS

This Agreement shall not be assignable without the written consent of all parties. This Agreement shall inure to the benefit or, and shall be binding upon, the successors and assigns of the respective parties.

S. SEVERABILITY/UNLAWFUL PROVISIONS

If any term or provision of this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

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T. GOVERNING LAW AND VENUE

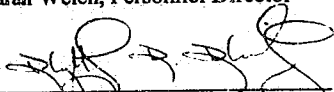
This Agreement shall be governed by the laws of the State of Washington except to the extent such laws are superseded by the Internal Revenue Code Section 457, and the parties agree that the proper venue and jurisdiction for lawsuits arising out of this Agreement shall be in King County Superior Court or the U.S. District for the Western District of Washington.

The parties hereto represent that they are not currently aware of any provisions of Washington law which would impose any additional duties on Fidelity under this agreement and the City will notify Fidelity of any changes to Washington law which imposes any additional duties when the City becomes aware of any such changes.

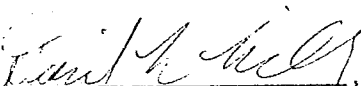
Executed this day of December 20, 1996.

THE CITY OF SEATTLE

By: ,
Sarah Welch, Personnel Director

Attest: ,
Dwight Dively, Finance Director

FIDELITY INVESTMENTS PUBLIC SECTOR SERVICES COMPANY, a division of FHS

By: ,
David L. Liebrock, President

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STATE OF WASHINGTON)
)
COUNTY OF KING)

On this day of December 20, 1996 personally appeared before me SARAH WELCH, to me known to be the Director of Personnel of The City of Seattle, a municipal corporation, that executed the foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned and on oath stated that he/she was authorized to execute said instrument.

Witness my hand and official seal the date and year first above written

Valerie Nishimura,
Notary Public in and for the State of Washington,
residing at Seattle WA King County
My commission expires: 9-1-98



STATE OF WASHINGTON)
)
COUNTY OF KING)

On this day of January 29, 1999 ^(to) personally appeared before me DWIGHT DIVELY, to me known to be the Director of the Department of Finance of The City of Seattle, a municipal corporation, that executed the foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned and on oath stated that he/she was authorized to execute said instrument.

Witness my hand and official seal the date and year first above written

Lisa S. Peyer (Lisa S. Peyer),
Notary Public in and for the State of Washington,
residing at Seattle,
My commission expires: 5/25/99



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STATE OF MASSACHUSETTS)
)
COUNTY OF MIDDLESEX)

On this day of December 20, 1996 personally appeared before me David L. Liebrock, to me known to be the President of Fidelity Investments Public Sector Services Company, a Division of FIIS Corp., a Massachusetts Corporation, that executed the foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned and on oath stated that he/she was authorized to execute said instrument.

Witness my hand and official seal the date and year first above written

Diana Bert
Notary Public in and for the State of Massachusetts,
residing at Boston, Ma
My commission expires: 7/24/2003

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List of Schedules

- Schedule A.** Administrative services and list of all Fidelity and Non Fidelity investment options to be maintained by Fidelity.
- Schedule B.** Fee Schedule
- Schedule C.** City's letter designating individuals authorized to provide direction to Fidelity.
- Schedule D.** Telephone Exchange Guidelines
- Schedule E.** Operating Procedures for Putnam Voyager - Class
- Schedule F.** Operating Procedures for Twentieth Century Ultra
- Schedule G.** Funding Agreement for Nationwide Fixed Fund
- Schedule H.** Operating procedures for Seattle Federal Credit Union
- Schedule H-1.** Remote pricing procedures for SFCU
- Schedule H-2.** Activity reporting procedures for SFCU
- Schedule I.** Administrative Manual

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SCHEDULE "A"

Incorporated into the Agreement between The City of Seattle and Fidelity dated December 20, 1996.

Fidelity shall provide the following administrative services:

1. Maintenance of the following plan investment options:

- **Seattle Federal Credit Union Accumulator Fund**
- **Seattle Federal Credit Union Three-Year Certificate Account**
- **Managed Income Portfolio**
- **Fidelity Government Securities Fund**
- **PIMCO Total Return Fund**
- **Fidelity Equity-Income Fund**
- **Calvert Social Investment Fund - Managed Growth Portfolio**
- **INVESCO Industrial Income Fund**
- **Fidelity U.S. Equity Index Portfolio**
- **Fidelity ContraFund**
- **Fidelity Emerging Growth Fund**
- **Fidelity Low-Priced Stock Fund**
- **Fidelity Magellan® Fund**

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- **Janus Fund**
- **Twentieth Century Ultra Investors Fund**
- **Putnam Voyager Fund - Class A**
- **Fidelity Diversified International Fund**
- **Fidelity Emerging Markets Fund**
- **Templeton Foreign Fund I**
- **Fidelity Asset Manager TM**
- **Fidelity Freedom 2030 Fund**
- **Fidelity Freedom 2020 Fund**
- **Fidelity Freedom 2010 Fund**
- **Fidelity Freedom 2000 Fund**
- **Fidelity Freedom Income Fund**
- **Nationwide Fixed Fund**

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Schedule "A"

ADMINISTRATIVE SERVICES

- Maintenance of the following plan investment options:
- Maintenance of the following money classifications:
 - Deferred Savings
 - Rollover
- Process consolidated payroll contributions via a consolidated magnetic tape.
- Provide the sponsor with Fidelity's Retirement Service Group's toll-free telephone service.
- Process exchanges (transfers) between Fidelity's mutual Funds on a daily basis via Fidelity's toll-free telephone service.
- Maintain and process changes to participants' prospective investment mix elections via Fidelity's toll-free telephone service.
- Prepare and mail to the participant, a confirmation of the transactions (exchanges and changes to investment mix elections) within five (5) business days of the participants instructions.
- Prepare, reconcile and deliver a monthly Trial Balance Report presenting all money classes and investment. This report is based on the market value as of the last business day of the month. The report will be delivered not later than thirty (30) days after the end of each month in the absence of unusual circumstances.
- Prepare, Reconcile and deliver a Quarterly Administrative Report presenting both on a participant and a total plan basis all money classes, investment positions and a summary of all

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activity of the participant and plan as of the last business day of the quarter. The report will be delivered not later than twenty (20) days after the end of each quarter in the absence of unusual circumstances.

- Prepare and distribute, either to the Sponsor or to each plan participant directly, a quarterly detailed participant statement reflecting all activity for the period. Statements will be delivered not later than twenty (20) days after each quarter in the absence of unusual circumstances.
- Maintain plan loan records, provide amortization schedules if requested, report loan activity on statements, issue loan checks, and accept loan repayments via (tape, diskette, or electronic data transmissions).
- Reconcile and process, on a monthly basis, participant withdrawal requests as approved and directed by the Sponsor. All requests will be paid based on the current market values of participants' accounts, not advanced or estimated values.
- process year-end tax reports for participants.
- Employee communications describing available investment options, including multimedia informational materials and group presentations.

THE CITY OF SEATTLE

**FIDELITY INVESTMENTS PUBLIC
SECTOR SERVICES COMPANY**

By: Sarah Welch
Date 1/8/97

By: David L. Liebrock 1/2/97
David L. Liebrock, President Date

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Schedule "B"

FEE SCHEDULE

- Annual Participant Fee *add*
\$23 per participant¹, deducted quarterly from participant accounts.
- Other Fees: separate charges for extraordinary expensed resulting from large numbers of simultaneous manual transactions or from errors not caused by Fidelity, or for reports contemplated in this Agreement.
- This fee will be imposed pro rata for each calendar quarter, or any part thereof, that it remains necessary to maintain a participant's account(s) as part of the Plan's records, e.g., deferred, and terminated participants who must remain on file through calendar year-end for W-2 reporting purposes.

THE CITY OF SEATTLE

**FIDELITY INVESTMENTS PUBLIC
SECTOR SERVICES COMPANY**

By: *Sarah Sellev* *1/8/98*
Date

By: *David L. Liebrock* *1/31/98*
David L. Liebrock, President Date

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City of Seattle Personnel Department

Norman B. Rice, Mayor Sarah Welch, Personnel Director



SCHEDULE "C"

Fidelity Investments Public Sector Services Company
82 Devonshire St.
Boston, MA 02109

RE: CITY OF SEATTLE DEFERRED COMPENSATION PLAN

Dear Fidelity Investments:


This letter is sent to you in accordance with the Recordkeeping Agreement, dated as of January 31, 1997, between us. I hereby designate myself, Norma McKinney, Sally W. Fox, Korie Voorheis and Claudia Gross as the individuals who may provide direction upon which Fidelity Investments Institutional Operations Company shall be fully protected in relying. Only one such individual need provide any direction. The signature of each designated individual is set forth below and certified to be such.

You may rely upon each designation and certification set forth in this letter until we deliver to you written notice of the termination of authority of a designated individual.

Sincerely,

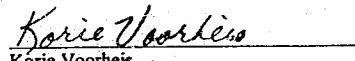
Sarah Welch
Personnel Director


SW:sg


Sarah Welch
Personnel Director


Norma McKinney
Employee Services Director


Sally W. Fox
Benefits and Safety Manager


Korie Voorheis
Benefits Unit Supervisor


Claudia Gross
Benefits Analyst

FID.DOC(sg)

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710 Second Avenue the Hearing Impaired (TDD)
Seattle, WA 98104-1793 684-7888
Fax # 684-4157

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Schedule "D"

TELEPHONE EXCHANGE GUIDELINES

The following telephone exchange procedures are currently employed by Fidelity Investments Public Sector Services Company (FIPSSCo).

Telephone exchange hours are 8:30 a.m. (ET) to 12:00 a.m. (ET) on each business day. A "business day" is any day of which the New York Stock Exchange is open.

FIIOC reserves the right to change these telephone exchange procedures at its discretion.

INVESTMENT OPTIONS

- **Seattle Federal Credit Union Accumulator Fund**
- **Seattle Federal Credit Union Three-Year Certificate Account**
- **Managed Income Portfolio**
- **Fidelity Government Securities Fund**
- **PIMCO Total Return Fund**
- **Fidelity Equity-Income Fund**
- **Calvert Social Investment Fund - Managed Growth Portfolio**
- **INVESCO Industrial Income Fund**
- **Fidelity U.S. Equity Index Portfolio**
- **Fidelity ContraFund**
- **Fidelity Emerging Growth Fund**
- **Fidelity Low-Priced Stock Fund**

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- **Fidelity Magellan® Fund**
- **Janus Fund**
- **Twentieth Century Ultra Investors Fund**
- **Putnam Voyager Fund - Class A**
- **Fidelity Diversified International Fund**
- **Fidelity Emerging Markets Fund**
- **Templeton Foreign Fund I**
- **Fidelity Asset Manager™**
- **Fidelity Freedom 2030 Fund**
- **Fidelity Freedom 2020 Fund**
- **Fidelity Freedom 2010 Fund**
- **Fidelity Freedom 2000 Fund**
- **Fidelity Freedom Income Fund**
- **Nationwide Fixed Fund**

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City of Seattle

Norman B. Rice, Mayor
Executive Services Department
Dwight D. Dively, Director

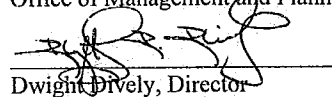
May 19, 1997

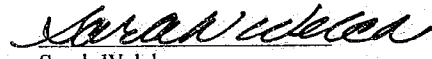
TO: Honorable Jan Drago, President
Seattle City Council

Via: Norman B. Rice, Mayor

Attn: Tom Tierney, Director
Office of Management and Planning

FROM:


Dwight Dively, Director
Executive Services Department


Sarah Welch
Personnel Director

SUBJECT: Deferred Compensation Plan Agreement

Attached for your review and approval is an ordinance adopting a recordkeeping and administrative services agreement between the City of Seattle and Fidelity Investments Public Sector Services Company (Fidelity Investments) for the City's Deferred Compensation Plan.

The Small Business Job Protection Act of 1996 (SBJPA), legislated last fall, requires placing deferred compensation plan assets into a trust, custodial account, or qualifying insurance annuity contract for the exclusive benefit of participants. This action will eliminate City ownership of the assets, and participant funds will no longer be subject to the general creditors of the City.

Although the SBJPA doesn't require this action to be taken until January 1, 1999, during preliminary stages of contract negotiations with Fidelity, we believed it would be possible to execute a trust agreement with Fidelity Investments that would satisfy both this requirement as well as the plan administrator changes. In September 1996, both legislative and executive approval was obtained for an ordinance authorizing the Personnel Director to execute a trust agreement with Fidelity Investments.

Personnel Division, Dexter Horton Building, 710 Second Avenue, 12th Floor, Seattle, WA 98104-1793

Tel: (206) 684-7664, TDD: (206) 684-7888, FAX: (206) 684-4157, <http://www.ci.seattle.wa.us>

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Seattle City Council
May 19, 1997
Page 2

However, during negotiations with Fidelity, issues regarding trust requirements and trustee responsibilities surfaced for which we were unable to obtain immediate or clear answers. Due to the Council's budget hiatus last year and the need for a January 1 implementation date, we decided it was most expedient to execute the attached recordkeeping and administrative services agreement with Fidelity Investments, and to postpone the creation of a trust. This ordinance seeks your acceptance of this agreement.

We will continue to investigate and implement any of the above options permitted by the SBJPA. Failure to implement one of these options by January 1, 1999 will cause the City's plan to lose its tax favored status. We will forward legislation detailing the selected option prior to this date.

DD:cg

Attachments

c: Councilmember Charlie Chong, Chair
Personnel, Organization & Performance Committee, Legislative Department

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City of Seattle

Executive Department—Office of Management and Planning

Thomas M. Tierney, Director
Norman B. Rice, Mayor

May 22, 1997

The Honorable Mark Sidran
City Attorney
City of Seattle

Dear Mr. Sidran:

The Mayor is proposing to the City Council that the enclosed legislation be adopted.

REQUESTING
DEPARTMENT:

Executive Services Department

SUBJECT:

AN ORDINANCE related to the City's Voluntary Deferred Compensation Plan, adopting a recordkeeping contract for administrative and investment services, and authorizing the Director of Executive Services to establish a trust and/or custodial account for the Plan assets in accordance with the new Internal Revenue Code requirements.

Pursuant to the City Council's S.O.P. 100-014, the Executive Department is forwarding this request for legislation to your office for review and drafting.

After reviewing this request and any necessary redrafting of the enclosed legislation, return the legislation to OMP. Any specific questions regarding the legislation can be directed to Sherry Johnson at 684-8084.

Sincerely,

Norman B. Rice
Mayor

by

TOM TIERNEY
Director

h:\admin\legis\lawltrs\john54

Enclosure



COPY RECEIVED
97 MAY 23 PM 2:30
SEATTLE CITY ATTORNEY

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TIME AND DATE STAMP

SPONSORSHIP

THE ATTACHED DOCUMENT IS SPONSORED FOR FILING WITH THE CITY COUNCIL BY
THE MEMBER(S) OF THE CITY COUNCIL WHOSE SIGNATURE(S) ARE SHOWN BELOW:

Charlie Phong

FOR CITY COUNCIL PRESIDENT USE ONLY

COMMITTEE(S) REFERRED TO: _____

PRESIDENT'S SIGNATURE

CC 20 28

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STATE OF WASHINGTON - KING COUNTY

81867
City of Seattle, City Clerk

—ss.

No. ORDINANCE TI

City of Seattle

TITLE-ONLY PUBLICATION

The full text of the following ordinances, passed by the City Council June 8, 1927, and published here by July, will be mailed, at no cost, on request for two months after this date. For further information, contact the Seattle City Clerk at 684.

ORDINANCE NO. 118618

AN ORDINANCE making an appropriation from the Judgment Claims Fund for payment to Charging Party in settlement of a discrimination complaint, and authorizing payment of the claim from the Judgment Claims Fund.

ORDINANCE NO. 118617

AN ORDINANCE establishing an Emergency Management Sub-Fund in the General Trust Fund; authorizing acceptance of funds for the enhancement of emergency management activities; and authorizing disbursement of funds for such purposes.

ORDINANCE NO. 118616

AN ORDINANCE related to the City's Voluntary Deferred Compensation Plan, adopting a recordkeeping contract for administrative and investment services, and amending Ordinance 15911 as amended by Ordinance 16327.

ORDINANCE NO. 118620

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

Publication ordered by JUDITH PIP, City Clerk.
Date of official publication in the Daily Journal of Commerce, Seattle, June 18, 1927 (81867).

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of *The Daily Journal of Commerce*, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. *The Daily Journal of Commerce* was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of *The Daily Journal of Commerce*, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CTOT: 118616, 17, 19, 20

was published on

06/18/97

The amount of the fee charged for the foregoing publication is the sum of \$ _____, which amount has been paid in full.

Subscribed and sworn to before me on

06/18/97

Notary Public for the State of Washington,
residing in Seattle

Affidavit of Publication

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