

ADMINISTRATIVE SERVICES AGREEMENT

THIS ADMINISTRATIVE SERVICES AGREEMENT (“Agreement”) between BABBITT MUNICIPALITIES, INC, CHICAGO, IL (“BMI”) and the CITY OF ROCHESTER HILLS, MICHIGAN, (the “Sponsoring Entity”) sets forth the basis on which BMI agrees to provide certain services with respect to the Sponsoring Entity's employee benefit plan known as the Sponsoring Entity Retirement Healthcare Funding Plan (RHFP) Plan (the “Plan”).

PURPOSE

The Plan provides for the payment of various health and welfare expenses for eligible employees of the Sponsoring Entity. The Sponsoring Entity desires that BMI provide certain services relating to the Plan. Accordingly, the Sponsoring Entity and BMI now wish to enter into an agreement to provide for these services, as set forth in this Agreement.

ARTICLE I

RESPONSIBILITIES OF THE SPONSORING ENTITY

The Sponsoring Entity has the responsibilities and duties outlined in this Article I below:

- 1.01 Interpret the Plan and Determine Participant Eligibility and Benefit Entitlement.** As Plan Sponsor and Plan Administrator, the Sponsoring Entity possesses the ultimate authority to interpret the Plan for decisions involving eligibility for Plan participation, termination of Plan participation, and the calculation and payment of benefits to Plan participants. Nevertheless, the Sponsoring Entity will not direct BMI to take any action that would violate federal or state laws.
- 1.02 Fund Plan Benefits and Pay Plan Expenses.** The Sponsoring Entity is solely responsible for the funding of benefits under the Plan and for the payment of all Plan administrative expenses as identified in Exhibit A. Ordinary Plan expenses shall be paid from the administration fee and investment contract funds. Extraordinary expenses such as fees of legal counsel, actuaries, accountants, trustees, auditors, health consultants, or other professionals appointed by the Sponsoring Entity or required in connection with the Plan shall be paid by the party that incurs the expense.
- 1.03 Control Plan Assets.** The Sponsoring Entity has complete authority regarding the investment, management, and use of Plan assets, and BMI neither has nor is deemed to exercise any authority, control, or discretion over Plan assets.
- 1.04 Amend and Terminate the Plan.** The Sponsoring Entity has complete discretion for all decisions involving the establishment, amendment, and termination of the Plan.

- 1.05 Fulfill Legal Obligations of the Plan.** The Sponsoring Entity possesses the ultimate authority and responsibility for the Plan's compliance with and all applicable laws and regulations. This includes the responsibility for preparing and filing reports, if required by law, including Form(s) 5500, as well as performing discrimination testing that may be required by applicable law. Depending on the terms agreed to by the parties, BMI may assist in preparing filing reports and performing discrimination testing. See Section 2.13 to determine whether or not BMI will provide such services.
- 1.06 Appoint Necessary Advisors.** The Sponsoring Employer, BMI or the Plan may appoint necessary advisors, whether individuals or entities, to assist in the administration of the Plan. This may include legal counsel, actuaries, accountants, auditors, health consultants, and other professionals required by the Sponsoring Employer, the Plan or BMI. The entity that appoints and incurs the expense will pay the expenses associated with these appointments if not mutually agreed to on a prior basis. BMI will consult with the Sponsoring Employer whether such expenses are extraordinary Plan Expenses under Section 1.02, prior to incursion.
- 1.07 Provide COBRA Notices.** The Sponsoring Entity has the responsibility for informing individuals whose participation in the Plan would otherwise terminate of their right, if any, to continued coverage, as required by the Plan and the Consolidated Omnibus Reconciliation Act of 1985 (COBRA).

ARTICLE II

RESPONSIBILITIES OF BMI

BMI has the responsibilities and duties outlined in this Article II below:

- 2.01 Provide Certain Plan-Related Documents.** BMI will provide the following documents relating to the Plan for the Sponsoring Entity's review and approval:
- RMSA Plan Document (Master Welfare Benefit Plan)
 - RMSA Trust Agreement
 - Adoption Agreement
 - Administrative Forms
 - Summary Plan Description (if required)
- 2.02 Establish Trust and Help Select Trustee.** BMI will assist the Sponsoring Entity in selecting a trustee for the trust. BMI will then prepare, with the Sponsoring Entity's assistance, the Form 1024 application for IRS determination of tax-exempt status of the trust under Section 501(c)(9) of the Internal Revenue Code; however BMI does not warrant the tax-exempt status of the Trust.
- 2.03 Arrange for Insurance Coverage That is Selected by Sponsoring Entity.** If requested by the Sponsoring Entity, BMI will assist the Sponsoring Entity in performing the administrative tasks necessary to identify and procure the insurance coverages, if any, that will be offered under the Plan.
- 2.04 Coordinate With Service Providers.** BMI will coordinate the Plan's interactions with the various providers of services and products, including trustees, record keepers,

investment advisors, product vendors, and legal, accounting, actuarial, and other service providers, as selected by the Sponsoring Entity, as necessary to carry out its duties and responsibilities under this Agreement.

- 2.05 Coordinate Enrollment Meetings and Participant Communications.** BMI will organize and coordinate enrollment meetings with Sponsoring Entity's employees. BMI will also coordinate communication between such employees and the Plan.
- 2.06 Evaluate Claims for Benefits.** BMI will review and evaluate all benefit claims submitted by participants, in accordance with the terms of the Plan. When BMI deems that further evaluation of a benefit claim is necessary, BMI may recommend that the Sponsoring Entity engage the services of legal counsel, actuaries, accountants, auditors, health consultants or other professionals at Sponsoring Entity's cost.
- 2.07 Process Payments.** As Agent of the Sponsoring Entity, BMI will prepare payment from the trust to the participant's provider or insurance issuer for claims payable under the Plan or for any plan expenses specified in Section 1.02 as directed by plan sponsor..
- 2.08 Maintain Relevant Records: Make Records Available for Inspection.** BMI will maintain reasonable records regarding its administration of the Plan. BMI will ensure that the Sponsoring Entity may, if it so desires, periodically inspect all relevant records relating to the administration of the Plan. Such inspections may be done at a mutually agreeable time for the parties.
- 2.09 Accuracy of Information.** The Sponsoring Entity understands and agrees that in order for BMI to fulfill its duties under the Agreement, BMI will need to rely on the oral and written statements of the Sponsoring Entity, its authorized officers, directors, employees, or agents, Plan participants, Plan advisors, and Plan service providers. BMI is not responsible for verifying the accuracy of such information provided the information received is from an authorized representative of the Sponsoring Entity. The Sponsoring Entity agrees to hold harmless BMI for any loss or damage to the Plan or the Sponsoring Entity resulting from BMI's good faith reliance on such information.
- 2.10 Provide Quarterly Reports.** BMI will submit to the Sponsoring Entity a quarterly accounting of all payments made from the Plan's trust.
- 2.11 Assist With Plan Amendments.** BMI will provide advice to the Sponsoring Entity on possible revisions to the Plan's terms and benefits, and will assist in preparing any such amendments elected by the Sponsoring Entity.
- 2.12 Maintain Confidentiality.** BMI will comply with the HIPAA Privacy Rules and keep confidential all individually identifiable personal health information relating to Plan participants. BMI will not disclose such personal information, except as required by law or as necessary for the administration of the Plan. If the Sponsoring Entity is deemed to be a covered entity under HIPAA, then BMI will execute a business associate agreement with the Sponsoring Entity.
- 2.13 Annual Reports and Discrimination Testing.** BMI, if requested by the Sponsoring Entity, will assist in the preparation and filing of signature ready Form 5500 annual reports, if required, to be filed with the Internal Revenue Service. BMI will assist in performing any discrimination testing that is required by applicable provisions of the Internal Revenue Code.

- 2.14 Outsource Certain Tasks.** BMI may utilize the services of any outside professional in performing of its responsibilities under the agreement. BMI bears the same responsibility for any services rendered by an outside professional on behalf of the Plan as BMI would if BMI had rendered the services itself.
- 2.15 Express Limitations on Responsibilities of BMI.** Except for the duties and responsibilities expressly set forth in this Agreement, BMI does not assume any other obligations related to the Plan or the Sponsoring Entity. This limitation on the responsibilities of BMI includes, but is not limited to, the following
- a. BMI does not have any discretionary authority or control over the design, management, or operation of the Plan and is neither a sponsor nor a fiduciary under the Plan. BMI may assist the Sponsoring Entity with, but does not assume responsibility for, operating the Plan in compliance with applicable state and federal laws and regulations.
 - b. BMI is not a trustee of the Plan.
 - c. BMI does not and will not render investment advice to the Plan.
 - d. Except as directed by the Sponsoring Entity, BMI does not have access to Plan assets and BMI is not responsible for verifying the existence of Plan assets.
 - e. BMI does not pay benefits, provide insurance for benefits or control the circumstances under which an excess loss insurer will provide insurance for benefits.

ARTICLE III

FEES FOR SERVICES

- 3.01 Fee Schedule.** The Sponsoring Entity agrees to pay the fees set forth on the BMI fee schedule within 30 days of the date the Sponsoring Entity receives the invoice. The schedule is attached and incorporated into the Agreement as Exhibit A.
- 3.02 Amendment of Fee Schedule.** The Sponsoring Entity agrees that the fees specified in Exhibit A may be amended if BMI gives the Sponsoring Entity written notice of the change at least ninety (90) days prior to the date that the amended fees are to become effective. If the Sponsoring Entity fails to deliver to BMI a written objection to the amended fees prior to their effective date, the services of BMI will be based upon the amended fees thereafter. If the Sponsoring Entity objects in writing to the amended fees, BMI will have the option to terminate the Agreement no earlier than 90 days after the Sponsoring Entity receives notice of termination from BMI.

ARTICLE IV

EFFECTIVE DATES OF AGREEMENT

- 4.01 Effective Date.** This Agreement is effective as of the 1 day of August, 2011, and will remain in effect until the 31 day of July, 2012.
- 4.02 Year to Year Renewal.** This Agreement will automatically be renewed for one year periods unless terminated by BMI or the Sponsoring Entity upon written notice of not less than ninety (90) days prior to the end of the current expiration date.
- 4.03 Termination of Agreement by Either Party Without Cause.** This Agreement may be terminated at any time by either party, for any reason, upon ninety (90) days written notice to the other party.
- 4.04 Termination of Agreement by Either Party with Cause.** This Agreement may also be terminated by either party with 14 days written notice, if either party fails to materially comply with the terms of this Agreement, has engaged in any illegal activity or a petition under bankruptcy laws is filed by or against the Sponsoring Entity or BMI. Parties will have 30 days to correct a breach upon notification prior to termination. An extension of this period of not more than 30 days may be allowed if the breach cannot be reasonably cured with the 30days provided agreed upon by both parties.

ARTICLE V

LIABILITY AND INDEMNITY

- 5.01 Limitation on Liability.** BMI does not insure nor underwrite the liability of the Sponsoring Entity under the Plan. The Sponsoring Entity retains the ultimate responsibility for all claims made under the Plan and all expenses incident to the Plan, except as specifically assumed in this Agreement by BMI.
- 5.02** BMI agrees to indemnify and hold harmless the Sponsoring Entity and its directors, officers, agents, and employees against any and all claims, lawsuits, settlements, judgments, costs, penalties and expenses, including attorney's fees, resulting from or arising out of or in connection with any function or action of BMI under this Agreement or in connection with a claim for benefits under the Plan, at any time, unless it is determined that the liability was the result of negligence or misconduct on the part of the Sponsoring Entity or any of its directors, officers, agents or employees.
- 5.03 Proof of Insurance.** BMI will provide to the Sponsoring Entity Proof of Liability Insurance and Errors and Omissions coverage on an annual basis which meet the specifications of the Sponsoring Entity.

ARTICLE VI

MISCELLANEOUS

- 6.01 Headings.** The section headings used throughout the Agreement are for convenience of reference only, and will not be construed to explain or modify the construction or meaning of the Agreement.

- 6.02 Severability.** In the event that any portion of this Agreement is invalidated by a court of competent jurisdiction, the remainder of the Agreement will be given effect to the maximum extent possible.

- 6.03 Entire Agreement.** This Agreement constitutes the entire agreement between the parties and any prior negotiations are merged into this Agreement. No oral agreements or understanding will be binding on either of the parties.

- 6.05 Applicable Law.** This Agreement is governed by and is to be construed in accordance with the laws of the State of Michigan.

- 6.06 No Third Party Beneficiaries.** Only parties to this Agreement shall gain any rights to enforce any provision of this Agreement.

- 6.07 Non-Assignment.** This Agreement is binding on the parties' legal successors and heirs. This Agreement may not be assigned by either party without the prior written approval of an officer of the other party.

- 6.08 Revisions to the Agreement.** This Agreement may be revised at any time by written agreement signed by both parties, except as otherwise provided herein.

IN WITNESS WHEREOF, this Agreement has been executed the day and year first above written.

FOR THE SPONSORING ENTITY:

FOR BMI:

By _____

By _____

Title _____

Title _____

Date _____

Date _____

EXHIBIT A

BMI FEE SCHEDULE

To be paid by Plan: 42 basis points annually, paid quarterly