

## Privacy Policy

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401(k) Advisors requires that you provide current and accurate financial and personal information. 401(k) Advisors will protect the information you have provided in a manner that is safe, secure and professional. 401(k) Advisors and its employees are committed to protecting your privacy and to safeguarding that information.

### **Safeguarding Customer Documents**

We collect non-public customer data in checklists, forms, in written notations, and in documentation provided to us by our customers for evaluation, registration, licensing or related consulting services. We also create internal lists of such data.

During regular business hours access to customer records is monitored so that only those with approval may access the files. During hours in which the company is not in operation, the customer records will be locked.

No individual who is not so authorized shall obtain or seek to obtain personal and financial customer information. No individual with authorization to access personal and financial customer information shall share that information in any manner without the specific consent of a firm principal. Failure to observe 401(k) Advisors procedures regarding customer and consumer privacy will result in discipline and may lead to termination.

### **Sharing Nonpublic Personal and Financial Information**

401(k) Advisors is committed to the protection and privacy of its customers' and consumers' personal and financial information. 401(k) Advisors will not share such information with any affiliated or nonaffiliated third party except:

- When necessary to complete a transaction in a customer account, such as with the clearing firm or account custodians;
- When required to maintain or service a customer account;
- To resolve customer disputes or inquiries;
- With persons acting in a fiduciary or representative capacity on behalf of the customer;
- With rating agencies, persons assessing compliance with industry standards, or to the attorneys, accountants and auditors of the firm;
- In connection with a sale or merger of 401(k) Advisors' business;
- To protect against or prevent actual or potential fraud, identity theft, unauthorized transactions, claims or other liability;
- To comply with federal, state or local laws, rules and other applicable legal requirements;
- In connection with a written agreement to provide investment management or advisory services when the information is released for the sole purpose of providing the products or services covered by the agreement;
- In any circumstances with the customer's instruction or consent; or
- Pursuant to any other exceptions enumerated in the California Information Privacy Act.

### **Opt-Out Provisions**

It is not a policy of 401(k) Advisors to share nonpublic personal and financial information with affiliated or unaffiliated third parties except under the circumstances noted above. Since sharing under the circumstances noted above is necessary to service customer accounts or is mandated by law, there are no allowances made for clients to opt out.

## Investment Advisory Agreement and 408(b)(2) Disclosure

This Investment Advisory Agreement ("Agreement") is made on the Effective Date identified below by and between 401(k) Advisors, Inc. ("Adviser"), a California corporation and a registered investment adviser with the Securities Exchange Commission ("SEC"), and CU Cooperative Services, Inc. ("Client"), plan sponsor of the CU Cooperative Systems, Inc. Employee Retirement Savings Plan ("Plan").

The Plan is a qualified employee benefit plan, which is intended to comply with all applicable federal laws and regulations, including the Internal Revenue Code of 1986, as amended (the "Code"), and the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In addition, the Plan is intended to comply with ERISA Section 404(c).

In connection with and in discharge of its duties with respect to the Plan, Client desires to engage the services of Adviser for the purposes specifically set forth below. By this Agreement, Client hereby engages Adviser to provide the investment advisory and other services described by this Agreement:

**408(b)(2) Disclosure.** Regulations promulgated by the U.S. Department of Labor, known as the "408(b)(2) regulations," require covered service providers to ERISA-covered retirement plans to provide disclosures, in writing, regarding their services and compensation. The disclosures contained in this Agreement are made in accordance with section 408(b)(2) regulations and are intended to assist Client in determining whether Adviser's services and compensation are reasonable.

Within thirty (30) days of written request by Client, Adviser will provide all information regarding this Agreement and compensation paid to Adviser so Client may comply with all reporting and disclosure requirements of ERISA.

In the event Client desires additional information regarding Adviser's services and/or compensation, Client may request further clarification in writing, and Adviser will respond no-later than thirty (30) days from receipt of written request.

In the event of any material change to the terms of this Agreement or compensation paid to Adviser occur, Adviser will provide Client disclosure of any change within thirty (30) days after Adviser becomes aware of the material change.

If Adviser discovers any error or omission in the provision of disclosures required by section 408(b)(2) regulations, Adviser will notify Client of same, and provide missing/corrected disclosures, within thirty (30) days of discovery.

### **1. Services (Disclosed pursuant to and in accordance with the 408(b)(2) regulation)**

#### **Investment Advice (Plan Level):**

Adviser will provide research and analysis with regard to investment advice and fiduciary due diligence services for Client and the Plan. The goal of the investment due diligence process is to establish a logical, technical, and prudent process that is consistently employed in the selection and ongoing monitoring of funds, accompanied by an investment policy statement, that defines the process utilized to recommend prudent investment actions. In providing the investment advice to the Client's Plan Adviser will follow the Plan's investment policy statement and undertake procedural due diligence to arrive upon, or facilitate, prudent investment-related recommendations.

Adviser may employ many different calculations, processes, and screening techniques, to arrive at specific recommended investments within the array of investments offered by each investment provider being analyzed.

*Services provided by Adviser under this Agreement will not include any services with respect to employer securities or company stock, or investments offered through a self-directed brokerage account or brokerage window, or any similar investment vehicle.*

Adviser will provide the analysis semi-annually.

**Preparation of Investment Policy Statement**

Adviser will provide a draft of a recommended Investment Policy Statement for Client's review. In addition, Adviser will evaluate Client's existing Investment Policy Statement, if applicable, and provide recommendations that are consistent with assisting Client in meeting its fiduciary obligations under ERISA Section 404(c). It is the responsibility of Client to execute and follow an approved Investment Policy Statement.

**Employee Plan and Investment Education**

Upon Client's request, Adviser may provide group employee enrollment, re-enrollment, and investment education support. The goal of this process is to help employees make educated and informed choices about the Plan and investment allocation under the investment education guidelines set forth by the U.S. Department of Labor.

**Plan Sponsor Service Provider Due Diligence, Service Provider Search, Presentation, and Finalist Review**

Upon Client's request, Adviser may assist Client with the selection of a 401(k) provider or providers for the Plan, based on detailed research and analysis of several 401(k) service providers. The service provider review process includes an evaluation of administrative, recordkeeping, compliance, and employee communications services, administrative and investment-related fees, and an investment overview that incorporates a very similar analysis to the investment due diligence process described above. In performing service provider search support services, Adviser acts solely in an advisory capacity; Client shall be responsible for selecting the Plan's investment platform provider and other Plan service vendors and determining whether their agreement and compensation is reasonable.

**Fiduciary Fitness Program™**

Adviser provides a full program overlay to systemize and document steps taken to meet fiduciary best practices and compliance requirements for qualified plans. The overlay includes an on-going gap analysis of Client's fiduciary and administrative responsibilities, fiduciary education, an annual Fiduciary Plan Review, and documentation of all best practices steps taken to meet fiduciary responsibilities. In particular the Fiduciary Plan Review includes an analysis of relevant design features, developments in the qualified plan landscape, educational modules, benchmarking of plan fees against national averages, documentation processes for fiduciary responsibilities, administrative compliance checklists and reviews. Adviser will also deliver a Reference Guide to assist Client in understanding responsibilities and taking the proper steps to meet those responsibilities. The overlay will be documented in the Fiduciary Fitness Program Report Card, which will be updated as appropriate, but no less frequently than twice a year, throughout the relationship between the Adviser and the Client.

**Newsletter Campaign**

Monthly Plan sponsor newsletter includes industry and marketplace updates, Plan design and compliance suggestions, and legislative updates.

**General Plan Consulting**

Adviser will assign a Plan Consultant, who is responsible for responding to ongoing questions, concerns, and issues raised by Client that are related to the Plan.

**2. Fiduciary Role under ERISA (Disclosed pursuant to and in accordance with the 408(b)(2) regulation)**

For those Services described in Section 1, Investment Advice (Plan Level), Adviser acknowledges that it is a fiduciary with respect to the Plan under Section 3(21)(A)(ii) of ERISA and, as such, is a co-fiduciary with the Plan sponsor fiduciary(ies) of the Plan solely with respect to (a) the provision of investment education of the employer and/or Plan participants (depending on the specific advisory services provided); (b) the periodic reporting on, and analysis of, the investment options available under the Plan, excluding company stock and investments made available through a brokerage account/window or similar such investment vehicle; and (c) the provision of advice to the Plan sponsor fiduciary(ies) regarding the elimination or addition of investment options available under the Plan; provided, however, that the Plan sponsor fiduciary(ies) acknowledge and agree that the plan sponsor fiduciary(ies) have the final and conclusive responsibility for the investment options selected to be available under the Plan. Adviser will

not be responsible for investment decisions made by Plan participants with respect to the investment of their individual accounts.

### **3. Information to be provided by Client**

For those Services described in Section 1, Client will be responsible for informing Adviser of the investment objectives of the Plan and of any changes herein in writing. Adviser will base its investment decisions on the totality of information provided by Client at the initial meeting, within the first quarter of the year, and as updated from time to time by Client.

### **4. Reports to Client**

For those Services described in Section 1, based on the results of the quarterly analysis, Adviser may recommend changes to the core group of investment recommendations offered by one or more of the investment managers included in the analysis. As such, Adviser will provide Plan fiduciaries with an update report which coincide with any change the Client makes to the Plan's investment objectives (such as, change in plan demographics, changes in plan design, additions of other non-qualified plans, etc.) that includes fund rankings in each category. If appropriate, a review of alternate investment choices and investment providers will be discussed. However, when making any current or new recommendation(s) based on information as provided by Client, Adviser does not assume responsibility for the accuracy of information furnished by Client.

### **5. Communications**

Any notices required to be given under this Agreement will be delivered by hand or by overnight mail or sent by certified mail and will be deemed given when received at Client's address as specified and provided by Client.

### **6. Custody**

All Plan assets will be held with a designated custodian as selected by Client. Adviser will not act as custodian for any Plan assets and will not take possession of cash and/or securities. Adviser will not be liable to Client for any act, conduct or omission by custodian. Adviser is not authorized or empowered to issue instructions to custodian or to request information about the Plan from custodian.

### **7. Non-Discretion**

Adviser does not have discretionary authority over the Plan. As such, Adviser does not have any authority to implement or affect any recommendation made by Adviser. Client will make all decisions with respect to any recommendation made by Adviser, especially under the following cases: (i) to direct, manage, and/or change the investment and reinvestment of the assets for the Plan; (ii) to buy, sell, exchange, convert and otherwise trade in any and all stocks, bonds, and other securities products or investment instruments as Adviser may recommend; and (iii) to establish and deal through accounts with one or more securities brokerage firms, dealers or banks as the Adviser may recommend.

### **8. Confidential Relationship**

All information and advice furnished by either party to the other will be treated as confidential and will not be disclosed to third parties except as required by law. Each party agrees to abide by the terms of the Privacy Policy attached hereto, which terms are hereby incorporated by reference into this Agreement.

### **9. Non-Exclusive Agreement**

Client understands that Adviser acts as an adviser to other clients, and may publish or give advice and take action in the performance of its duties for such other clients (including those who may have similar retirement plan arrangements as the Plan) which may differ from the advice given, or in the timing or nature of action taken, with respect to Client and the Plan. Nothing in this Agreement will be deemed to impose on Adviser any obligation to advise Client with respect to the Plan in the same manner as Adviser may advise any other clients. Client further understands that Adviser will not have any obligation to make any recommendation(s) for the Plan if in Adviser's opinion such transaction appears inadvisable for the Plan.

### **10. Standard of Care; Liability**

In performing its duties hereunder, Adviser will act in a manner consistent with the requirements of a fiduciary under ERISA charged with performing the duties specified in this Agreement. Accordingly, Client acknowledges that the standard of care imposed on the Adviser and its agents hereunder is to act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent investor acting in a like capacity would use.

Client agrees that the only responsibilities of Adviser hereunder are to render the Services described by this Agreement, and Adviser shall have no other responsibility with respect to Client or the Plan. Neither Adviser nor any "person associated with" the Adviser, as such term is defined in Section 202(a)(7) of the Investment Advisers Act of 1940, shall have the authority to take custody or possession of any assets of the Plan.

Adviser will not be subject to liability for any act or omission in the course of, or connected with, its performance of this agreement, except in the case of willful misconduct, bad faith or negligence on the part of Adviser, or the reckless disregard by Adviser of its obligations and duties under this Agreement, but nothing herein will in any way constitute a waiver or limitation of any rights which Client may have under any federal or state securities law or ERISA, if applicable.

**11. Representations (Disclosed pursuant to and in accordance with the 408(b)(2) regulation)**

Adviser represents and warrants that: (i) it is registered as an investment adviser with the SEC, (ii) such registration is currently effective, (iii) all personnel assigned by Adviser to render Services hereunder will be licensed as required by law, (iv) it has the power and authority to enter into and perform this Agreement, (v) it has no material affiliation or contractual relationship with any other party in the development of the investment advice program, and (vi) it has no material affiliation or contractual relationship with any other party in the selection of the investment options under the Plan.

Client represents and warrants that: (i) it has selected the investment(s) and investment manager(s) to be held by or offered under the Plan, (ii) it is solely responsible for the voting and proxies and exercise of other shareholder rights with respect to securities held by the Plan, and Adviser does not provide any advice with respect to such matters, (iii) it has been advised by Adviser that investments fluctuate in value and the value of the investments when sold may be greater or lesser than the original cost, (iv) it acknowledges that Adviser does not warrant or guarantee any level of performance by any of the investments or that any investment will be profitable over time, (v) the Plan and its participants are assuming the market risk involved in the investment of Plan assets, (vi) past performance does not necessarily guarantee any level of future investment performance, (vii) it acknowledges that Adviser shall not, and cannot, provide legal, accounting or tax advice to Client or the Plan, (viii) it is responsible for maintaining the Plan in compliance with applicable qualification requirements of the Code including where applicable receipt of favorable determination letters and Adviser will have no responsibility for such matters, (ix) it will seek the advice of its legal advisor as to matters that might arise relating to the operation and administration of the Plan, (x) it is solely responsible for the administration of the Plan, including without limitation the timely transmission of Plan contributions, the filing of required government reports and the provision of all required notices and communications to the Plan's participants in accordance with all applicable law and regulation, and (xi) it acknowledges receipt of the Adviser's Brochure (Part 2A and 2B of Form ADV) prior to, or contemporaneously with, execution of this Agreement.

**12. Duration of Agreement**

The term of the Agreement will be one (1) year. Thereafter it will automatically renew for additional one (1) year periods unless and until terminated by either party on not less than thirty (30) days written notice to the other party.

**13. Termination of Agreement (Disclosed pursuant to and in accordance with the 408(b)(2) regulation)**

This Agreement may be terminated by either party upon providing at least thirty (30) days written notice to the other party. Adviser will not accept any termination instructions, including account liquidation instructions, unless provided in writing by Client. In the event of termination of this Agreement, Adviser will have no obligation whatsoever to recommend any action with respect to the Plan.

If the Agreement terminated within five (5) business days from the Effective Date of this Agreement (shown below) no fees will be due. After the initial (5) business days, Adviser will be entitled to fees in connection with Services provided hereunder for the period prior to such termination. Client will be responsible for a pro rata portion of its quarterly fee.

**14. Compensation (*Disclosed pursuant to and in accordance with the 408(b)(2) regulation*)**

A fee of \$3,000 will be billed to and paid by Client quarterly.

Any compensation received from Client's service provider directly attributable to the Plan will be used to offset the above fee. Such compensation may include commissions and/or additional compensation; commissions are a percentage of the account invested in a particular product, additional discretionary compensation may be paid by a recordkeeper (from their corporate assets, not the Plan's assets) based on the type of work and size/scale of business handled by an advisor. In no event will the compensation received be greater than the above stated fee level.

**15. Acknowledgement of Disclosure Statement**

Client hereby acknowledges receipt of Adviser's Disclosure Statement as required pursuant to Rule 204-3 (17CFR 275.204-3) under the Investment Advisers Act of 1940 prior to or contemporaneously with execution of this Agreement.

**16. Dispute Resolution**

All disputes and controversies relating to the interpretation, construction, performance, or breach of this Agreement, which cannot be resolved by the parties, will be submitted to mediation in Orange County, California before a mediator who will be selected (1) by mutual agreement between the parties, or (2) if the parties are unable to reach such an agreement, in accordance with the procedures of Judicial Arbitration and Mediation Services, Inc. ("JAMS") (or if it no longer exists, the American Arbitration Association ("AAA")), Orange County, California. Mediation will proceed and continue until such time as the controversy between the parties is either resolved or the mediator or the parties agree that mediation should not continue. In the event that the parties are unable to resolve their disputes and controversies through mediation, either party will have the right to proceed to arbitration as provided immediately below. All fees and costs of mediation will be borne equally by the parties; provided, however, that all costs and expenses of each party other than those for payment of the mediator and/or mediation facilities, will be borne and paid for by each party who incurs such expenses.

In the event that the parties are unable to resolve any dispute or controversy through mediation after following the procedures set forth immediately above, the dispute or controversy will be submitted to arbitration in Orange County, California, before an arbitrator selected from JAMS (or if it no longer exists, selected from AAA), Orange County, California and will be conducted in accordance with the rules thereof and the provisions of California Code of Civil Procedure Section 1280 et seq. as the exclusive remedy of such dispute; provided, however, that provisional injunctive relief may, but need not, be sought in a court of law while arbitration proceedings are pending, and any provisional injunctive relief granted by such court will remain effective until the matter is finally determined by the arbitrator. Final resolution of any dispute through arbitration may include any remedy or relief that the arbitrator deems just and equitable, including permanent injunctive relief or specific performance, or both, and the arbitrator is hereby empowered to award such relief. Any award or relief granted by the arbitrator hereunder will be final and binding on the parties hereto and may be enforced by any court of competent jurisdiction. The prevailing party will be entitled to recovery of all costs and reasonable attorneys' fees.

**17. Entire Agreement**

This Agreement constitutes the entire agreement between the parties hereto with respect to the investment advice for the Plan and supersedes all prior negotiations and agreements.

**18. Amendments.**

No modifications, amendments or attempted waiver of any provisions of this Agreement will be valid unless in writing and signed by both parties hereto.

**19. Assignment**

Neither party to this Agreement may assign or delegate any rights or obligations hereunder without first obtaining the written consent of the other. Further, this Agreement will be binding upon and inure to the benefit of the parties and their permitted successors and assigns.

**20. Headings.**

All headings used in this Agreement are for convenience of reference only and will not form part of or affect the construction or interpretation of any of its provisions.

**21. Severability.**

If any term or condition of this Agreement will be held or made invalid or unenforceable to any extent or in any application, whether by statute, rule, regulation, decision of tribunal or otherwise, then the remainder of this Agreement, and such term or condition except to the extent or in such application, will not be affected thereby, and each and every term and condition of this Agreement will be valid and enforceable to the fullest extent and in the broadest application permitted by law.

**22. Governing Law.**

This agreement and the rights and obligations of the parties hereunder will be construed and interpreted under the laws of the state of California.

The Parties intend and hereby cause this Agreement to be effective as of October  
1, 2013 (the "Effective Date").

Agreed and Accepted by:

Jill Denio  
Name of Client Representative

[Signature]  
Signature

12-17-13  
Date

Accepted by: 401(k) Advisors, Inc.  
120 Vantis, Suite 400  
Aliso Viejo, CA 92656

\_\_\_\_\_  
Signature of Representative

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature (Authorized Officer)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

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- In connection with a written agreement to provide investment management or advisory services when the information is released for the sole purpose of providing the products or services covered by the agreement;
- In any circumstances with the customer's instruction or consent; or
- Pursuant to any other exceptions enumerated in the California Information Privacy Act.

### **Marketing Materials**

Client acknowledges and agrees that, absent an affirmative election to the contrary, 401(k) Advisors shall have the right to use Client's name, logo, and description in its marketing activities and materials without further notice to or consent by Client.

### **Opt-Out Provisions**

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