

MEMO# 2009

July 6, 1990

TULARE COUNTY CALIFORNIA HOLD HARMLESS AGREEMENTS

- 1 - July 6, 1990 TO: PENSION COMMITTEE NO. 14-90 RE: TULARE COUNTY CALIFORNIA
HOLD HARMLESS AGREEMENTS

As you recall, the Institute is attempting to negotiate with California public school systems on a county-wide basis to change their hold-harmless and minimum exclusion allowance calculation requirements for 403(b) accounts. (See Institute Memorandum to Pension Committee No. 9-90, dated April 27, 1990). Attached in this regard is a copy of the Institute's letter dated June 12, 1990 to the Tulare County Department of Education requesting clarification of provisions in that county's Attachment No. 6.1, Company Qualification Agreement to Sell and Service Tax-Sheltered Custodial Accounts for Regulated Investment Company Stock. Specifically, we requested clarification that the mutual fund is not required to calculate the maximum exclusion allowance for employees of school districts which have adopted Attachment 6.1. We also requested clarification regarding the scope of the hold-harmless clause in the agreement. In response to our inquiry, we received a copy of the attached memorandum dated September 15, 1989 from John Wilborn, Auditor/Accounting Officer of the Tulare County Department of Education. The memorandum confirms that Attachment 6.1 relieves the mutual fund from responsibility for making maximum exclusion allowance calculations. With regard to the hold-harmless provision, the Tulare County Counsel was unable to confirm or reject the Institute's interpretation of the scope of the contract. We will keep you informed of further developments. W. Richard Mason Assistant General Counsel Attachments

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