

CITY OF MARYSVILLE AGENDA BILL

EXECUTIVE SUMMARY FOR ACTION

CITY COUNCIL MEETING DATE: 9/28/2015

AGENDA ITEM: Professional Services Agreement with Government Portfolio Advisors, LLC	
PREPARED BY: Sandy Langdon, Finance Director	DIRECTOR APPROVAL:
DEPARTMENT: Finance	
ATTACHMENTS: Agreement	
BUDGET CODE: 00101023.541000	AMOUNT: \$17,550.00
SUMMARY:	

Finance seeks to improve investment services for the city. Historically investment has been through brokers that provide investments for the city that follow the city's investment policy and state law. Finance has been researching enhancements to its current investment methods. Based upon this research a favorable enhancement would be to utilize an investment advisor. As of July 1, 2014, a new Dodd-Frank regulation takes effect that requires municipal entities to have an investment advisor when investing any funds that are a result of a bond issue.

The benefit received through the contracting of an investment advisor would be an expected increase in investment interest. Fluctuating market conditions make it difficult to estimate an increase, but the services of an investment advisor is expected to have at a minimum a neutral impact. Also, an added benefit would be the update and monitoring of the city's investment policy as well as additional analysis and benchmarking.

Government Portfolio Advisors, LLC were the successful respondent to the City of Kirkland's recent RFP, whom we have an inter-local purchasing agreement with. Successful reference checks were conducted. The proposed agreement is for three years with two additional one-year extensions.

This is a 2015/2016 approved budget request.

RECOMMENDED ACTION:

Staff recommends the City Council authorize the Mayor to sign the Professional Services Agreement with Government Portfolio Advisors, LLC.

**PROFESSIONAL SERVICES AGREEMENT BETWEEN
CITY OF MARYSVILLE
AND GOVERNMENT PORTFOLIO ADVISORS, LLC
FOR CONSULTANT SERVICES**

THIS AGREEMENT (“Agreement”) is made and entered into by and between the City of Marysville, a Washington State municipal corporation (“City”), and Government Portfolio Advisors, LLC, an Oregon LLC (“Consultant”).

NOW, THEREFORE, in consideration of the terms, conditions, covenants and performances contained herein, the parties hereto agree as follows:

ARTICLE I. PURPOSE

The purpose of this Agreement is to provide the City with investment advisory consulting services as described in Article II. The general terms and conditions of the relationship between the City and the Consultant are specified in this Agreement.

ARTICLE II. SCOPE OF SERVICES

The Scope of Services is attached hereto as **Exhibit “A”** and incorporated herein by this reference (“Scope of Services”). All services and materials necessary to accomplish the tasks outlined in the Scope of Services shall be provided by the Consultant unless noted otherwise in the Scope of Services or this Agreement. All such services shall be provided in accordance with the standards of the Consultant’s profession.

ARTICLE III. OBLIGATIONS OF THE CONSULTANT

III.1 MINOR CHANGES IN SCOPE. The Consultant shall accept minor changes, amendments, or revision in the detail of the Scope of Services as may be required by the City when such changes will not have any impact on the service costs or proposed delivery schedule. Extra work, if any, involving substantial changes and/or changes in cost or schedules will be addressed as follows:

Extra Work. The City may desire to have the Consultant perform work or render services in connection with each project in addition to or other than work provided for by the expressed intent of the Scope of Services in the scope of services. Such work will be considered as extra work and will be specified in a written supplement to the scope of services, to be signed by both parties, which will set forth the nature and the scope thereof. All proposals for extra work or services shall be prepared by the Consultant at no cost to the City. Work under a supplemental agreement shall not proceed until executed in writing by the parties.

III.2 WORK PRODUCT AND DOCUMENTS. The work product and all documents produced under this Agreement shall be furnished by the Consultant to the City, and upon completion of the work shall become the property of the City, except that the Consultant may retain one copy of the work product and documents for its records. The Consultant will be responsible for the accuracy of the work, even though the work has been accepted by the City.

In the event that the Consultant shall default on this Agreement or in the event that this Agreement shall be terminated prior to its completion as herein provided, all work product of the Consultant, along with a summary of work as of the date of default or termination, shall become the property of the City. Upon request, the Consultant shall tender the work product and summary to the City. Tender of said work product shall be a prerequisite to final payment under this Agreement. The summary of work done shall be prepared at no additional cost to the City.

Consultant will not be held liable for reuse of documents produced under this Agreement or modifications thereof for any purpose other than those authorized under this Agreement without the written authorization of Consultant.

III.3 TERM. The term of this Agreement shall commence on the date signed by both parties, and remain effective for three years. This agreement may be extended for two (2) additional one-year periods at the sole option of the city.

III.4 NONASSIGNABLE. The services to be provided by the Consultant shall not be assigned or subcontracted without the express written consent of the City.

III.5 EMPLOYMENT.

a. The term “employee” or “employees” as used herein shall mean any officers, agents, or employee of the of the Consultant.

b. Any and all employees of the Consultant, while engaged in the performance of any work or services required by the Consultant under this Agreement, shall be considered employees of the Consultant only and not of the City, and any and all claims that may or might arise under the Workman's Compensation Act on behalf of any said employees while so engaged, and any and all claims made by any third party as a consequence of any negligent act or omission on the part of the Consultant or its employees while so engaged in any of the work or services provided herein shall be the sole obligation of the Consultant.

c. Consultant represents, unless otherwise indicated below, that all employees of Consultant that will provide any of the work under this Agreement have not ever been retired from a Washington State retirement system, including but not limited to Teacher (TRS), School District (SERS), Public Employee (PERS), Public Safety (PSERS), law enforcement and fire fighters (LEOFF), Washington State Patrol (WSPRS), Judicial Retirement System (JRS), or otherwise. *(Please indicate No or Yes*

below)

X No employees supplying work have ever been retired from a Washington state retirement system.

 Yes employees supplying work have been retired from a Washington state retirement system.

In the event the Consultant indicates “no”, but an employee in fact was a retiree of a Washington State retirement system, and because of the misrepresentation the City is required to defend a claim by the Washington State retirement system, or to make contributions for or on account of the employee, or reimbursement to the Washington State retirement system for benefits paid, Consultant hereby agrees to save, indemnify, defend and hold City harmless from and against all expenses and costs, including reasonable attorney’s fees incurred in defending the claim of the Washington State retirement system and from all contributions paid or required to be paid, and for all reimbursement required to the Washington State retirement system. In the event Consultant affirms that an employee providing work has ever retired from a Washington State retirement system, said employee shall be identified by Consultant, and such retirees shall provide City with all information required by City to report the employment with Consultant to the Department of Retirement Services of the State of Washington.

III.6 INDEMNITY.

a. **Indemnification / Hold Harmless.** Consultant shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or resulting from the acts, errors or omissions of the Consultant in performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

b. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Consultant and the City, its officers, officials, employees, and volunteers, the Consultant's liability, including the duty and cost to defend, hereunder shall be only to the extent of the Consultant's negligence.

c. The provisions of this section shall survive the expiration or termination of this agreement.

d. For the purposes of the indemnity contained in subpart “A” of this paragraph 3.6, Consultant hereby knowing, intentionally, and voluntarily waives the immunity of the Industrial Insurance Act, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties.

_____(initials)_____(initials)

III.7 INSURANCE.

a. **Minimum Limits of Insurance.** The Consultant shall procure, and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work and services hereunder by the Consultant, its agents, representatives, employees or subcontractors. The Consultant shall, before commencing work under this agreement, file with the City certificates of insurance coverage and the policy endorsement to be kept in force continuously during this Agreement, in a form acceptable to the City. Said certificates and policy endorsement shall name the City, its officers, elected officials, agents and/or employees as an additional named insured with respect to all coverages except professional liability insurance and workers' compensation.

b. **Minimum Scope of Insurance - Consultant shall obtain insurance of the types described below:**

- (1). Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.
- (2). Commercial General Liability insurance shall be written on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors and personal injury and advertising injury. The City shall be named as an insured under the Consultant's Commercial General Liability insurance policy with respect to the work performed for the City.
- (3). Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.
- (4). Professional Liability insurance appropriate to the Consultant's profession.

c. **The minimum insurance limits shall be as follows:**

- (1) Comprehensive General Liability. \$1,000,000 combined single limit per occurrence for bodily injury personal injury and property damage; \$2,000,000 general aggregate.
- (2) Automobile Liability. \$1,000,000 combined single limit per

accident for bodily injury and property damage.

(3) Workers' Compensation. Workers' compensation limits as required by the Workers' Compensation Act of Washington.

(4) Professional Liability/Consultant's Errors and Omissions Liability. \$1,000,000 per claim and \$1,000,000 as an annual aggregate.

d. **Notice of Cancellation.** In the event that the Consultant receives notice (written, electronic or otherwise) that any of the above required insurance coverage is being cancelled and/or terminated, the Consultant shall immediately (within forty-eight (48) hours) provide written notification of such cancellation/termination to the City.

e. **Acceptability of Insurers.** Insurance to be provided by Consultant shall be with a current A.M.Bests rating of no less than A:VII, or if not rated by Bests, with minimum surpluses the equivalent of Bests' VII rating.

f. **Verification of Coverage.** In signing this agreement, the Consultant is acknowledging and representing that required insurance is active and current. Consultant shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Consultant before commencement of the work. Further, throughout the term of this Agreement, the Consultant shall provide the City with proof of insurance upon request by the City.

g. **Insurance shall be Primary.** The Consultant's insurance coverage shall be primary insurance as respect the City. Any insurance, self-insurance, or insurance pool coverage maintained by the City shall be excess of the Consultant's insurance and shall not contribute with it.

h. **No Limitation.** Consultant's maintenance of insurance as required by this Agreement shall not be construed to limit the liability of the Consultant to the coverage provided by such insurance or otherwise limit the recourse to any remedy available at law or in equity.

i. **Claims-made Basis.** Unless approved by the City all insurance policies shall be written on an "Occurrence" policy as opposed to a "Claims-made" policy. The City may require an extended reporting endorsement on any approved "Claims-made" policy.

j. **Failure to Maintain Insurance** Failure on the part of the Consultant to maintain the insurance as required shall constitute a material breach of contract, upon which the City may, after giving five business days' notice to the Consultant to correct the breach, immediately terminate the contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so

expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due the Consultant from the City.

III.8 DISCRIMINATION PROHIBITED AND COMPLIANCE WITH EQUAL OPPORTUNITY LEGISLATION. The Consultant agrees to comply with equal opportunity employment and not to discriminate against client, employee, or applicant for employment or for services because of race, creed, color, religion, national origin, marital status, sex, sexual orientation, age or handicap except for a bona fide occupational qualification with regard, but not limited to, the following: employment upgrading; demotion or transfer; recruitment or any recruitment advertising; layoff or terminations; rates of pay or other forms of compensation; selection for training, rendition of services. The Consultant further agrees to maintain (as appropriate) notices, posted in conspicuous places, setting forth the provisions of this nondiscrimination clause. The Consultant understands and agrees that if it violates this nondiscrimination provision, this Agreement may be terminated by the City, and further that the Consultant will be barred from performing any services for the City now or in the future, unless a showing is made satisfactory to the City that discriminatory practices have been terminated and that recurrence of such action is unlikely.

III.9 UNFAIR EMPLOYMENT PRACTICES. During the performance of this Agreement, the Consultant agrees to comply with RCW 49.60.180, prohibiting unfair employment practices.

III.10 LEGAL RELATIONS. The Consultant shall comply with all federal, state and local laws and ordinances applicable to work to be done under this Agreement. The Consultant represents that the firm and all employees assigned to work on any City project are in full compliance with the statutes of the State of Washington governing activities to be performed and that all personnel to be assigned to the work required under this Agreement are fully qualified and properly licensed to perform the work to which they will be assigned. This Agreement shall be interpreted and construed in accordance with the laws of Washington. Venue for any litigation commenced relating to this Agreement shall be in Snohomish County Superior Court.

III.11 INDEPENDENT CONTRACTOR.

a. The Consultant and the City understand and expressly agree that the Consultant is an independent contractor in the performance of each and every part of this Agreement. The Consultant expressly represents, warrants and agrees that his status as an independent contractor in the performance of the work and services required under this Agreement is consistent with and meets the six-part independent contractor test set forth in RCW 51.08.195 or as hereafter amended. The Consultant, as an independent contractor, assumes the entire responsibility for carrying out and accomplishing the services required under this Agreement. The Consultant shall make no claim of City employment nor shall claim any related employment benefits, social security, and/or retirement benefits.

b. The Consultant shall be solely responsible for paying all taxes, deductions,

and assessments, including but not limited to federal income tax, FICA, social security tax, assessments for unemployment and industrial injury, and other deductions from income which may be required by law or assessed against either party as a result of this Agreement. In the event the City is assessed a tax or assessment as a result of this Agreement, the Consultant shall pay the same before it becomes due.

c. The City may, during the term of this Agreement, engage other independent contractors to perform the same or similar work that the Consultant performs hereunder.

d. Prior to commencement of work, the Consultant shall obtain a business license from the City.

III.12 CONFLICTS OF INTEREST. The Consultant agrees to and shall notify the City of any potential conflicts of interest in Consultant's client base and shall obtain written permission from the City prior to providing services to third parties where a conflict or potential conflict of interest is apparent. If the City determines in its sole discretion that a conflict is irreconcilable, the City reserves the right to terminate this Agreement.

III.13 CITY CONFIDENCES. The Consultant agrees to and will keep in strict confidence, and will not disclose, communicate or advertise to third parties without specific prior written consent from the City in each instance, the confidences of the City or any information regarding the City or services provided to the City.

III.14 SUBCONTRACTORS/SUBCONSULTANTS.

a. The Consultant shall is responsible for all work performed by subcontractors/subconsultants pursuant to the terms of this Agreement.

b. The Consultant must verify that any subcontractors/subconsultants they directly hire meet the responsibility criteria for the project. Verification that a subcontractor/subconsultant has proper license and bonding, if required by statute, must be included in the verification process. The Consultant will use the following Subcontractors/Subconsultants or as set forth in Exhibit :

c. The Consultant may not substitute or add subcontractors/subconsultants without the written approval of the City.

d. All Subcontractors/Subconsultants shall have the same insurance coverages and limits as set forth in this Agreement and the Consultant shall provide verification of said insurance coverage.

ARTICLE IV. OBLIGATIONS OF THE CITY

IV.1 PAYMENTS.

a. The Consultant shall be paid by the City for services rendered under this Agreement as described in the Scope of Services and as provided in this section. In no event shall the compensation paid to Consultant under this Agreement exceed \$17,500 per year, or a maximum of \$87,500 over the term of the agreement, including extensions, as detailed in the Cost for Services in Attachment A without the written agreement of the Consultant and the City. Such payment shall be full compensation for work performed and services rendered and for all labor, materials, supplies, equipment and incidentals necessary to complete the work. In the event the City elects to expand the scope of services from that set forth in Exhibit A, the City shall pay Consultant a mutually agreed amount.

b. The Consultant shall submit a monthly invoice to the City for services performed in the previous calendar month in a format acceptable to the Cities. The Consultant shall maintain time and expense records and provide them to the Cities upon request.

c. The City will pay timely submitted and approved invoices received before the 20th of each month within thirty (30) days of receipt.

IV.2 CITY APPROVAL. Notwithstanding the Consultant's status as an independent contractor, results of the work performed pursuant to this Agreement must meet the approval of the City, which shall not be unreasonably withheld if work has been completed in compliance with the Scope of Services and City requirements.

IV.3 MAINTENANCE/INSPECTION OF RECORDS. The Consultant shall maintain all books, records, documents and other evidence pertaining to the costs and expenses allowable under this Agreement in accordance with generally accepted accounting practices. All such books and records required to be maintained by this Agreement shall be subject to inspection and audit by representatives of the City and/or the Washington State Auditor at all reasonable times, and the Consultant shall afford the proper facilities for such inspection and audit. Representatives of the City and/or the Washington State Auditor may copy such books, accounts and records where necessary to conduct or document an audit. The Consultant shall preserve and make available all such books of account and records for a period of three (3) years after final payment under this Agreement. In the event that any audit or inspection identifies any discrepancy in such financial records, the Consultant shall provide the City with appropriate clarification and/or financial adjustments within thirty (30) calendar days of notification of the discrepancy.

ARTICLE V. GENERAL

V.1 NOTICES. Notices to the City shall be sent to the following address:

CITY OF MARYSVILLE
Sandy Langdon, Finance Director
1049 Sate Ave.
Marysville, WA 98270

Notices to the Consultant shall be sent to the following address:

GOVERNMENT PORTFOLIO ADVISORS
Luke Schneider, CFA
2188 SW Park Place, Suite 100
Portland, OR 97205

Receipt of any notice shall be deemed effective three (3) days after deposit of written notice in the U.S. mail with proper postage and address.

V.2 **TERMINATION.** The right is reserved by the City to terminate this Agreement in whole or in part at any time upon ten (10) calendar days' written notice to the Consultant.

If this Agreement is terminated in its entirety by the City for its convenience, the City shall pay the Consultant for satisfactory services performed through the date of termination in accordance with payment provisions of Section VI.1.

V.3 **DISPUTES.** The parties agree that, following reasonable attempts at negotiation and compromise, any unresolved dispute arising under this Agreement may be resolved by a mutually agreed-upon alternative dispute resolution of arbitration or mediation.

V.4 **EXTENT OF AGREEMENT/MODIFICATION.** This Agreement, together with attachments or addenda, represents the entire and integrated Agreement between the parties and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement may be amended, modified or added to only by written instrument properly signed by both parties.

V.5 **SEVERABILITY**

a. If a court of competent jurisdiction holds any part, term or provision of this Agreement to be illegal or invalid, in whole or in part, the validity of the remaining provisions shall not be affected, and the parties' rights and obligations shall be construed and enforced as if the Agreement did not contain the particular provision held to be invalid.

b. If any provision of this Agreement is in direct conflict with any statutory provision of the State of Washington, that provision which may conflict shall be deemed inoperative and null and void insofar as it may conflict, and shall be deemed modified to

conform to such statutory provision.

V.6 **NONWAIVER.** A waiver by either party hereto of a breach by the other party hereto of any covenant or condition of this Agreement shall not impair the right of the party not in default to avail itself of any subsequent breach thereof. Leniency, delay or failure of either party to insist upon strict performance of any agreement, covenant or condition of this Agreement, or to exercise any right herein given in any one or more instances, shall not be construed as a waiver or relinquishment of any such agreement, covenant, condition or right.

V.7 **FAIR MEANING.** The terms of this Agreement shall be given their fair meaning and shall not be construed in favor of or against either party hereto because of authorship. This Agreement shall be deemed to have been drafted by both of the parties.

V.8 **GOVERNING LAW.** This Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

V.9 **VENUE.** The venue for any action to enforce or interpret this Agreement shall lie in the Superior Court of Washington for Snohomish County, Washington.

V.10 **COUNTERPARTS.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same Agreement.

V.11 **AUTHORITY TO BIND PARTIES AND ENTER INTO AGREEMENT.** The undersigned represent that they have full authority to enter into this Agreement and to bind the parties for and on behalf of the legal entities set forth below.

DATED this _____ day of _____, 201 .

CITY OF _____

Government Portfolio Advisors, LLC

By _____
Marysville, Mayor

By _____
Deanne Woodring, President

Approved as to form:

Marysville, City Attorney

Exhibit A
Scope of Services

ATTACHMENT A

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2. QUALIFICATIONS OF PROVIDERS
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1. SCOPE OF SERVICE

1) *Provide full-time non-discretionary advisory services for the City's investment portfolio.*

GPA is structured to serve public entities who are looking to improve their investment management process with the assistance of a non-discretionary investment advisor. We believe that the City, and all public funds, should maintain control of investments as the Finance Director/Treasurer and Board have the ultimate fiduciary responsibility. That is why we emphasize in our service a clear communication approach that incorporates guidelines, education and support documents for decision making elements.

Specific Tasks:

1. Create guidelines for the structure including extensive review of investment policy
2. Determine appropriate average maturity and duration
3. Propose specific securities to be purchased within policy
4. Propose plan to time investments
5. Establish process to communicate for specific purchases and approval procedures for City on each transaction

GPA will provide full-time non-discretionary management services to the City. We will collaborate with the Finance staff to ensure that the investment program is implemented in a manner that is clearly identified in policy and practice. GPA incorporates a process that offers a high level of communication regarding portfolio strategy, market expectations, and trade execution. Through efficiencies in our investment process, our services will reduce the amount of City staff's time allocated to the management of the investment fund.

Non-discretionary services require prior approval from the Finance staff on any portfolio changes. Non-discretionary management offers the City an opportunity to access outside resources, improve the existing investment management process, increase access to fixed income securities, and maintain control of the ultimate investment decisions.

2) *Be available in a timely manner, in person, by telephone or e-mail, for consultation or advice.*

Given the team approach of the professionals of GPA, the City can be assured of timely consultation for investment advice. In addition, our location ensures that information can be provided in person to City staff as needed and upon request. Our team is accessible and available at all times.

3) *Comply with all federal laws and state of Washington laws and the ordinances, resolutions and policies of the City.*

GPA clearly understands all federal, state and local ordinances of local fund investing. In addition, we understand the unique adoptions of community investing that Washington entities have implemented.

4) *Provide assistance in developing and implementing investment strategies.*

We understand the importance of developing and implementing investment strategies to maintain and enhance portfolio quality and performance within the parameters of the City's established investment policies and cash flow requirements. Our philosophy of duration management for the portfolio targets the preservation of principal (safety), liquidity, and yield components of public fund investment policies.

5) *Work with the City's cash management staff to assure completion of investment trades, delivery of the securities, availability of funds, and assist with trade settlement.*

GPA will work with City personnel to assure coordination of investment trades, security delivery, fund availability, and trade settlement assistance. Competitive pricing reports will be provided with each transaction, meeting all of the City requirements set forth by the Investment Policy. GPA will also provide technical and fundamental research incorporated in strategic reports.

GPA also provides an extensive strategy review quarterly that incorporates yield curve, asset class and other fundamental research. Additionally, each transaction proposal will include a review of the yield curve and existing portfolio holdings compared to the proposed holdings. This documentation will be provided to the City prior to executing the trade.

GPA will provide all trade details on each transaction including the security description and funds required to be transferred for the purchase, if necessary. These directions will be sent to the City and to the safekeeping bank.

6) *Provide investment advice including breakeven analysis on recommendations made to sell low yield securities and replace them with higher yielding securities.*

GPA will provide strategic documentation on all trade proposals that includes supportive analysis in regards to breakeven, duration targeting and rebalancing the portfolio. The proposals are prepared and presented to City personnel by email with a follow up phone discussion regarding the strategy reasoning to swap securities in the portfolio.

All documentation will be sent to the City and retained by GPA for our records.

7) *Assist in the annual review and update of the City's Investment Policy and review of procedures.*

The Investment Policy is the working document that provides for specific guidance and risk constraints of the portfolio. It is important to incorporate industry best practices and the City's direction regarding

the risk parameters of the investment portfolio. GPA is highly experienced in drafting investment policies to meet the best practice standards and to work with clients to ensure that the risk parameters in the policy are specific to the goals of their clients.. The policy is well written and will provide for additional flexibility to invest, yet maintain a high level of conservative investing practices.

The Procedures: Internal procedures should include portfolio strategy and structure, direction of the advisor and details incorporating movement of cash. GPA is actively involved in reviewing and developing procedures based on the specific requirements of each client.

Procedures and Documentation: GPA will review the City's current internal controls and reporting documentation and assist in meeting best practice standards. GPA's quarterly strategic report provides a comprehensive review of liquidity versus investment funds, asset allocation, and yield curve positioning.

8) *Perform due diligence reviews of current and proposed broker/dealers and financial institutions as described in the City's Investment Policy.*

Broker/Dealer Due Diligence: GPA has an established review process to provide ongoing oversight to broker/dealers on our approved dealer list. We will provide the same oversight to your current approved broker/dealer list.

9) *Provide detailed reports of investment portfolio activity and performance at least monthly. Include relevant benchmarks, earnings and accounting methodology.*

GPA will provide monthly performance reports with mark to market pricing and measurement against the selected benchmark. An independent pricing of the market values of outstanding investments will be provided monthly, quarterly and annually at fiscal year-end. The accounting method used to calculate investment performance is the Modified Dietz method. This method estimates when external cash flows are received into or withdrawn from a portfolio by assuming that all external cash flows occur at the mid-point of the period, thus half-weighting the net total external flow for the period when calculating the period's average capital invested (denominator): Reports shall follow Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) fair-value reporting. Provide separate semi-annual and annual portfolio performance reports based on the City's fiscal year

10) *Provide weekly, to City staff, statement of upcoming cash flows that includes maturities, coupons, called securities and potential call's for a period of 45 days.*

We will provide a statement of upcoming cash flows that includes maturities, coupons and potential calls in the monthly report. We will have the ability to run cash flows over the life of the portfolio and can provide upon request.

11) *Provide City staff with ongoing training and technical advice as needed.*

We would be available to provide educational forums as needed to support the needs of the Finance Department. The GPA professionals are actively involved in providing education forums at WFOA, WMATA as well as GFOA. Additionally, our non-discretionary service naturally incorporates an education process, as trades are proposed and implemented including a discussion of the market

conditions. Deanne is a GFOA trainer, which involves leading two-day seminars for GFOA on investment best practices and is well versed in providing on-site trainings as needed.

12) Provide itemized monthly invoices of charges and provide periodic status reports on the services provided by the firm.

GPA will provide detailed monthly invoices for services rendered.

2. QUALIFICATIONS OF ASSIGNED PROFESSIONALS

Specific qualifications of the investment advisory team that will provide services to the City.

<i>Team Member</i>	<i>Title, Roles and Responsibilities</i>	<i>Education</i>	<i>Credentials</i>	<i>Related Experience</i>
Deanne Woodring, CFA	President <i>Role: Senior Advisor</i>	University of Oregon, Business Finance University of Washington, Executive MBA 2001	CFA - 1989 Investment Advisory License 1998 FINRA Licenses: 63 and 65	Serving public funds since 1982
Dave Westcott, CFA	Chief Investment Officer/COO - <i>Role: Senior Advisor</i>	Lewis & Clark College Business	CFA - 1989 Investment Advisory License 1998 FINRA Licenses 63 and 65	Serving public funds since 1977
Luke Schneider, CFA	Managing Director <i>Role: Investment Strategy and Senior Advisor</i>	University of Arizona- Business Finance, Masters in Accounting 2010	CFA- 2012 Investment Advisory License 2012, FINRA License 66	Serving public funds since 2009
Sally Walton	Managing Director <i>Role: Trading and Senior Advisor</i>	Willamette University Public Policy & Political Science	Investment Advisor License 1999 FINRA Licenses 63 and 65	Serving public funds since 1983
Whitney Maher	Client Relationship Manager <i>Role: Client Support and Portfolio Advisor Support</i>	Portland State University Foreign Languages	FINRA License 66	Serving public funds since 2005
Kim Wright	Office Manager and Administrative Assistant <i>Role: Office Support</i>	Willamette University Sociology PSU – Masters in Public Administration		Serving public funds since 2014
Andrew Sakai	Financial Analyst <i>Role: Portfolio Reporting and reconciliation</i>	University of Oregon - Accounting		Serving public funds since 2015

3. **CONVERSION PROCESS AND CONTINUING SERVICES**

Consistent with and supplementary to the Services described above, GPA will provide the following services as part of the conversion to GPA and its services, and on an on-going basis.

Step 1: Review of investment policy and strategy	Immediate and Ongoing
<ul style="list-style-type: none">• Update strategic review based on cash flows• Update portfolio holdings in GPA reporting system• Complete Guideline Portfolio Strategy risk questionnaire	
Step 2: Complete paper work and authorization documents with City's Third Party Custodial Bank	Immediate and Ongoing
<ul style="list-style-type: none">• Complete document to receive viewing capabilities of holdings online• Complete documents to have authority to provide settlement information• Complete documents to access feed to GPA reporting system	
Step 3: GPA recommends ongoing strategy for investments	Immediate and Ongoing
<ul style="list-style-type: none">• Provide oversight of liquidity and core balances• Provide transactions on competitive platform• Provide security recommendations• Complete transactions through delivery to bank and money notifications	
Step 4: GPA provides reporting	Immediate and Ongoing
<ul style="list-style-type: none">• Market and performance report• Quarterly Compliance report	

4. **COST FOR SERVICES**

GPA will charge a flat annual fee of \$17,550 (3.9 basis points) to provide non-discretionary investment services on approximately \$45MM over the next five years.

Year 1 Fee: \$17,550

Year 2 Fee: \$17,550

Year 3 Fee: \$17,550

Year 4 Fee: \$17,550 – Plus increase on average assets at 3.9 basis points

Year 5 Fee: \$17,550 – Plus increase on average assets at 3.9 basis points

If average balances increase over \$50,000,000 in years 4 and 5, GPA has the right to update the fee based on the 3.9 basis point calculation.

GPA Disclosures:

1. **Duty of Care:** The City understands the Advisor will open accounts on behalf of the City with approved broker/dealers. Confirmations will be generated and sent to the City and the Advisor. The Advisor agrees to review the approved list annually and allows for the addition and removal of any broker/dealer by the City.
2. **Advisor to Other Clients:** The City understands that the Advisor performs investment Advisory services to other various accounts similar to the City. The same security may be sold to multiple accounts and the pricing may vary depending upon the time of execution and the approval of the trade by the City. The Advisor is obligated under SEC rules to maintain an order allocation process when transacting in the same security for multiple accounts and follows a first authorized, first purchased allocation model.
3. **Brochure and Brochure Supplement:** The Advisor acknowledges that it has delivered to the City the current Securities and Exchange Commission Form ADV Part 1, Part 2A and Part 2B. The brochure will be accessible on our website and sent annually as required thereafter. By signing the Agreement, The City hereby acknowledges its receipt of said document at least two business days prior to its execution of this Agreement.
4. **Liability of Loss:** The Advisor shall have no liability for any losses arising out of the delays in performing or inability to perform the services which it renders under this Agreement which result from events beyond its control, including interruption of business activities of the Advisor or other financial institutions due to acts of God, acts of governmental authority, acts of war, terrorism, civil riots, labor disputes or any action or inaction due to malfunction.
5. **Non-Discretionary Services:** The Advisor will make recommendations with respect to the investments of the City, but will not make discretionary decisions. Non-Discretionary is defined as requiring permission from the City prior to transacting trades on the City's behalf. The Advisor will provide a recommendation in writing via email either on the specific security or on the strategy for the coming quarter. The City will respond via email, accepting the strategy and the proposed transactions.
6. **No Guarantee:** The Advisor does not guarantee future performance or any specific level of performance, and the City understands that the market value of investments may fluctuate and at any point in time be worth more or less than the amount originally invested.

