

# PROFESSIONAL CONSULTANT SERVICES AGREEMENT

## CHANDLER ASSET MANAGEMENT, INC.

### Investment Management Services (RFP No. 1943)

THIS PROFESSIONAL CONSULTANT SERVICES AGREEMENT ("Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2019 ("Effective Date"), by and between the CITY OF RIVERSIDE ("City"), a California charter city and municipal corporation, and CHANDLER ASSET MANAGEMENT SERVICES, INC., a California corporation ("Consultant").

1. **Scope of Services.** City agrees to retain and does hereby retain Consultant and Consultant agrees to provide the services as described in Exhibit "A," "Scope of Services" ("Services"), attached hereto and incorporated herein by reference, in conjunction with Investment Management Services (RFP No. 1943) ("Project").

2. **Term.** This Agreement shall be effective on the date first written above and shall remain in effect for three (3) years from the Effective Date above, unless earlier terminated as provided herein. The term may be extended by mutual consent of the parties for an additional two (2) year period. Any such extension/amendment shall be made in writing and approved by the parties. The City Manager or designee is authorized on behalf of the City to execute any amendment subject to budgeted funds.

3. **Compensation/Payment.** Consultant shall be compensated for the performance of the Services under this Agreement in accordance with the terms set forth in Exhibit "B." Said payment shall be made in accordance with City's usual accounting procedures upon receipt and approval of an itemized invoice setting forth the services performed. The invoices shall be delivered to City at the address set forth in Section 4 hereof.

4. **Notices.** Any notices required to be given, hereunder shall be in writing and shall be personally served or given by mail. Any notice given by mail shall be deemed given when deposited in the United States Mail, certified and postage prepaid, addressed to the party to be served as follows:

#### To City

Finance Department  
City of Riverside  
Attn: Edward Enriquez  
3900 Main Street  
Riverside, CA 92522

#### To Consultant

Chandler Asset Management, Inc.  
Attn: Mia Corral Brown  
6225 Lusk Boulevard  
San Diego, CA 92121

5. **Prevailing Wage.** If applicable, Consultant and all subcontractors are required to pay the general prevailing wage rates of per diem wages and overtime and holiday wages determined by the Director of the Department of Industrial Relations under Section 1720 et seq. of the California Labor Code and implemented by Resolution No. 13346 of the City Council of the City of Riverside. The Director's determination is available on-line at [www.dir.ca.gov/dlsr/DPreWageDetermination.htm](http://www.dir.ca.gov/dlsr/DPreWageDetermination.htm) and is referred to and made a part hereof; the wage rates therein ascertained, determined, and specified are referred to and made a part hereof as though fully set forth herein.

6. **Contract Administration.** A designee of the City will be appointed in writing by the City Manager or Department Director to administer this Agreement on behalf of City and shall be referred to herein as Contract Administrator.

7. **Standard of Performance.** While performing the Services, Consultant shall exercise the reasonable professional care and skill customarily exercised by reputable members of Consultant's profession practicing in the Metropolitan Southern California Area, and shall use reasonable diligence and best judgment while exercising its professional skill and expertise.

8. **Personnel.** Consultant shall furnish all personnel necessary to perform the Services and shall be responsible for their performance and compensation. Consultant recognizes that the qualifications and experience of the personnel to be used are vital to professional and timely completion of the Services. The key personnel listed in Exhibit "C" attached hereto and incorporated herein by this reference and assigned to perform portions of the Services shall remain assigned through completion of the Services, unless otherwise mutually agreed by the parties in writing, or caused by hardship or resignation in which case substitutes shall be subject to City approval.

9. **Assignment and Subcontracting.** Neither party shall assign any right, interest, or obligation in or under this Agreement to any other entity without prior written consent of the other party. In any event, no assignment shall be made unless the assignee expressly assumes the obligations of assignor under this Agreement, in a writing satisfactory to the parties. Consultant acknowledges that any assignment may, at the City's sole discretion, require City Manager and/or City Council approval. Consultant shall not subcontract any portion of the work required by this Agreement without prior written approval by the responsible City Contract Administrator. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement, including without limitation, the insurance obligations set forth in Section 12. The Consultant acknowledges and agrees that the City is an intended beneficiary of any work performed by any subcontractor for purposes of establishing a duty of care between any subcontractor and the City.

10. **Independent Contractor.** In the performance of this Agreement, Consultant, and Consultant's employees, subcontractors and agents, shall act in an independent capacity as independent contractors, and not as officers or employees of the City of Riverside. Consultant acknowledges and agrees that the City has no obligation to pay or withhold state or federal taxes or to provide workers' compensation or unemployment insurance to Consultant, or to Consultant's employees, subcontractors and agents. Consultant, as an independent contractor, shall be responsible for any and all taxes that apply to Consultant as an employer.

## **11. Indemnification.**

**11.1 Design Professional Defined.** For purposes of this Agreement, "Design Professional" includes the following:

- A. An individual licensed as an architect pursuant to Chapter 3 (commencing with Section 5500) of Division 3 of the Business and Professions Code, and a business entity offering architectural services in accordance with that chapter.
- B. An individual licensed as a landscape architect pursuant to Chapter 3.5 (commencing with Section 5615) of Division 3 of the Business and Professions Code, and a business entity offering landscape architectural services in accordance with that chapter.
- C. An individual registered as a professional engineer pursuant to Chapter 7 (commencing with Section 6700) of Division 3 of the Business and Professions Code, and a business entity offering professional engineering services in accordance with that chapter.
- D. An individual licensed as a professional land surveyor pursuant to Chapter 15 (commencing with Section 8700) of Division 3 of the Business and Professions Code, and a business entity offering professional land surveying services in accordance with that chapter.

**11.2 Defense Obligation For Design Professional Liability.** Consultant agrees, at its cost and expense, to promptly defend the City, and the City's employees, officers, managers, agents and council members (collectively the "Parties to be Defended") from and against any and all claims, allegations, lawsuits, arbitration proceedings, administrative proceedings, regulatory proceedings, or other legal proceedings to the extent the same arise out of, pertain to, or relate to the negligence, recklessness or willful misconduct of Consultant, or anyone employed by or working under the Consultant or for services rendered to the Consultant in the performance of the Agreement, notwithstanding that the City may have benefited from its work or services and whether or not caused in part by the negligence of an Indemnified Party. Consultant agrees to provide this defense immediately upon written notice from the City, and with well qualified, adequately insured and experienced legal counsel acceptable to City. Consultant will reimburse City for reasonable defense costs for claims arising out of Consultant's professional negligence based on the percentage of Consultant's liability. This obligation to defend as set forth herein is binding on the successors, assigns and heirs of Consultant and shall survive the termination of Consultant's Services under this Agreement.

**11.3 Indemnity For Design Professional Liability.** When the law establishes a professional standard of care for Consultant's services, to the fullest extent permitted by law, Consultant shall indemnify, protect and hold harmless the City and the City's employees, officers, managers, agents, and Council Members ("Indemnified Parties") from and against any and all claim for damage, charge, lawsuit, action, judicial, administrative, regulatory or arbitration proceeding, damage, cost, expense (including counsel and expert fees), judgment, civil fines and

penalties, liabilities or losses of any kind or nature whatsoever to the extent the same arise out of, pertain to, or relate to the negligence, recklessness or willful misconduct of Consultant, or anyone employed by or working under the Consultant or for services rendered to the Consultant in the performance of the Agreement, notwithstanding that the City may have benefited from its work or services and whether or not caused in part by the negligence of an Indemnified Party.

#### **11.4 Defense Obligation For Other Than Design Professional Liability.**

Consultant agrees, at its cost and expense, to promptly defend the City, and the City's employees, officers, managers, agents and council members (collectively the "Parties to be Defended") from and against any and all claims, allegations, lawsuits, arbitration proceedings, administrative proceedings, regulatory proceedings, or other legal proceedings which arise out of, or relate to, or are in any way connected with: 1) the Services, work, activities, operations, or duties of the Consultant, or of anyone employed by or working under the Consultant, or 2) any breach of the Agreement by the Consultant. This duty to defend shall apply whether or not such claims, allegations, lawsuits or proceedings have merit or are meritless, or which involve claims or allegations that any or all of the Parties to be Defended were actively, passively, or concurrently negligent, or which otherwise assert that the Parties to be Defended are responsible, in whole or in part, for any loss, damage or injury. Consultant agrees to provide this defense immediately upon written notice from the City, and with well qualified, adequately insured and experienced legal counsel acceptable to City. This obligation to defend as set forth herein is binding on the successors, assigns and heirs of Consultant and shall survive the termination of Consultant's Services under this Agreement.

**11.5 Indemnity For Other Than Design Professional Liability.** Except as to the sole negligence or willful misconduct of the City, Consultant agrees to indemnify, protect and hold harmless the Indemnified Parties from and against any claim for damage, charge, lawsuit, action, judicial, administrative, regulatory or arbitration proceeding, damage, cost, expense (including counsel and expert fees), judgment, civil fine and penalties, liabilities or losses of any kind or nature whatsoever whether actual, threatened or alleged, which arise out of, pertain to, or relate to, or are a consequence of, or are attributable to, or are in any manner connected with the performance of the Services, work, activities, operations or duties of the Consultant, or anyone employed by or working under the Consultant or for services rendered to Consultant in the performance of this Agreement, notwithstanding that the City may have benefited from its work or services. This indemnification provision shall apply to any acts, omissions, negligence, recklessness, or willful misconduct, whether active or passive, on the part of the Consultant or anyone employed or working under the Consultant.

### **12. Insurance.**

**12.1 General Provisions.** Prior to the City's execution of this Agreement, Consultant shall provide satisfactory evidence of, and shall thereafter maintain during the term of this Agreement, such insurance policies and coverages in the types, limits, forms and ratings required herein. The rating and required insurance policies and coverages may be modified in writing by the City's Risk Manager or City Attorney, or a designee, unless such modification is prohibited by law.

12.1.1 **Limitations.** These minimum amounts of coverage shall not constitute any limitation or cap on Consultant's indemnification obligations under Section 11 hereof.

12.1.2 **Ratings.** Any insurance policy or coverage provided by Consultant or subcontractors as required by this Agreement shall be deemed inadequate and a material breach of this Agreement, unless such policy or coverage is issued by insurance companies authorized to transact insurance business in the State of California with a policy holder's rating of A or higher and a Financial Class of VII or higher.

12.1.3 **Cancellation.** The policies shall not be canceled unless thirty (30) days' prior written notification of intended cancellation has been given to City by certified or registered mail, postage prepaid.

12.1.4 **Adequacy.** The City, its officers, employees and agents make no representation that the types or limits of insurance specified to be carried by Consultant pursuant to this Agreement are adequate to protect Consultant. If Consultant believes that any required insurance coverage is inadequate, Consultant will obtain such additional insurance coverage as Consultant deems adequate, at Consultant's sole expense.

12.2 **Workers' Compensation Insurance.** By executing this Agreement, Consultant certifies that Consultant is aware of and will comply with Section 3700 of the Labor Code of the State of California requiring every employer to be insured against liability for workers' compensation, or to undertake self-insurance before commencing any of the work. Consultant shall carry the insurance or provide for self-insurance required by California law to protect said Consultant from claims under the Workers' Compensation Act. Prior to City's execution of this Agreement, Consultant shall file with City either 1) a certificate of insurance showing that such insurance is in effect, or that Consultant is self-insured for such coverage, or 2) a certified statement that Consultant has no employees, and acknowledging that if Consultant does employ any person, the necessary certificate of insurance will immediately be filed with City. Any certificate filed with City shall provide that City will be given ten (10) days' prior written notice before modification or cancellation thereof.

12.3 **Commercial General Liability and Automobile Insurance.** Prior to City's execution of this Agreement, Consultant shall obtain, and shall thereafter maintain during the term of this Agreement, commercial general liability insurance and automobile liability insurance as required to insure Consultant against damages for personal injury, including accidental death, as well as from claims for property damage, which may arise from or which may concern operations by anyone directly or indirectly employed by, connected with, or acting for or on behalf of Consultant. The City, and its officers, employees and agents, shall be named as additional insureds under the Consultant's insurance policies.

12.3.1 Consultant's commercial general liability insurance policy shall cover both bodily injury (including death) and property damage (including, but not limited to, premises operations liability, products-completed operations liability, independent contractor's liability, personal injury liability, and contractual liability) in an amount not less than \$1,000,000 per occurrence and a general aggregate limit in the amount of not less than \$2,000,000.

12.3.2 Consultant's automobile liability policy shall cover both bodily injury and property damage in an amount not less than \$1,000,000 per occurrence and an aggregate limit of not less than \$1,000,000. All of Consultant's automobile and/or commercial general liability insurance policies shall cover all vehicles used in connection with Consultant's performance of this Agreement, which vehicles shall include, but are not limited to, Consultant owned vehicles, Consultant leased vehicles, Consultant's employee vehicles, non-Consultant owned vehicles and hired vehicles.

12.3.3 Prior to City's execution of this Agreement, copies of insurance policies or original certificates along with additional insured endorsements acceptable to the City evidencing the coverage required by this Agreement, for both commercial general and automobile liability insurance, shall be filed with City and shall include the City and its officers, employees and agents, as additional insureds. Said policies shall be in the usual form of commercial general and automobile liability insurance policies, but shall include the following provisions:

It is agreed that the City of Riverside, and its officers, employees and agents, are added as additional insureds under this policy, solely for work done by and on behalf of the named insured for the City of Riverside.

12.3.4 The insurance policy or policies shall also comply with the following provisions:

- a. The policy shall be endorsed to waive any right of subrogation against the City and its sub-consultants, employees, officers and agents for services performed under this Agreement.
- b. If the policy is written on a claims made basis, the certificate should so specify and the policy must continue in force for one year after completion of the services. The retroactive date of coverage must also be listed.
- c. The policy shall specify that the insurance provided by Consultant will be considered primary and not contributory to any other insurance available to the City and Endorsement No. CG 20010413 shall be provided to the City.

**12.4 Errors and Omissions Insurance.** Prior to City's execution of this Agreement, Consultant shall obtain, and shall thereafter maintain during the term of this Agreement, errors and omissions professional liability insurance in the minimum amount of \$1,000,000 to protect the City from claims resulting from the Consultant's activities.

**12.5 Subcontractors' Insurance.** Consultant shall require all of its subcontractors to carry insurance, in an amount sufficient to cover the risk of injury, damage or loss that may be caused by the subcontractors' scope of work and activities provided in furtherance of this Agreement, including, but without limitation, the following coverages: Workers Compensation, Commercial General Liability, Errors and Omissions, and Automobile liability.

Upon City's request, Consultant shall provide City with satisfactory evidence that Subcontractors have obtained insurance policies and coverages required by this section.

13. **Business Tax.** Consultant understands that the Services performed under this Agreement constitutes doing business in the City of Riverside, and Consultant agrees that Consultant will register for and pay a business tax pursuant to Chapter 5.04 of the Riverside Municipal Code and keep such tax certificate current during the term of this Agreement.

14. **Time of Essence.** Time is of the essence for each and every provision of this Agreement.

15. **City's Right to Employ Other Consultants.** City reserves the right to employ other Consultants in connection with the Project. If the City is required to employ another consultant to complete Consultant's work, due to the failure of the Consultant to perform, or due to the breach of any of the provisions of this Agreement, the City reserves the right to seek reimbursement from Consultant.

16. **Accounting Records.** Consultant shall maintain complete and accurate records with respect to costs incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of City during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

17. **Confidentiality.** All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other materials either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant, except as otherwise directed by City's Contract Administrator. Nothing furnished to Consultant which is otherwise known to the Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use City's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production, website, or other similar medium without the prior written consent of the City. This provision shall survive the expiration or termination of this Agreement.

18. **Ownership of Documents.** All reports, maps, drawings and other contract deliverables prepared under this Agreement by Consultant shall be and remain the property of City. Consultant shall not release to others information furnished by City without prior express written approval of City. This provision shall survive the expiration or termination of this Agreement.

19. **Copyrights.** Consultant agrees that any work prepared for City which is eligible for copyright protection in the United States or elsewhere shall be a work made for hire. If any such work is deemed for any reason not to be a work made for hire, Consultant assigns all right, title and interest in the copyright in such work, and all extensions and renewals thereof, to City, and agrees to provide all assistance reasonably requested by City in the establishment, preservation



and enforcement of its copyright in such work, such assistance to be provided at City's expense but without any additional compensation to Consultant. Consultant agrees to waive all moral rights relating to the work developed or produced, including without limitation any and all rights of identification of authorship and any and all rights of approval, restriction or limitation on use or subsequent modifications. This provision shall survive the expiration or termination of this Agreement.

20. **Conflict of Interest.** Consultant, for itself and on behalf of the individuals listed in Exhibit "C," represents and warrants that by the execution of this Agreement, they have no interest, present or contemplated, in the Project affected by the above-described Services. Consultant further warrants that neither Consultant, nor the individuals listed in Exhibit "C" have any real property, business interests or income interests that will be affected by this project or, alternatively, that Consultant will file with the City an affidavit disclosing any such interest.

21. **Solicitation.** Consultant warrants that Consultant has not employed or retained any person or agency to solicit or secure this Agreement, nor has it entered into any agreement or understanding for a commission, percentage, brokerage, or contingent fee to be paid to secure this Agreement. For breach of this warranty, City shall have the right to terminate this Agreement without liability and pay Consultant only for the value of work Consultant has actually performed, or, in its sole discretion, to deduct from the Agreement price or otherwise recover from Consultant the full amount of such commission, percentage, brokerage or commission fee. The remedies specified in this section shall be in addition to and not in lieu of those remedies otherwise specified in this Agreement.

22. **General Compliance With Laws.** Consultant shall keep fully informed of federal, state and local laws and ordinances and regulations which in any manner affect those employed by Consultant, or in any way affect the performance of services by Consultant pursuant to this Agreement. Consultant shall at all times observe and comply with all such laws, ordinances and regulations, and shall be solely responsible for any failure to comply with all applicable laws, ordinances and regulations. Consultant represents and warrants that Consultant has obtained all necessary licenses to perform the Scope of Services and that such licenses are in good standing. Consultant further represents and warrants that the services provided herein shall conform to all ordinances, policies and practices of the City of Riverside.

23. **Waiver.** No action or failure to act by the City shall constitute a waiver of any right or duty afforded City under this Agreement, nor shall any such action or failure to act constitute approval of or acquiescence in any breach thereunder, except as may be specifically, provided in this Agreement or as may be otherwise agreed in writing.

24. **Amendments.** This Agreement may be modified or amended only by a written agreement and/or change order executed by the Consultant and City.

25. **Termination.** City, by notifying Consultant in writing, shall have the right to terminate any or all of Consultant's services and work covered by this Agreement at any time. In the event of such termination, Consultant may submit Consultant's final written statement of the amount of Consultant's services as of the date of such termination based upon the ratio that the work completed bears to the total work required to make the report complete, subject to the City's



rights under Sections 15 and 26 hereof. In ascertaining the work actually rendered through the termination date, City shall consider completed work, work in progress and complete and incomplete reports and other documents only after delivered to City.

25.1 Other than as stated below, City shall give Consultant thirty (30) days' prior written notice prior to termination.

25.2 City may terminate this Agreement upon fifteen (15) days' written notice to Consultant, in the event:

25.2.1 Consultant substantially fails to perform or materially breaches the Agreement; or

25.2.2 City decides to abandon or postpone the Project.

26. **Offsets.** Consultant acknowledges and agrees that with respect to any business tax or penalties thereon, utility charges, invoiced fee or other debt which Consultant owes or may owe to the City, City reserves the right to withhold and offset said amounts from payments or refunds or reimbursements owed by City to Consultant. Notice of such withholding and offset, shall promptly be given to Consultant by City in writing. In the event of a dispute as to the amount owed or whether such amount is owed to the City, City will hold such disputed amount until either the appropriate appeal process has been completed or until the dispute has been resolved.

27. **Successors and Assigns.** This Agreement shall be binding upon City and its successors and assigns, and upon Consultant and its permitted successors and assigns, and shall not be assigned by Consultant, either in whole or in part, except as otherwise provided in paragraph 9 of this Agreement.

28. **Venue.** Any action at law or in equity brought by either of the parties hereto for the purpose of enforcing a right or rights provided for by this Agreement shall be tried in the Superior Court, County of Riverside, State of California, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county. In the event either party hereto shall bring suit to enforce any term of this Agreement or to recover any damages for and on account of the breach of any term or condition of this Agreement, it is mutually agreed that each party will bear their own attorney's fees and costs.

29. **Nondiscrimination.** During Consultant's performance of this Agreement, Consultant shall not discriminate on the grounds of race, religious creed, color, national origin, ancestry, age, physical disability, mental disability, medical condition, including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, sex, genetic information, gender, gender identity, gender expression, or sexual orientation, military and veteran status, in the selection and retention of employees and subcontractors and the procurement of materials and equipment, except as provided in Section 12940 of the California Government Code. Further, Consultant agrees to conform to the requirements of the Americans with Disabilities Act in the performance of this Agreement.

30. **Severability.** Each provision, term, condition, covenant and/or restriction, in whole and in part, of this Agreement shall be considered severable. In the event any provision,

term, condition, covenant and/or restriction, in whole and/or in part, of this Agreement is declared invalid, unconstitutional, or void for any reason, such provision or part thereof shall be severed from this Agreement and shall not affect any other provision, term, condition, covenant and/or restriction of this Agreement, and the remainder of the Agreement shall continue in full force and effect.

31. **Authority.** The individuals executing this Agreement and the instruments referenced herein on behalf of Consultant each represent and warrant that they have the legal power, right and actual authority to bind Consultant to the terms and conditions hereof and thereof.

32. **Entire Agreement.** This Agreement constitutes the final, complete, and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Agreement, and supersedes all prior and contemporaneous understandings or agreements of the parties. Neither party has been induced to enter into this Agreement by and neither party is relying on, any representation or warranty outside those expressly set forth in this Agreement.

33. **Interpretation.** City and Consultant acknowledge and agree that this Agreement is the product of mutual arms-length negotiations and accordingly, the rule of construction, which provides that the ambiguities in a document shall be construed against the drafter of that document, shall have no application to the interpretation and enforcement of this Agreement.

33.1 Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of the Agreement or any of its terms. Reference to section numbers, are to sections in the Agreement unless expressly stated otherwise.

33.2 This Agreement shall be governed by and construed in accordance with the laws of the State of California in effect at the time of the execution of this Agreement.

33.3 In the event of a conflict between the body of this Agreement and Exhibit "A" - Scope of Services hereto, the terms contained in Exhibit "A" shall be controlling.

34. **Exhibits.** The following exhibits attached hereto are incorporated herein to this Agreement by this reference:

- Exhibit "A" - Scope of Services
- Exhibit "B" - Compensation
- Exhibit "C" - Key Personnel

IN WITNESS WHEREOF, City and Consultant have caused this Agreement to be duly executed the day and year first above written.

CITY OF RIVERSIDE, a California  
charter city and municipal corporation

CHANDLER ASSET MANAGEMENT, INC.  
a California corporation

By: \_\_\_\_\_  
City Manager

By: Martin D. Cassell  
Martin D. Cassell

[Printed Name]  
President

Attest: \_\_\_\_\_  
City Clerk

\_\_\_\_\_  
[Title]

Certified as to Availability of Funds:

By: [Signature]  
Chief Financial Officer

By: Nicole Drago  
Nicole Drago

[Printed Name]  
COO/CCO, Secretary

Approved as to Form:

By: [Signature]  
Senior Deputy City Attorney

\_\_\_\_\_  
[Title]

**EXHIBIT "A"**

**SCOPE OF SERVICES**

The key tasks that can be expected during the engagement with Chandler are as follows:

**Key Engagement Tasks**

Task	Frequency
Conduct Kick-off Meeting	At inception
Investment Policy review	At inception; Annually thereafter
Bond Indenture review	At inception/As needed
Cash flow analysis	At inception/ongoing
Establish benchmarks/strategies	At inception
Invest initial funds	At inception
Conduct investment research	Ongoing (weekly)
Reinvest funds	Ongoing (as needed)
Review compliance	Daily
Provide monthly reports	Monthly (by 3 <sup>rd</sup> business day)
Provide quarterly reports	Quarterly (by 20 <sup>th</sup> business day)
In-person presentations	Quarterly/as needed
Financial analysis of gains/losses	Monthly/as needed
Review cash flow forecasts	Ongoing
Ad hoc educational presentations	As needed
Maintain proactive communication	Daily
Other tasks	As needed

Chandler has both the expertise and bandwidth to perform each of the required duties specified in this proposal and in the City's *Scope of Services*. We maintain the resources and personnel to seamlessly transition the City's investment program to Chandler's management, which we would begin immediately and without hesitation. The assigned engagement team would provide uninterrupted and continuous service for the duration of the contract.

**SCOPE OF SERVICES**

We believe that through effective risk management, we can enhance the potential for higher **total returns** for risk-conscious clients, while maintaining their shared primary objectives of **safety** and **liquidity**. We implement our philosophy by structuring investment portfolios with the goal of achieving performance that consistently exceeds the returns of a selected market benchmark, while maintaining each client's risk profile at all times.

Chandler understands and is uniquely qualified to meet and/or exceed all of the expectations that the City has for its investment management, advisory, and service needs. As we aim to be an extension of your staff, we can provide any other treasury management support services based on the City's needs including but not limited to the following services:

- **Investment Management Services.** Chandler will provide full-time investment management services for the City pursuant to the prudent expert standard of care required as a fiduciary. We will develop City-specific objectives and constraints for each portfolio through a collaborative process with your staff. We will work with the City's CFO/Treasurer, Investment Advisory Committee, and finance staff to evaluate and monitor investments in the portfolio within the scope of a comprehensive strategy to ensure safety, meet liquidity needs, and enhance return.

Chandler manages portfolios that are comprised of asset classes in the U.S. fixed income universe that align with our clients' objectives of **safety**, **liquidity** and **return**. In California, these are assets that are

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permitted by California Government Code 53601 and 53635. The composition of Chandler's portfolios includes high quality, short-term investment-grade, U.S. dollar denominated securities including but not limited to *U.S. Treasuries, Federal Agencies, municipal bonds, negotiable CDs, Corporate notes, Supranational securities, asset-backed securities, mortgage-backed securities and commercial paper*. We will reduce exposure to market risk by diversifying the portfolio by issuer and security type, and by establishing and maintaining a target portfolio duration that is consistent with the City's risk profile and investment objectives.

- **Cash Flow and Maturity Analysis.** We utilize proprietary methods to conduct cash flow analysis and forecast cash requirements as an initial step and on an ongoing basis to effectively structure a portfolio that both ensures liquidity and provides the City with opportunities for enhanced returns. We will communicate with you about current and expected needs in order to maintain cash flow forecasts to manage liquidity, and structure securities in the portfolio to mature on known cash flow dates. We also identify funds available for longer-term investment in the City's total return investment strategy to take advantage of the yield-curve and the potential for higher returns.
- **Provide Credit Analysis of Investment Instruments in Portfolio.** Chandler's rigorous process for reviewing credit securities considered for inclusion in clients' portfolios is designed to identify stable and improving credits, as well as early detection of weak or deteriorating credits. Close attention is paid to security issuers, with review taking place on a weekly basis. Chandler's Credit Committee conducts fundamental macroeconomic, industry-wide and issuer-specific analysis which results in the development and maintenance of an *Approved Issuer List* of securities. In the event the fundamentals of the underlying credit change, the Credit Committee may act to add or remove the issuer from our "approved list" under the appropriate segregation. We will communicate changes to you to ensure that you and your staff are informed of market conditions or significant developments in the City's portfolio.
- **Attend quarterly meetings with City Staff and Investment Advisory Committee.** As an investment manager headquartered in Southern California, Chandler will provide timely communication and practice excellent service delivery to the City in all of its contact with your staff. Your Relationship Manager, Mia Corral Brown, Portfolio Strategist Carlos Oblites, and other contacts from the designated team for the City will meet with you at least quarterly to present the investment portfolio to the City's Investment Advisory Committee and finance staff. We understand that during any transition and initial period that follows, communication will be frequent in nature and will assist both teams to establish objectives, communication requirements and milestones for the engagement. After this initial period, the team assigned to the City maintains the flexibility to continue to meet with you as often as you prefer and will also attend any ad hoc or special meetings and present on fixed income topics throughout the year. We also invite the City's staff to our headquarters for periodic meetings, trainings or for the purpose of conducting due diligence.

Chandler is largely focused on California local governments, with professionals that reside and work full-time in the state. We are committed to keeping you fully informed of local issues, investment strategies, market conditions and developments that are relevant to your investment program and that could potentially impact you from a risk, opportunity, operational and statutory perspective. We will meet with you as frequently as you prefer, and our investment professionals will also be available by phone during business hours. Chandler's professionals excel at the type of communication required to provide full transparency of your investment portfolio, assisting with translating the details of the entire investment program efficiently and effectively to your finance staff, Investment Advisory Committee, and community members.

In addition, we communicate regularly via email to our clients with updates which include:

- Weekly economic updates provide a concise summary of economic and market news of the current week, key economic indicators, as well as topics for the next weeks' economic data releases. The update is sent via email to clients and interested parties each Friday;
  - Monthly newsletter that includes a market summary, treasury yield curve graph and monthly percent changes, as well as economic data and statistics; and
  - Ad hoc emails and communication such as Fed rate news, education pieces, white papers, technology and product updates.
- **Evaluate market risk and develop strategies that minimize the impact on the portfolio.** Our focus on managing downside risk is equally as important as our focus on an investment's upside potential and proves especially valuable for protecting our clients' principal in a rising interest rate environment. Our strategies add value in a framework of risk management throughout the investment process including the establishment of specific client objectives, purchasing individual securities, and the reinvestment of maturing bonds. We reduce exposure to market risk by diversifying the portfolio by issuer and security type and by establishing and maintaining a target portfolio duration that is consistent with your risk profile and investment objectives.
  - **Provide assurance of portfolio compliance with applicable policies and laws.** Chandler utilizes Bloomberg AIM, a robust order management and portfolio compliance system to monitor and automate compliance review and report on compliance of the City's investments. Under Chandler's management engagement, the City will derive additional benefits through operational efficiencies and time-saving practices, as we use Bloomberg AIM as the single platform from trade origination through compliance review. Compliance is monitored in your portfolios daily and reported formally to you in your monthly report. Affirmation of compliance signals to the City's Council, Investment Advisory Committee, and other stakeholders that the City and Investment Manager takes seriously its fiduciary duty to protect tax-dollars.
  - **Establish an appropriate performance benchmark.** Along with an overarching investment strategy designed to meet your risk tolerance and return expectations, we will identify an appropriate benchmark to measure portfolio outcomes. The benchmark should reflect the actual securities being purchased and the risks undertaken and should have a similar weighted average maturity and credit profile as the portfolio. The benchmark should also be the basis for discussion about factors contributing to incremental outperformance of the portfolio relative to the benchmark. Chandler has deep expertise in analyzing and selecting effective benchmarks for performance measurement and will undergo a collaborative process with the City's staff to select appropriate benchmarks for each of its portfolios.
  - **Investment Policy Review.** We will conduct an extensive review of your Investment Policy, as well as consult with you to understand and quantify your investment objectives, risk profile, and expected outcomes. Once the investment policy is approved, it becomes the operating guideline for the portfolio. In addition, we will perform a formal review of the City's investment policy annually to ensure that it is updated to reflect the latest changes to California Government Code, as well as incorporate your objectives and cash flow needs that may change over time. Recommendations are meant to incorporate best practices that *provide clarification, increase return potential, and improve risk management.*
  - **Ensure portfolio structure matches City objectives.** We encourage ongoing discussions with your staff to ensure that the investment strategy remains consistent with your understood goals and objectives yet remains flexible enough to propose innovative solutions as your needs evolve. We will frequently consult with the City's staff on ways to expand investment guidelines with the intent to ensure that the investment portfolio is exposed to the broadest opportunity set providing the potential for enhanced return, while still focusing on the primary objectives of safety of principal and access to cash.



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- **Best Execution, Settlement, and Documentation.** Chandler executes securities transactions on a transparent and highly competitive basis, in accordance with our commitment to best execution. As part of this process, we seek a broad range of security broker-dealers that provide a high level of market liquidity and product inventory. We strive to find the best execution for each transaction, seeking multiple price quotations on all purchases and sales, a process which adds to the incremental net economic benefit and value added over time. Trade tickets documenting our process are made available to clients the same day that trades occur. Our competitive bid process results in an incremental net financial advantage for the City over time and is an additional source of value in retaining Chandler as investment manager.
  - **Portfolio Accounting and Reporting.** We provide monthly reports that include a management summary of portfolio characteristics, performance and full accounting details. Reports may be structured to include the City's investment accounts as well as its liquid funds in LAIF and cash vehicles. Chandler's consolidation of the City's accounts offers both a "broken-out" as well as an aggregated view of the City's entire investment program for increased transparency and operational efficiency. This provides you with a rolled up or complete view of your investment program. Reports as well as holdings, trade tickets, and historical data is available to the City via Chandler's online reporting tool, the *Chandler Client Portal*. Monthly reports are available no later than the third business day following month-end. You will also receive a quarterly report in a format designed to facilitate discussion between the City's designated engagement team and your staff.

Reports are prepared in accordance with state law and the Governmental Accounting Standards Board (GASB) and are compiled to meet your specific needs. Performance for your portfolio will be calculated and reported in compliance with the CFA Institute's Global Investment Performance Standards (GIPS®).

- **Online Access.** Chandler's *Client Portal* is the custom web-based reporting tool that provides clients with secure access to a variety of digital files, including customized reports, trade tickets and documents, as well as the ability to download daily transactions and holdings, historical monthly statements, and quarterly reports. The *Portal* offers online access and is also designed to be viewed on mobile devices. Reports can be downloaded in Excel format and easily mapped and integrated into your internal reporting requirements, aggregating your data for effective analysis, and improving your operational efficiencies within the City's Finance Department.
- **Broker-Dealer Due Diligence.** The Investment Management Team maintains an active, productive relationship with the broker-dealer community in order to promote an ongoing flow of market information and to execute trades for our clients at competitive prices. This advantage provides our clients with market access that they would not be able to achieve on their own. On a given day, various factors may combine to generate the best price for a given transaction, including current dealer inventories, dealer profit/loss positions, and individual dealer sentiments about the market. No one dealer will consistently provide best execution. For that reason, we consistently place several dealers in competition and continuously monitor and compare inventories and prices. We review the credentials and regulatory background of each broker-dealer firm and their employees with whom we trade using FINRA's online BrokerCheck System.
- **Custodian Bank/Safekeeping Review and Selection.** As part of our services, we can assist you in reviewing custodial and safekeeping arrangements. Your Relationship Manager will review your current custodial arrangement, including contractual arrangement, services provided, your satisfaction with the services and their cost. We can make recommendations for revisions in your existing relationship or assist you in selecting a new custodian that best facilitates your needs.
- **Serve as a General Resource to the City's staff.** Chandler professionals serve as faculty and committee members for the Government Finance Officers Association (GFOA) and are active participants and

sponsors of other national and regional associations that develop recommended best practices and training curricula for public agencies including the California Society of Municipal Finance Officers (CSMFO), the California Municipal Treasurers Association (CMTA), the California Debt and Investment Advisory Commission (CDIAC), and the CFA Institute. Chandler is a registered sponsor on the National Registry of CPE Sponsors, affirming our commitment to the delivery of high quality continuing professional education. We have developed educational materials on a wide range of investment topics, including risk, duration, benchmarking and total return, corporate credit analysis, accounting and others. We will provide educational presentations for your staff, management and other officials based on best practices of public financial management. Learning opportunities can be scheduled in conjunction with regular portfolio reviews, or at other times more convenient for your staff. Some topics Chandler presented on recently are: *Due Diligence Process for Local Government Investment Pools*, *Economic Update and Incorporating Economic Data into Investment Strategies*, *Tips for Conducting Credit Analysis*, *Investment Policy Training*, *Bond Market 101*; *Cash Flow, Asset/Liability Matching and Benchmarks*; and *Measuring Portfolio Performance*.

#### **COMPANY INFORMATION**

Chandler Asset Management Inc. ("Chandler") is an SEC-registered investment adviser and California corporation focusing on the management of fixed-income portfolios for the public sector.

**Chandler Asset Management, Inc.**

6225 Lusk Boulevard

San Diego, California 92121

Direct: 858.546.3737 | Toll free: 800.317.4747

[info@chandlerasset.com](mailto:info@chandlerasset.com) | [www.chandlerasset.com](http://www.chandlerasset.com)

Besides our San Diego Headquarters, Chandler serves its clients nationwide from the following locations:

- Colorado 1875 Lawrence Street, Suite 920, Denver, Colorado, 80202
- N. California 7250 Redwood Boulevard, Suite 300, Novato, California 94945
- Washington 801 2<sup>nd</sup> Avenue, Suite 800, Seattle, Washington 98104
- Florida 801 International Parkway, Suite 500, Lake Mary, Florida 32746

Neither Chandler nor any of its officers or employees have ever been involved in any regulatory censure or litigation in its history.

PROPOSED ADDITIONAL TERMS  
SPECIFIC TO INVESTMENT MANAGEMENT RELATIONSHIP

1. Client Representative. In its capacity as investment manager, Chandler shall receive all instructions, directions and other communications on Client's behalf respecting Client's account from \_\_\_\_\_ (Representative). Chandler is hereby authorized to rely and act upon all such instructions, directions and communications from such Representative or any agent of such Representative.
2. Investment Policy. In investing and reinvesting Client's assets, Chandler shall comply with Client's Investment Policy, which is attached hereto as Exhibit A.
3. Authority of Chandler. Chandler is hereby granted full discretion to invest and reinvest all assets under its management in any type of security it deems appropriate, subject to the instructions given or guidelines set by Representative.
4. Notices. All reports and other communications required hereunder to be in writing shall be delivered in person, or sent by first-class mail postage prepaid, by overnight courier, by confirmed facsimile with original to follow or by confirmed electronic mail with proof of receipt to the addresses set forth below. Either party to this Agreement may, by written notice given at any time, designate a different address for the receipt of reports and other communications due hereunder.

Chandler Asset Management  
Attn: Nicole Dragoo  
6225 Lusk Boulevard  
San Diego, CA 92121

Client Representative  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. Electronic Delivery. From time to time, Chandler may be required to deliver certain documents to Client such as account information, notices and required disclosures. Client hereby consents to Chandler's use of electronic means, such as email, to make such delivery. This delivery may include notification of the availability of such document(s) on a website, and Client agrees that such notification will constitute "delivery". Client further agrees to provide Chandler with Client's email address(s) and to keep this information current at all times by promptly notifying Chandler of any change in email address(s).

Client email address(s): \_\_\_\_\_

6. Proxy Voting. Chandler will vote proxies on behalf of Client unless otherwise instructed. Chandler has adopted and implemented written policies and procedures and will provide Client with a description of the proxy voting procedures upon request. Chandler will provide information regarding how Clients' proxies were voted upon request. To request proxy policies or other information, please contact us by mail at the address provided, by calling 800-317-4747 or by emailing your request to [info@chandlerasset.com](mailto:info@chandlerasset.com).

7. Custody of Securities and Funds. Chandler shall not have custody or possession of the funds or securities that Client has placed under its management. Client shall appoint a custodian to take and have possession of its assets. Client recognizes the importance of comparing statements received from the appointed custodian to statements received from Chandler. Client recognizes that the fees expressed above do not include fees Client will incur for custodial services.
8. Valuation. Chandler will value securities held in portfolios managed by Chandler no less than monthly. Securities or investments in the portfolio will be valued in a manner determined in good faith by Chandler to reflect fair market value.
9. Investment Advice. Client recognizes that the opinions, recommendations and actions of Chandler will be based on information deemed by it to be reliable, but not guaranteed to or by it. Provided that Chandler acts in good faith, Client agrees that Chandler will not in any way be liable for any error in judgment or for any act or omission, except as may otherwise be provided for under the Federal Securities laws or other applicable laws.
10. Payment of Commissions. Chandler may place buy and sell orders with or through such brokers or dealers as it may select. It is the policy and practice of Chandler to strive for the best price and execution and for commission and discounts which are competitive in relation to the value of the transaction and which comply with Section 28(e) of the Securities and Exchange Act. Nevertheless, it is understood that Chandler may pay a commission on transactions in excess of the amount another broker or dealer may charge, and that Chandler makes no warranty or representation regarding commissions paid on transactions hereunder.
11. Other Clients. It is further understood that Chandler may be acting in a similar capacity for other institutional and individual clients, and that investments and reinvestments for Client's portfolio may differ from those made or recommended with respect to other accounts and clients even though the investment objectives may be the same or similar. Accordingly, it is agreed that Chandler will have no obligation to purchase or sell for Client's account any securities which it may purchase or sell for other clients.
12. Confidential Relationship. The terms and conditions of this Agreement, and all information and advice furnished by either party to the other shall be treated as confidential and shall not be disclosed to third parties except (i) as required by law, rule, or regulation, (ii) as requested by a regulatory authority, (iii) for disclosures by either party of information that has become public by means other than wrongful conduct by such party or its officers, employees, or other personnel, (iv) for disclosures by either party to its legal counsel, accountants, or other professional advisers, (v) as necessary for Chandler to carry out its responsibilities hereunder, or (vi) as otherwise expressly agreed by the parties.
13. Receipt of Brochure and Privacy Policy. Client hereby acknowledges receipt of the disclosure statement or "brochure" and "brochure supplement" also known as Part 2A and Part 2B of Form ADV, required to be delivered pursuant to Rule 204-3 of the Investment Advisers Act of 1940 (Brochure). Client further acknowledges receipt of Chandler's Privacy Policy, as required by Regulation S-P.

## **EXHIBIT "B"**

### **COMPENSATION**

City shall compensate Consultant monthly an amount calculated on the average market value of City's portfolio, including accrued interest, in accordance with the following schedule:

<u>Assets Under Management</u>	<u>Annual Investment Management Fee</u>
First \$200 million	0.05 of 1% (5 basis points)
Next \$100 million	0.04 of 1% (4 basis points)
Assets in excess of \$300 million	0.03 of 1% (3 basis points)

The fees expressed above do not include any custody fees that may be charged by City's bank or other third-party custodian.

Fees shall be pro-rated to the effective date of termination on the basis of actual days elapsed, and any unearned portion of prepaid fees shall be refunded. City is not required to pay any start-up or closing fees; there are no penalty fees.

**EXHIBIT "C"**

**KEY PERSONNEL**

**COMPANY PERSONNEL**

The key professionals who will be assigned to the engagement for City of Riverside are listed in the following table:

**Chandler's Professional Team for the  
City of Riverside**

Contact Name and Title	Responsibilities to the City	Industry Tenure	Firm Tenure	Education
<b>Jayson Schmitt, CFA</b> <i>EVP, Portfolio Manager</i>	<ul style="list-style-type: none"> <li>• <b>Portfolio Manager</b></li> <li>• Implements portfolio strategies</li> <li>• Research and Analysis</li> <li>• Head of Quantitative Analysis Committee and Economic and Market Analysis Committee</li> </ul>	25 years	24 years	B.A. Economics, San Diego State University, CFA® charter holder
<b>William Dennehy II, CFA</b> <i>EVP, Portfolio Manager</i>	<ul style="list-style-type: none"> <li>• <b>Portfolio Manager</b></li> <li>• Implements portfolio strategies</li> <li>• Research and Analysis</li> <li>• Head of Credit Committee</li> </ul>	27 years	8 years	B.S. Business Administration, California State University, Chico, CFA® charter holder
<b>Carlos Oblites</b> <i>SVP, Portfolio Strategist</i>	<ul style="list-style-type: none"> <li>• <b>Portfolio Strategist</b></li> <li>• Implements portfolio strategies</li> <li>• Monitors alignment with client objectives and policies</li> <li>• Expertise in policy development and state legal requirements governing public investments</li> </ul>	23 years	2 years	B.A., History, University of California, Santa Barbara, M.B.A., San Francisco State University
<b>Mia Corral Brown</b> <i>SVP, Relationship Manager</i>	<ul style="list-style-type: none"> <li>• <b>Relationship Manager</b></li> <li>• Conducts onboarding process and review</li> <li>• Oversees client communication</li> <li>• Schedules training and educational presentations</li> </ul>	21 years	15 years	B.A. Speech Communications, San Diego State University
<b>Kara Raynor Sanchez</b> <i>VP, Client Service Director</i>	<ul style="list-style-type: none"> <li>• <b>Client Service</b></li> <li>• Reporting requirements and Client Portal</li> <li>• Schedules training and educational presentations</li> <li>• Oversees client communication</li> </ul>	7 years	7 years	B.A. Communication, University of the Pacific; M.A. Communication, San Diego State University
<b>Nicole Dragoo, JD, IACCP</b> <i>COO, Chief Compliance Officer</i>	<ul style="list-style-type: none"> <li>• <b>Head of Operations and Compliance</b></li> <li>• Regulatory compliance and legal matters</li> <li>• Manages investment operations</li> <li>• Oversees firm's administrative functions</li> </ul>	19 years	18 years	B.A. Business Economics, J.D. University of San Diego Investment Adviser Certified Compliance



Drawing from their collective expertise, the Investment Management Team develops and implements strategies for the City based on a thorough, well-rounded analysis of investment ideas that are specific to the strategy and investment objectives of the City. **Jayson Schmitt, CFA, EVP, Portfolio Manager**, **William Dennehy II, CFA, EVP, Portfolio Manager**, and their colleagues on the Investment Management Team employ our research-based methods to structure investment solutions that address the City's dual needs for liquidity and return, implement the portfolios' strategies in a customized manner, and conduct securities transactions in the accounts. Jayson serves as a member of the firm's Executive Committee, is Head of the *Quantitative Analysis Committee* and *Economic and Market Analysis Committee* and provides daily oversight of the investment management process. **William Dennehy II, CFA, EVP, Portfolio Manager** also serves on the firm's Executive Committee and is Head of the firm's *Credit Committee*. As investment team members with senior stature within the firm, Jayson and Bill oversee investment management activities for many of the firm's top client relationships as measured by assets under management, including *Transportation Corridor Agencies* (better known as the Irvine Toll Roads), *CSAC Excess Insurance Authority*, *Orange County Sanitation District*, *City of Sunnyvale*, *City of Long Beach*, *City of Corona*, and *Orange County Transportation Agency*<sup>1</sup>. Bill Dennehy is also the portfolio manager assigned to a large hospital and healthcare group in California, with over \$2.6 billion in assets under management and manages several customized strategies to meet their needs.

**Carlos Oblites, SVP**, will be a key investment contact and serve as the City's primary portfolio strategist. As part of Chandler's Portfolio Strategy team, Carlos has advisory responsibilities that include monitoring the investment strategies for alignment with client objectives, reviewing and revising investment policies, addressing anticipated cash flow needs, and providing research and education on asset classes.

**Mia Corral Brown, SVP, Relationship Manager**, will be the engagement manager and key account contact for the City. Mia joined the firm in 2004 and has significant experience providing client service to public sector clients in Southern California. She is an active participant at California public agency conferences and events and has significant expertise in the state's evolving investment landscape and investment best practices. Mia is a founding Board Member of the Women in Public Finance, San Diego Chapter, and currently serves the Board by promoting membership, community outreach, and coordinating educational seminars on varied topics relevant to the public sector. Mia will work closely with the City to review investment policies, assist with custodial relationships, and provide investment training, among other services. She will also assist you to develop a schedule of regular in-person client meetings consistent with your preferences, and will attend meetings, along with your primary investment contacts.

Pursuant to the firm's team approach, the City's investment and client service contacts are supported by additional investment professionals who average over twenty-one (21) years of industry and public agency experience. This approach ensures that all investment team members are knowledgeable of your portfolio, and that the collective expertise and insight of each individual portfolio manager is leveraged to address portfolio management inquiries or to respond to requests for research. The team approach ensures that there will always be professionals available who are knowledgeable about your portfolio management needs and provide continuity of the investment program.

**Martin D. Cassell, CFA, CEO and Chief Investment Officer** is the principal in charge of all aspects of the firm, including ensuring that our staff not only meets, but also exceeds expectations for investment management and

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<sup>1</sup> This includes clients who have given us permission to list. It is not known whether the listed clients approve or disapprove of Chandler Asset Management and the advisory services provided.

service delivery. The firm's COO and Chief Compliance Officer, **Nicole Dragoo, JD, IACCP**, oversees the compliance and operations departments as well as the contracting/onboarding process of new client accounts.

Chandler will not use any sub-contractors or sub consultants for this or any other client mandate as related to our investment management or advisory responsibilities.

For details on Chandler's professionals, please see the *Professional Biographies* included in the **Appendix**.

## **EXPERIENCE AND REFERENCES**

Managing fixed income portfolios for public funds and governmental entities is our core business. It is our view that there is no other firm with as targeted of a focus on public agencies and the dedication to the responsibilities and resources required to prudently manage their investment programs. We understand the challenges that the City's staff faces every day as they work to ensure that funds are available to meet the City's mission. Chandler is uniquely qualified to meet the City's investment needs because of our work in safeguarding our clients' funds while generating strong returns over time. Our clients select us as their investment manager because of our:

- Investment and credit review processes designed to ensure that our clients' funds are safe;
- Expertise in California Government Codes that govern the investment of public funds;
- Track record in establishing or expanding investment programs that support the budgetary goals of our clients;
- Ability to manage fixed income portfolios through changes in the interest rate cycle to the benefit our clients; and
- Extensive experience serving public agencies. The combined experience of the firm's senior shareholders as investment officers within large public agencies shaped their perspectives in leading a firm with a focus on the management of public funds, and to assist a public entity's staff in fulfilling their fiduciary duty to their constituents.

As a fiduciary, we work with clients on every aspect of the investment program, including ensuring that the investment program supports the City's financial goals. We also focus on analysis of risk and return, investment policy development and review, and cash flow analysis and forecasting. The entire professional staff understands the specific needs as well as the challenges public agencies and their finance staff face due to their public role and responsibility in the stewardship of taxpayer funds. All of the proprietary tools and processes the firm has developed are in response to public agencies' unique investment objectives, constraints, and requirements for adherence to state codes or statutes. Moreover, our portfolio management, market research, credit analysis process, accounting, and reporting resources are extensive, and scalable to meet additional needs. We also assist with models for accounting and journal entry, and work with clients individually during onboarding and beyond to help them set up their internal accounting templates.

### **Case Studies for Current Clients\***

A detailed description of the services that Chandler provides for three current clients is provided in the following case studies.

#### **The City of Newport Beach – Client Since 1991**

Chandler has worked with the City of Newport Beach since the early nineties, and in 2016, we responded once again to the City's RFP. At the conclusion of the RFP process, the City transitioned from a multi-manager structure and selected Chandler as its sole provider of investment advisory services. Throughout our tenure with Newport Beach, we have provided consistency of services and continuity of their investment program in light of multiple staff, committee, and council changes.

Through various market cycles, we have partnered with staff to ensure safety of principal while providing for the City's liquidity requirements earning a commensurate rate of return to effectively meet the objectives of the City

of Newport Beach. Since their incorporation in 1906, the City has grown to serve approximately 85,000 constituents. Along with that growth have been changes to the City's Scope of Services, investment strategy, and policy. We continue to make recommendations regarding the structure of the City's portfolio consistent with achieving their goals. One of their objectives has been to demonstrate added value versus the agreed upon benchmark for their core portfolio. Client communication has been a cornerstone to our relationship. We conduct monthly strategy meetings and quarterly meetings with their staff as well as the Finance Committee and are available by phone and email to respond to any questions that may arise. We are proud of the long-term relationship that we have fostered with the City, especially with the evolving landscape of the financial industry and the many choices that they have with respect to providers.

#### **San Diego County Regional Airport Authority – Client Since 2018**

In late 2017, SDCRAA issued an RFP for investment management services. Through a competitive bidding process followed by firm interviews, Chandler was selected over SDCRAA's incumbent manager to serve as the Authority's sole provider for a \$300 million mandate. Following a comprehensive review of the Authority's scope of work and requirements, we began the engagement by holding multiple in-person meetings where we discussed the existing/legacy investment strategy, constraints and objectives of SDCRAA. We learned early into the engagement that the Authority had significant requirements for comprehensive reporting, that was to include their externally managed portfolio, as well as balances in Local Government Investment Pools and Certificates of Deposits with local banks. We developed a schedule with their accountants by which they furnish our team with information we require in order to produce effective consolidated reporting that is both comprehensive and timely. In addition, the Authority was seeking diversification in their portfolio especially as it pertained to financial issuers as they did not want to be overly concentrated in that sector.

We meet with the Authority's staff every six weeks to discuss cashflow and the ever-changing economic environment that we invest in. We also prepare an economic slide deck that the Authority's VP of Finance/Treasurer then presents to their Governing Board at each meeting and serve as a resource to provide responses to any questions they receive in a timely manner. In addition to strategy meetings, we maintain a quarterly meeting schedule. Quarterly meetings facilitate discussions regarding cashflow, including the upcoming Authority Development Project which will include the development of a new Terminal. In advance of the project, we are collaborating with staff to determine the appropriate level of liquidity needed in order to maintain their A rating in advance of debt issuance. We are also in consultation with the Authority's staff regarding future investment opportunities for the proceeds as the project will be built in phases which will allow funds to be invested in conjunction with a draw down schedule. Cash flow forecasts as well as draw down schedules remain a critical component of those discussions.

#### **City of Moreno Valley – Client Since 2010**

During the Spring of 2019, the City of Moreno Valley issued an RFP to conduct due diligence as they have every five years. Through a competitive bidding process followed by firm interviews we were first hired by the City in late 2009 to manage a 1-5 year strategy for an approximately \$180 million mandate. The City's Finance Director decided to seek the services of an independent investment advisor to assist Moreno Valley in managing their investments and ensure that the objectives of safety, liquidity and return were being met. We began the engagement by meeting with the City to gain an understanding of the goals and objectives of the investment program and team which included the accounting staff, Finance Advisory Committee as well as City administrators and Council. Next steps included structuring their investment portfolio within the recommendations relative to the investment objectives and policy of the City while meeting on a quarterly basis to discuss the economy and cashflow requirements. Chandler's client service and operations team provided responsive client-service and timely reporting to assist with articulating the results of the investment program. In 2014, the City issued an RFP and through the competitive bidding process selected Chandler as well as an additional manager to manage a 1-3 year investment style to complement the 1-5 year strategy which we had managed for the last five years. Faced

with slower growth and low interest rates post-recession, the City selected a low cost provider to manage the shorter duration strategy. Chandler continued to manage the longer-duration portfolio and continued to service and prioritize our relationship with the City. In 2019, the City again issued an RFP for investment management services as part of their practice to re-bid and conduct due diligence every five years. The City elected to replace the competing manager and awarded Chandler with both mandates and consolidated assets into the 1-5 year investment strategy. Areas of importance to the City were the service component that goes along with investment management. They appreciated the responsive service, timely reporting, compliance monitoring and direct access to an investment team located in the same time zone as the City.

*\*Individual case studies represent actual outcomes related to our services. Approval or disapproval of Chandler Asset Management, Inc.'s services should be verified with each agency listed.*

## REFERENCES

Chandler is pleased to provide the following references for the City of Riverside:

### Chandler Current Client References

Client	Contact Information	Dates of Services	AUM*	Type of Services
<b>City of Moreno Valley</b> 14177 Frederick Street Moreno Valley, CA 92553	Brooke McKinney <i>Treasury Operations Div. Mgr.</i> Ph: (951) 413-3077 <a href="mailto:brookem@moval.org">brookem@moval.org</a>	2010-present	\$159 M	Operating funds; 1-5 year strategy
<b>City of Newport Beach</b> 100 Civic Center Drive Bay 2, Second Floor Newport Beach, CA 92660	Dan Matusiewicz <i>Deputy Admin. Svcs. Director</i> Ph: (949) 644-3126 <a href="mailto:treasuryaccounting@newportbeachca.gov">treasuryaccounting@newportbeachca.gov</a>	1991-present	\$255 M	Operating funds and bond proceeds; custom cash management and 1-3 year strategies
<b>City of Corona</b> 400 S. Vicentia Avenue Corona, CA 92822	Kerry Eden <i>Asst. City Mgr./Admin. Svcs. Director</i> Ph: (951) 736-2315 <a href="mailto:Kerry.eden@coronaca.gov">Kerry.eden@coronaca.gov</a>	2006-present	\$272 M	Operating funds in custom cash management and 1-5 year strategies
<b>City of Chino Hills</b> 14000 City Center Drive Chino Hills, CA 91709	Christa Buhagiar <i>Finance Director</i> Ph: (909) 364-2642 <a href="mailto:cbuhagiar@chinohills.org">cbuhagiar@chinohills.org</a>	2011-present	\$205 M	Operating funds; 1-5 year strategy
<b>Western Municipal Water District</b> 14205 Meridian Parkway Riverside, CA 92518	Kevin Mascaro <i>Director of Finance</i> Ph: (951) 571-7160 <a href="mailto:kmascaro@wmwd.com">kmascaro@wmwd.com</a>	2001-present	\$159 M	Operating and equity funds; 1-10 year strategy and multi-asset class strategy

\*Chandler Asset Management Assets Under Management as of June 30, 2019.

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**EVIDENCE OF INSURANCE**

Chandler carries \$20 million in EO/DO (professional liability) insurance, as well as \$10 million fidelity bond coverage provided by the Hartford Group and Argonaut Insurance Company. As part of its comprehensive and full-coverage insurance program, Chandler also maintains automobile, umbrella liability and general liability coverage with Travelers Insurance Company, and cybersecurity liability (\$4 million) from Pacific Insurance Company.

A copy of our *Certificate of Liability* is included in the **Appendix**.

**PRICING**

We have included our proposed Fee Schedule to the City of Riverside as a separate attachment per the instructions in the RFP.

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Chandler's *Required Information* as requested in the City's proposal document follows in the subsequent section.