

# PROFESSIONAL CONSULTANT SERVICES AGREEMENT

## PFM ASSET MANAGEMENT LLC

### Treasury Management Consulting Services

THIS PROFESSIONAL CONSULTANT SERVICES AGREEMENT ("Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2020 ("Effective Date"), by and between the CITY OF RIVERSIDE, a California charter city and municipal corporation ("City"), and PFM ASSET MANAGEMENT, LLC, a Delaware limited liability company authorized to do business in California ("Consultant").

1. **Scope of Services.** City agrees to retain and does hereby retain Consultant and Consultant agrees to provide the services more particularly described in Exhibit "A," "Scope of Services" ("Services"), attached hereto and incorporated herein by reference, in conjunction with Treasury Management Consulting Services ("Project").

2. **Term.** This Agreement shall be effective on the date first written above and shall remain in effect for one year, unless otherwise terminated pursuant to the provisions herein.

3. **Compensation/Payment.** Consultant shall perform the Services under this Agreement for the total sum of Fifty-Seven Thousand Five Hundred Dollars (\$57,500.00). For each proposal in excess of the included eight (8) proposals, an additional Two Thousand Five Hundred Dollars (\$2,500.00) will be paid by City to Consultant. Compensation shall be 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/Administration Department  
City of Riverside  
Attn: Phebe Timarong  
3900 Main Street  
Riverside, CA 92522

To Consultant  
PFM Asset Management, LLC  
Attn: Barbara Fava  
213 Market Street  
Harrisburg, PA 17101

Copy to:  
PFM Asset Management LLC  
ATTN: Controller  
1735 Market Street, 43<sup>rd</sup> Floor  
Philadelphia, PA 19103

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 assigned to perform portions of the Services are listed in Exhibit "C" attached hereto and incorporated herein by this reference. If any of the key personnel leaves employment or is otherwise not utilized in the performance of the work, Consultant shall (i) notify the City of any resulting substitution, (ii) introduce the individual serving as the replacement to the Contract Administrator, and (iii) provide the City with a résumé and any other information regarding the individual that may be reasonably requested by the City. Any substitute shall have not a lesser standard of qualifications than the key personnel being substituted at the time of contract award.

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 wrongful performance, whether negligent or intentional, of 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 wrongful performance, whether negligent or intentional, 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 thirty (30) days' prior written notice before non-renewal 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, 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, 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, or unless disclosure is required by law or by regulatory or judicial process. 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, unless disclosure is required by law or by regulatory or judicial process. 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

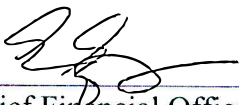
PFM ASSET MANAGEMENT, LLC,  
a Delaware limited liability company authorized  
to do business in California

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

By: \_\_\_\_\_  
Barbara L. Fava  
Managing Director

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

Certified as to Availability of Funds:

By: \_\_\_\_\_  
Chief Financial Officer

By: \_\_\_\_\_

\_\_\_\_\_  
[Print Name]

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

Approved as to Form:

By: \_\_\_\_\_  
Senior Deputy City Attorney

## **EXHIBIT “A”**

### **SCOPE OF SERVICES**

1. Parties hereby agree that Consultant is not a Design Professional as defined in Section 11.1, and as such, Sections 11.2 and 11.3 shall not apply.
2. As to Sections 17 and 18, Consultant agrees that in the event of a regulatory or judicial process requiring disclosure of City’s confidential or City-owned information, Consultant will provide notice to City as soon as possible, if legally permitted, so that City may seek a protective order to protect its information if necessary.
3. Parties hereby agree that in the event City substantially fails to perform or materially breaches the Agreement, Consultant may terminate this Agreement upon fifteen (15) days’ written notice to City.
4. Consultant hereby represents it is a registered investment advisor under the Investment Advisers Act of 1940, as amended. Consultant shall immediately notify the City if at any time during the term of this Contract it is not so registered or if its registration is suspended. Consultant agrees to perform its duties and responsibilities under this Agreement with reasonable care. The federal securities laws impose liabilities under certain circumstances on persons who act in good faith. Nothing herein shall in any way constitute a waiver or limitation of any rights which the City may have under any federal securities laws.
5. The City understands that Consultant performs investment and advisory services for various other clients which may include investment companies, commingled trust funds and/or individual portfolios. The City agrees that the Consultant, in the exercise of its professional judgment, may give advice or take action with respect to any of its other clients which may differ from advice given or the timing or nature of action taken with respect to the City.
6. Consultant shall promptly give notice to the City if Consultant shall have been found to have violated any state or federal securities law or regulation in any final and unappealable judgment in any criminal action or civil suit in any state or federal court or in any disciplinary proceeding before the Securities and Exchange Commission (“SEC”) or any other agency or department of the United States, any registered securities exchange, the Financial Industry Regulatory Authority, or any regulatory authority of any State based upon the performance of services as an investment advisor.
7. Consultant warrants that it has delivered to the City prior to the execution of this Agreement Consultant's current SEC Form ADV, Part 2A (Consultant's brochure) and Part 2B (Consultant’s brochure supplement). The City acknowledges receipt of such brochure and brochure supplement prior to the execution of this Agreement.

**[Exhibit A continues on next Page]**



### III. Proposed Treasury Consulting Services

PFM has helped numerous clients design banking services to meet their needs, evaluate the services offered by competing banks, and re-bid banking services. For each client, we undergo a comprehensive and detailed assessment of current banking arrangements; we evaluate the organization's needs, analyze existing banking relationships, review how bank services fit into the cash management and investment systems, and make specific recommendations to improve the entire system. This thorough analysis has consistently allowed us to help our clients improve efficiency, take advantage of new technology, strengthen controls and reduce banking costs.

The analysis process varies for each client based on the scope of the banking relationship, number of stakeholders involved, problems identified, and the client's timeframe. The general steps involved, based on the scope of services requested by the City of Riverside, are described below.

#### NEEDS ASSESMENT

##### **Preliminary Review of Banking and merchant Card Processing Relationships**

A Needs Assessment begins with a preliminary review of your banking and merchant card processing relationships. At the onset of the engagement, PFM will request written policies, procedures, incumbent bank contracts, and agreements from the City, including:

- An organization chart of the Finance Department and Office of the City Treasurer
- Schematics defining treasury flows, if available
- Copies of current bank agreements and contracts
- Bank analysis statements for all accounts to be covered by the project (prior 12 months)
- Merchant card statements (prior 12 months)

PFM will review these documents to gain an understanding of the City's operations. We will perform this background review prior to our initial discussions so we can make the best use of your time.

##### **Discovery Meetings with City Officials and Key Staff**

At the Discovery Meeting, we will review the City's banking arrangements with key staff members, including management, personnel handling the day-to-day banking responsibilities, information



technology services and the procurement department. Interviews will focus on the following key areas:

- Account structure
- Collection procedures
- Cash concentration
- Accounts payable process
- Payroll processing
- Cash flow and liquidity requirements
- Disbursement methods
- Reporting requirements
- Credit facilities
- Service levels
- Collateralization of deposits
- Bank fees

As part of the meetings, we will actively discuss alternative approaches or new services that can enhance productivity. This discussion will be interactive, so we can address any concerns or questions with staff and/or management. We view our role as finding viable, workable solutions for the City and not simply providing a laundry-list of services that may or may not work.

To comply with the State of California Executive Order on Actions in Response to COVID-19, we are proposing to conduct these Discovery Meetings via conference calls and webinars. We would suggest three 4-hour sessions over the course of a week.

### **Evaluate and Provide Recommendations Regarding the City's Current Use Of Banking and Merchant Services**

PFM will make recommendations for any changes to the existing use of banking services. This analysis will identify areas in which additional services could be beneficial, unnecessary services can be eliminated, physical processing of checks can be minimized, earnings on cash or sweep balances can be improved, the overall cost of banking and merchant services can be reduced, and/or operations can be streamlined. The recommendations and needs assessment will be delivered to designated individuals in the Finance Department and Office of the City Treasurer.

### **DEVELOP RFP FOR BANKING AND MERCHANT CARD PROCESSING SERVICES**

After working with the City to define the level of required services, we will assist in preparing a Request for Proposal (RFP) that incorporates the needed services and desired objectives. The RFP will be designed to obtain sufficient information while still providing bidders the flexibility to suggest new ideas and creative solutions.

We will include questions in the RFP to address key issues raised by City decision makers, individual departments, IT, and/or accounting. The RFP will address these requirements and confirm that the



bank is able to comply and has relevant experience complying with these requirements for other clients. The RFP document will use the format required by the City's Procurement office.

Before proposals are received, we generally recommend a question-and-answer period. PFM will incorporate specific information into the initial RFP document to address the most frequently asked questions from the vendors. However, there are always a fairly large number of questions submitted.

We will consolidate all questions received from bidders and will prepare an initial draft of the responses. We will then forward the document to the City for review and assistance with questions we are not able to answer.

## EVALUATE PROPOSALS

PFM will read and thoroughly evaluate the proposals received so we have a complete understanding of the proposing firms' capabilities and cost structure.

Our assessment criteria include the proposer's financial condition, technical capabilities, staff experience, internal controls, reporting capabilities, level of automation, accounting system capabilities, disaster recovery plans, reputations for sustainability initiatives and commitment to the City's community values, and proposed fees.

As part of our proposal review, we will compile detailed evaluation materials for the City. These materials will include:

**Service Levels Matrix:** The Service Levels Matrix extracts responses from key questions from the RFP and lists the banks' answers side-by-side. The Matrix is an important resource that will allow the City to easily compare answers provided by the banks. We highlight answers that stand out as positive or negative and identify gaps in the banks' proposals. In the past, our clients have used the Matrix as an aid while they read the proposals on their own. A portion of a sample Service Levels Matrix is shown below:

Question		Bank 1	Bank 2	Bank 3	Bank 4	Bank 5
Deposit Processing						
1.a	Number of bank branches within 10 miles	3	15	4	2	5
1.b	Yes/No: Direct or indirect discounted armored car services	Unresponsive	No	Yes	Yes	Yes
1.d	Ledger cutoff time for deposits	6 pm PST	5pm PST	Imaged - 8pm	Unresponsive	Cash Only - 7:30pm Check Only -



				Check-Only - 6:30pm		7:30pm Mixed - 6pm
1.e	Yes/No: Deposit bags provided by bank; Fee for deposit bags?	No; Yes	No; Yes	Yes; Yes	Yes; Yes	Yes; Yes
1.f	Yes/No: Accept loose or rolled coin	Yes	Yes	Yes	Yes	Yes
1.g	Willingness to cash any check from another bank	Unresponsive	Yes	Yes, up to \$100	No	Yes, if payee is a Bank customer
<b>Remote Deposit Capture</b>						
3.c	Yes/No: Use Intelligent Character Recognition	Yes	Yes	Yes	Yes	Yes
3.d	Limit on number of checks contained in a single deposit	up to 500 items at one time	up to 999 items; recommends 30-50 checks	up to 200 checks	Yes; up to 300 checks	no more than 1,000 items
3.e	Yes/No: Provide RDC machines to the City at no cost?	Yes; limit 2	Yes; limit 1	Yes; limit 2	Yes; limit 4	No, but will cover 50% of cost of one scanner

**Quantitative Analysis:** PFM will also prepare a detailed quantitative analysis of each firm's cost proposal on an “apples to apples” basis. The analysis will include both direct and indirect costs.

This can be one of the most challenging parts of the proposal evaluation process. Pricing schedules from different banks can look quite different because banks take very different approaches to pricing. For instance, some banks bundle services together while others have a long list of charges. PFM's process compiles line item pricing in a pricing matrix. A portion of a sample pricing matrix is shown below:

	CURRENT COST			BANK 1		BANK 2	
	Volume Levels	Unit Cost	Monthly Price	Unit Cost	Monthly Price	Unit Cost	Monthly Price
<b>GENERAL ACCOUNT SERVICES</b>							
ACCOUNT MAINTENANCE	6	\$ 35.00	\$ 210.00	\$ 20.00	\$ 120.00	\$ 10.00	\$ 60.00
ZBA MASTER ACCOUNT	1	\$ 50.00	\$ 50.00	\$ 30.00	\$ 30.00	\$ 35.00	\$ 35.00
ZBA SUBSIDIARY ACCOUNT	1	\$ 25.00	\$ 25.00	\$ 20.00	\$ 20.00	\$ 25.00	\$ 25.00
DEBITS POSTED	32	\$ 0.40	\$ 12.80	\$ 0.40	\$ 12.80	\$ 0.15	\$ 4.80
CREDITS POSTED	128	\$ 0.40	\$ 51.20	\$ 0.40	\$ 51.20	\$ 0.15	\$ 19.20
DIRECT DDA STATEMENT PER ACCOUNT	6	\$ 20.00	\$ 120.00	\$ -	\$ -	\$ -	\$ -
CHECKS PAID - REPORT	3	\$ 10.00	\$ 30.00	\$ 10.00	\$ 30.00	\$ -	\$ -
FACSIMILE TRANSMISSION	1	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ -	\$ -
GCS TRANSACTION HISTORY	1	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ -	\$ -
PHOTOCOPIES	2	\$ 10.00	\$ 20.00	\$ 10.00	\$ 20.00	\$ 20.00	\$ 40.00

PFM's quantitative analysis will compare the direct fees on specific services as well as indirect costs such as the impact of below market earnings credit rates or investment rates and availability schedules.





The table below is an example of the “indirect” cost associated with maintaining balances in bank deposit accounts. For this client, the quoted earnings credit rate was 0.280%, but after accounting for the bank’s 10% “reserve requirement” and deducting FDIC fees, the net rate on the collected balance was only 0.101%. With bank earnings credit rates at near historic lows, understanding your true realized returns of deposited balances is now more important than ever.

"Net" Earnings Credit on Compensating Balance		
Ledger Balance		\$26,796,405
Less Float		\$540,352
Total Collected Balance		\$26,256,053
Less Reserve Requirement	10%	\$2,625,605
Available Balance		\$23,630,448
Earnings Credit	0.28% $\$23,630,448 * 0.28\% * 30/365$	\$5,524
Less FDIC Assessment	0.15% $\$3,350 / (\$26,796,405 * (30/365))$	\$3,350
Net Earnings Credit	0.099% on Ledger Balance 0.101% on Collected Balance	\$2,175

**Score Sheets:** After reading and analyzing each proposal, PFM will score the banks on qualitative and quantitative criteria, assessing which institution we believe will best meet the City’s operational, service, and technology needs.

**Recommendations:** We will present our evaluation to the City and will help identify those firms that best meet the selection criteria and represent the best candidates to be invited for finalist interviews. PFM will prepare questions for the selected finalists to guide the discussions to make the time most productive for the City evaluators and to help select the most qualified and committed bank and merchant card processing partners.

## **EXHIBIT “B”**

### **COMPENSATION**

1. Parties agree that City will be invoiced in two installments.
2. The first installment payment of \$30,000 shall be made upon completion of the Needs Assessment and Development of the RFP for Banking and Merchant Card Processing Services as described in Exhibit A.
3. The second installment payment of \$27,500 shall be made upon completion of the Evaluation of Proposals as described in Exhibit A.
4. If the Consultant evaluates more than eight (8) proposals, the fee for additional proposals shall be invoiced with the second installment payment.

**[Exhibit B Continues on next Page]**



## IV. Fee Proposal

PFM's fees are based on the complexity of the project, time commitment, and the number of proposals evaluated. Following is our proposal for meeting your stated objectives for the City of Riverside:

Treasury Management Consulting Services	Engagement Fee
<b>Needs Assessment</b> <ul style="list-style-type: none"><li>• Preliminary Review of Banking and Merchant Card Relationships</li><li>• Discovery Meetings with City Officials and Key Staff</li><li>• Conduct Analysis of Current Service Fees</li><li>• Provide Recommendations Based on the City's Current Use of Banking and Merchant Processing Services</li></ul> <b>Develop RFP for Banking and Merchant Card Processing Services</b> <ul style="list-style-type: none"><li>• Provide RFP Questions Specific to the City's Needs</li><li>• Format RFP Using the City's Standard Procurement Template</li><li>• Prepare Draft Responses to Bidder's Questions About the RFP</li></ul> <b>Evaluate Proposals</b> <ul style="list-style-type: none"><li>• Prepare Service Levels Matrix to Compare Banks' Responses</li><li>• Perform Quantitative Analysis of Price Proposals</li><li>• Recommend Qualified Firms for Finalist Selection</li><li>• Prepare Questions for Selected Bank Finalists</li></ul>	\$57,500
<b>Optional: Negotiate Pricing with Selected Firms*</b>	See note below
<b>Review of Additional Proposals</b> If the City receives more than 8 proposals, an additional fee per proposal reviewed would apply.	\$2,500 per additional proposal

In the interest of limiting the potential spread of the COVID-19 virus, and consistent with the *California Executive Order on Actions in Response to COVID-19*, we do not anticipate any travel or in-person



meetings. We have recent experience in effectively conducting Discovery meetings by telephone and webinar for other municipalities.

\*If the City is interested in optional price negotiation services, PFM would be pleased to offer either fixed or contingency pricing at the option of the City.

**EXHIBIT “C”**

**KEY PERSONNEL**



## II. Key Personnel Proposed for Riverside

PFM is committed to assigning a team of experienced professionals to work on this engagement with the City of Riverside.

The relationship will be managed by **Dan Nemec**, a Senior Managing Consultant, with more than 30 years of cash management and consulting experience. **Danton Ponzol**, Senior Managing Consultant, will provide analytical and technical support for this engagement with the assistance of one or more analysts to summarize information from account analysis statements and prepare pro-forma costs of proposal responses. **Barbara Fava**, Managing Director, will provide overall project oversight.

### **Barbara Fava, Managing Director**

**Barbara Fava** is a Managing Director at PFM Asset Management LLC. She heads PFM's treasury consulting practice and has worked with clients in thirty-three states to improve the function and efficiency of treasury operations and to improve investment performance. Prior to joining PFM, Ms. Fava served as Deputy State Treasurer for the Commonwealth of Pennsylvania and Director of the Bureau of Cash Management and Investments. In these positions, she was directly responsible for managing the Commonwealth's \$5 billion short-term investment portfolio, coordinating cash flows for over 100 operating and bond funds and managing the State's banking relationships.

Ms. Fava received an undergraduate degree in Business Administration with a dual concentration in Economics and Finance from Clarion University and a Master of Business Administration from the Pennsylvania State University. She is a frequent lecturer on investment, banking and cash management topics.

Ms. Fava holds Financial Industry Regulatory Authority (FINRA) Series 6 and 63 licenses.

### **Dan Nemec, Senior Managing Consultant**

**Dan Nemec** joined the PFM Treasury Consulting team after nearly 30 years of experience in treasury management for government, higher education, non-profit and institutional clients. He helps clients use their procurement processes to improve operational efficiencies, optimize economic decisions and secure deposited funds.

Prior to joining PFM, Dan had senior and executive management positions at two multinational banks, leading teams of treasury officers, analysts and associates serving clients over a 26-state region. He



was responsible for managing proposal efforts in response to client procurements, including determining the best solutions to meet clients' needs. He has presented as a subject matter expert at industry conferences, including Government Finance Officers Association, National Association of State Treasurers, Electronic Funds Transfer Association and Bank Administration Institute.

Dan has a Bachelor's degree from Kent State University and a Master of Business Administration (MBA) with specializations in Financial Management and Policy Studies from the University of Chicago Booth, School of Business.

### **Danton Ponzol, CTP, Senior Managing Consultant**

**Danton Ponzol** is a Senior Managing Consultant in PFM's Harrisburg office. Mr. Ponzol started at PFM in July 2014. As part of PFM's treasury consulting practice, he is responsible for analyzing individual client's bank fees and services, conducting banking industry research, drafting RFPs for banking services, and evaluating proposal responses. In addition, he supports clients with all aspects of their investment programs, including investment policy development, cash flow modeling, portfolio structuring and analysis, investment performance analysis, and economic research and reporting.

Mr. Ponzol graduated from Lafayette College with a Bachelor of Arts degree in Economics and Policy Studies. He holds the Certified Treasury Professional designation (CTP), as well as Financial Industry Regulatory Authority (FINRA) Series 6 and 63 licenses.