

**COUNTY OF TULARE
SERVICES AGREEMENT
INVESTMENT ADVISORY AGREEMENT**

THIS AGREEMENT ("Agreement") is entered into as of September 1, 2018, between the **COUNTY OF TULARE**, a political subdivision of the State of California ("COUNTY"), and **PFM ASSET MANAGEMENT LLC**, a Delaware limited liability company with an office in San Francisco, CA ("PFM"). COUNTY and PFM are each a "Party" and together are the "Parties" to this Agreement, which is made with reference to the following:

WHEREAS, The County desires to avail itself of the experience, sources of information, advice, assistance and facilities available to PFM; to have PFM undertake certain duties and responsibilities; and to perform certain services on behalf of the county, as provided herein; and

WHEREAS, PFM is willing to provide such services on the terms and conditions hereinafter set is agreed as follows:

THE PARTIES AGREE AS FOLLOWS:

1. **TERM:** This Agreement is effective September 1, 2018 i and shall continue until this Agreement is terminated effective upon receipt of notice of termination in writing delivered by the terminating party.

2. **SERVICES:** See attached **Exhibit A**

3. **PAYMENT FOR SERVICES:** See attached **Exhibit B**

4. **INSURANCE:** Before approval of this Agreement by COUNTY, PFM must file with the Clerk of the Board of Supervisors evidence of the required insurance as set forth in the attached **Exhibit C**.

5. **GENERAL AGREEMENT TERMS AND CONDITIONS:** COUNTY'S "General Agreement Terms and Conditions **dated 1-1-2018**" as modified below, are hereby incorporated by reference and made a part of this Agreement:

- **5. INDEPENDENT CONTRACTOR STATUS:** The Parties enter into this Agreement with the express understanding that CONTRACTOR will perform all services required under this Agreement as an independent contractor. The Parties agree that the CONTRACTOR and any of its agents, employees, or officers cannot be considered agents (except as to the purchase and sale of securities in the managed portfolio), employees, or officers of the COUNTY.
- **20. CONFIDENTIALITY:** CONTRACTOR may not use or disclose any information it receives from COUNTY under this Agreement that COUNTY has previously identified as confidential or exempt from mandatory public disclosure except as necessary to carry out the purposes of this Agreement or as authorized in advance by COUNTY, unless such disclosure is required by law or by regulatory or judicial process.

**COUNTY OF TULARE
SERVICES AGREEMENT
INVESTMENT ADVISORY AGREEMENT**

COUNTY'S "General Agreement Terms and Conditions" can be viewed at <http://tularecountycounsel.org/default/index.cfm/public-information/>

6. ADDITIONAL EXHIBITS: PFM shall comply with the terms and conditions of the Exhibits listed below and identified with a checked box, which are by this reference made a part of this Agreement.

<input checked="" type="checkbox"/>	Exhibit D	Minimum Qualifications
<input checked="" type="checkbox"/>	Exhibit E	Investment Advisor Provisions

7. NOTICES: (a) Except as may be otherwise required by law, any notice to be given must be written and must be either personally delivered, sent by facsimile transmission or sent by first class mail, postage pre-paid and addressed as follows:

COUNTY:

Cass Cook
Tulare County Treasurer
221 S Mooney Blvd., RM 101E
Visalia CA 93291
Phone No.: 559-636-5290
Fax No.: 559.730-2532
E-Mail: CCook1@co.tulare.ca.us

With a Copy to:

COUNTY ADMINISTRATIVE OFFICER
2800 W. Burrel Ave.
Visalia, CA 93291
Phone No.: 559-636-5005
Fax No.: 559-733-6318

PFM:

Lauren Brant
PFM Asset Management LLC
50 California Street, Suite 2300
San Francisco, CA 94111
Phone No.: 415.982.5544
Fax No.: 415.982.4513
E-Mail: brantl@PFM.com

With a Copy to:

PFM Asset Management LLC
1735 Market Street, 43rd Floor
Philadelphia, PA 19103
Attention: Controller

(b) Notice personally delivered is effective when delivered. Notice sent by facsimile transmission is deemed to be received upon successful transmission. Notice sent by first class mail will be deemed received on the fifth calendar day after the date of mailing. Either Party may change the above address by giving written notice under this section.

8. AUTHORITY: PFM represents and warrants to COUNTY that the individual(s) signing this Agreement on its behalf are duly authorized and have legal capacity to sign this Agreement and bind PFM to its terms. PFM acknowledges that COUNTY has relied upon this representation and warranty in entering into this Agreement.

**COUNTY OF TULARE
SERVICES AGREEMENT
INVESTMENT ADVISORY AGREEMENT**

9. COUNTERPARTS: The Parties may sign this Agreement in counterparts, each of which is an original and all of which taken together form one single document.

[THIS SPACE LEFT BLANK INTENTIONALLY; SIGNATURES FOLLOW ON NEXT PAGE]

COUNTY OF TULARE
SERVICES AGREEMENT
INVESTMENT ADVISORY AGREEMENT

THE PARTIES, having read and considered the above provisions, indicate their agreement by their authorized signatures below.

Date: 7/25/18

PFM Asset Management LLC

By: [Signature]

Print Name Lauren Brant

Title Managing Director

Date: 7/25/18

By: [Signature]

Print Name Sarah Meacham

Title Managing Director

[Pursuant to Corporations Code section 313, County policy requires that contracts with a Corporation be signed by both (1) the chairman of the Board of Directors, the president or any vice-president (or another officer having general, operational responsibilities), and (2) the secretary, any assistant secretary, the chief financial officer, or any assistant treasurer (or another officer having recordkeeping or financial responsibilities), unless the contract is accompanied by a certified copy of a resolution of the corporation's Board of Directors authorizing the execution of the contract. Similarly, pursuant to California Corporations Code section 17703.01, County policy requires that contracts with a Limited Liability Company be signed by at least two managers, unless the contract is accompanied by a certified copy of the articles of organization stating that the LLC is managed by only one manager.]

COUNTY OF TULARE

Date: August 14, 2018

By: [Signature]
Chairman, Board of Supervisors

ATTEST: MICHAEL C. SPATA
County Administrative Officer/Clerk of the Board
of Supervisors of the County of Tulare

By: [Signature]
Deputy Clerk



Approved as to Form
County Counsel

By: [Signature] for BBG
Deputy

Matter # 20181081 7/30/18

EXHIBIT A

SCOPE OF SERVICES

Specific responsibilities of the selected investment adviser will include, but are not limited to the following:

- A. Advise the County on all matters pertaining to the investment management of operating funds.
- B. Perform cash flow analyses to assist with identifying and maintaining appropriate allocations between the County's liquid and core funds.
- C. Provide discretionary investment management services for the MMIP.
 - 1. Execute investment trades on behalf of the County in accordance with the Investment Policy, all applicable statutes and bond covenants, if applicable.
 - 2. Solicit competitive quotes from financial institutions and broker/dealers for permitted investment securities and maintain written documentation of such quotes for review by the County, upon request.
 - 3. Copies of the trade ticket and Bloomberg screenprint for each trade PFM executes will be provided to the County.
 - 4. Each month PFM will provide the County with details of transactions that resulted in a realized loss; details will include the realized loss amount and the overall earnings benefit to the County for each swap.
 - 5. Interface with the County's custodian and staff to assure the coordination of investments, delivery of securities and availability of funds as needed. (All securities will be held by a third party custodian in the name of the County and all transactions will settle on a "delivery versus payment" basis. The advisor will not provide custodial services or safekeeping.)
 - 6. Monitor the portfolio in relation to the investment market to determine if investments should be repositioned.
 - 7. Monitor the credit worthiness of financial institutions and investments in the portfolio.
- D. Provide input regarding the appropriate measurement of portfolio performance and benchmarks to assess performance.
- E. Provide monthly reports on investment activity, earnings and the market value of the portfolio holdings. Provide quarterly reports showing the portfolio's rate of return and sufficient detail for accounting (recording and management reporting) and financial statement (auditing) purposes.
- F. Review and evaluate the County's Investment Policy and provide written comments and recommend changes as needed.
- G. Communicate regularly with County staff on investment decisions and strategy.
- H. Provide information regarding current and forecasted market and economic conditions, as needed.
- I. Invest the proceeds of tax-exempt bond issues in compliance with arbitrage and rebate requirement of the U.S. Treasury, currently described in Section 148 of the Internal Revenue Code of 1986 as amended and of the related Code of Federal Regulations. In addition, maintain relevant records needed to perform computations required by the regulations.
- J. Other investment management services, as may be mutually agreed to in writing, if the firm has expertise and experience in these areas.

EXHIBIT A

- K. PFM will notify the County of any relevant personnel changes.
- L. PFM will provide monthly notice of all corporate rating changes in the MMIP.

EXHIBIT B

PAYMENT FOR SERVICES

For services provided by PFM pursuant to this agreement, the County shall pay PFM an annual fee, in monthly installments, based on the daily net assets under management according to the fee schedule below:

Average Assets Under Management	Fees
First \$600 million of AUM	5.5 basis points (0.055%)
Over \$600 million of AUM	3.5 basis points (0.035%)

** Minimum annual fee of \$25,000 applies to all accounts.*

“Daily net assets” is defined to include the amortized value of securities, accrued interest, and cash or any money market fund balances.

PFM will bill the County monthly for services performed under this agreement, said bill to include a statement indicating the basis upon which the fee was calculated. The County shall pay to PFM the amount payable pursuant to this agreement no later than on the 15th day of the month following the month during which PFM's statement was rendered.

PFM will invoke a one-year fee cap of \$375,000 for all managed assets. After the first year, the above fee schedule will apply.

EXHIBIT C

PROFESSIONAL SERVICES CONTRACTS INSURANCE REQUIREMENTS

CONTRACTOR shall provide and maintain insurance for the duration of this Agreement against claims for injuries to persons and damage to property which may arise from, or in connection with, the negligent or intentionally wrongful performance under the Agreement by the CONTRACTOR, his agents, representatives, and employees, if applicable.

A. Minimum Scope & Limits of Insurance

1. Coverage at least as broad as Commercial General Liability, insurance Services Office Commercial General Liability coverage occurrence form GC 00 01, with limits no less than \$2,000,000 per occurrence including products and completed operations, property damage, bodily injury and personal & advertising injury. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
2. Insurance Services Office Form Number CA 00 01 covering Automobile Liability of \$1,000,000 per occurrence including any auto or, if the CONTRACTOR has no owned autos, hired and non-owned auto coverage. If an annual aggregate applies it must be no less than \$2,000,000.
3. Crime Policy with limits no less than \$10,000,000. The County of Tulare must be named as Loss Payee.
4. Workers' Compensation insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
5. Professional Liability (Errors and Omissions) insurance appropriate to the CONTRACTOR's profession, with limit no less than \$15,000,000 per occurrence or claim, \$20,000,000 aggregate.

B. Specific Provisions of the Certificate

1. If the required insurance is written on a claims made form, the retroactive date must be before the date of the contract or the beginning of the contract work and must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract work. If coverage is cancelled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the Contractor must purchase "extended reporting" coverage for a minimum of five (5) years after completion of the contract work.
2. CONTRACTOR must submit endorsements to the General Liability reflecting the following provisions:
 - a. The COUNTY, its officers, agents, officials, employees and volunteers are to be covered as additional insureds as respects; liability arising out of work or operations negligently or intentionally wrongfully

EXHIBIT C

performed by or on behalf of the CONTRACTOR including material, parts, or equipment furnished in connection with such work or operations.

- b. For any claims related to this project, the CONTRACTOR's insurance coverage shall be primary insurance as respects the COUNTY, its officers, agents, officials, employees and volunteers. Any insurance or self-insurance maintained by the COUNTY, its officers, agents, officials, employees or volunteers shall be excess of the CONTRACTOR's insurance and shall not contribute with it.
 - c. *CONTRACTOR hereby grants to COUNTY a waiver of any right to subrogation which any insurer of CONTRACTOR may acquire against the COUNTY by virtue of the payment of any loss under such insurance. CONTRACTOR agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the COUNTY has received a waiver of subrogation endorsement from the insurer.*
 - d. Each insurance policy required by this agreement shall be endorsed to state that coverage shall not be canceled, except after 30 days written notice has been provided to the County. In case of material changes, CONTRACTOR shall provide 30 days notice to the COUNTY.
3. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the COUNTY for all work performed by the CONTRACTOR, its employees, agents and subcontractors. CONTRACTOR waives all rights against the COUNTY and its officers, agents, officials, employees and volunteers for recovery of damages to the extent these damages are covered by the workers compensation and employers liability.
- C. Deductibles and Self-Insured Retentions
Self-insured retentions must be declared and the COUNTY Risk Manager must approve any deductible or self-insured retention that exceeds \$100,000.
- D. Acceptability of Insurance
Insurance must be placed with insurers with a current rating given by A.M. Best and Company of no less than A-:VII and a Standard & Poor's Rating (if rated) of at least BBB and from a company approved by the Department of Insurance to conduct business in California. Any waiver of these standards is subject to approval by the County Risk Manager.
- E. Verification of Coverage
Prior to approval of this Agreement by the COUNTY, the CONTRACTOR shall file with the submitting department, certificates of insurance with original endorsements effecting coverage in a form acceptable to the COUNTY. Endorsements must be signed by persons authorized to bind coverage on behalf of the insurer. The COUNTY reserves the right to require certified copies of all required insurance policies at any time.

EXHIBIT D

Minimum Qualifications

To continue in the role of investment advisor, the firm must maintain the following minimum qualifications:

- A. The investment management firm must be a registered investment advisor with the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended, or be exempt from registration;
- B. The firm must be completely independent of any financial institution or securities brokerage firm, or fully disclose any such relationship. The proposer must act in a fiduciary capacity to the County;

EXHIBIT E

INVESTMENT ADVISOR PROVISIONS

- A. Services of Contractor. The County hereby engages the Contractor to serve as investment advisor under the terms of this Contract with respect to the funds described in this Contract and such other funds as the County may from time to time assign by written notice to the Contractor (collectively the "Managed Funds"), and the Contractor accepts such appointment. In connection therewith, the Contractor will provide investment research and supervision of the County's Managed Funds investments and conduct a continuous program of investment, evaluation and, when appropriate, sale and reinvestment of The County's Managed Funds assets. The Contractor shall continuously monitor investment opportunities and evaluate investments of the County's Managed Funds. The Contractor shall furnish the County with statistical information and reports with respect to investments of the Managed Funds. The Contractor shall place all orders for the purchase, sale, loan or exchange of portfolio securities for the County's account with brokers or dealers recommended by the Contractor and/or the County, and to that end the Contractor is authorized as agent of the County to give instructions to the depository designated by the County as its custodian (the "Custodian") as to deliveries of securities and payments of cash for the account of the County. In connection with the selection of such brokers and dealers and the placing of such orders, the Contractor is directed to seek for the County the most favorable execution and price, the determination of which may take into account, subject to any applicable laws, rules and regulations, whether statistical, research and other information or services have been or will be furnished to the Contractor by such brokers and dealers.

The Custodian shall have custody of cash, assets and securities of the County. The Contractor shall not take possession of or act as custodian for the cash, securities or other assets in the Managed Funds and shall have no responsibility in connection therewith. Authorized investments shall include only those investments which are currently authorized by the state investment statutes and the bond covenants and as supplemented by such other written instructions as may from time to time be provided by the County to the Contractor. The Contractor shall be entitled to rely upon the County's written advice with respect to anticipated drawdowns of Managed Funds. The Contractor will observe the instructions of the County with respect to broker/dealers who are approved to execute transactions involving the County's Managed Funds and in the absence of such instructions will engage broker/dealers which the Contractor reasonably believes to be reputable, qualified and financially sound.

- B. Pool Compensation. Assets invested by the Contractor under the terms of this Contract may from time to time be invested in a (i) money market mutual fund managed by the Contractor or (ii) local government investment pool managed by the Contractor (either, a "Pool") or in individual securities. Average daily net assets subject to the fees described in this Contract shall not take into account any funds invested in the Pool. Expenses of the Pool, including compensation for the Contractor and the Pool custodian, are described in the relevant prospectus or information statement and are paid from the Pool.
- C. Other Compensation. If and to the extent that the County shall request the Contractor to render services other than those to be rendered by the Contractor under this Contract, such additional services shall be compensated separately on terms to be agreed upon between the Contractor and the County.
- D. Expenses. The Contractor shall furnish at its own expense all necessary administrative services, office space, equipment, clerical personnel, telephone and other communication facilities, investment advisory facilities, and executive and supervisory personnel for managing the Managed Funds. Except as expressly provided otherwise herein, the County shall pay all of its own expenses including, without limitation, taxes, commissions, fees and expenses of the County's independent auditors and legal counsel, if any, brokerage and other expenses connected with the execution of portfolio security transactions, insurance premiums, fees and expenses of the Custodian of the Managed Funds including safekeeping of funds and securities and the keeping of books and accounts.

EXHIBIT E

- E. Registered Advisor; Duty of Care. The Contractor hereby represents it is a registered investment advisor under the Investment Advisers Act of 1940. The Contractor shall immediately notify the County if at any time during the term of this Contract it is not so registered or if its registration is suspended. The Contractor agrees to perform its duties and responsibilities under this Contract 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 County may have under any federal securities laws. The County hereby authorizes the Contractor to sign I.R.S. Form W-9 on behalf of the County and to deliver such form to broker-dealers or others from time to time as required in connection with securities transactions pursuant to this Contract.
- F. Contractor's Other Clients. The County understands that the Contractor performs investment advisory services for various other clients which may include investment companies, commingled trust funds and/or individual portfolios. The County agrees that the Contractor, 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 County's Managed Funds accounts. The Contractor shall not have any obligation to purchase, sell or exchange any security for the Managed Funds solely by reason of the fact that the Contractor, its principals, affiliates, or employees may purchase, sell or exchange such security for the account of any other client or for itself or its own accounts.
- G. Force Majeure. The Contractor shall have no liability for any losses arising out of the delays in performing or inability to perform the services which it renders under this Agreement which result from events beyond its control, including interruption of the business activities of the Advisor or other financial institutions due to acts of God, acts of governmental authority, acts of war, terrorism, civil insurrection, riots, labor difficulties, or any action or inaction of any carrier or utility, or mechanical or other malfunction.
- H. Disciplinary Actions. The Contractor shall promptly give notice to the County if the Contractor shall have been found to have violated any state or federal securities law or regulation 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, FINRA, or any regulatory authority of any State based upon the performance of services as an investment advisor.
- I. Independent Contractor. The Contractor, its employees, officers and representatives, shall not be deemed to be employees, agents (except as to the purchases or sale of securities described in subparagraph (a) above), partners, servants, and/or joint ventures of the County by virtue of this Contract or any actions or services rendered under this Agreement.
- J. Books. The Contractor shall maintain appropriate records of all its activities under this Contract. The Contractor shall provide the County with a monthly statement showing deposits, withdrawals, purchases and sales (or maturities) of investments, earnings received, and the value of assets held on the last business day of the month. The statement shall be in the format and manner that is mutually agreed upon by the Contractor and the County.
- K. Brochure and Brochure Supplement. The Contractor warrants that it has delivered to the County, at least five business days prior to the execution of this Contract, the Contractor's current SEC Form ADV, Part 2A (brochure) and Part 2B (brochure supplement). The County acknowledges receipt of such brochure and brochure supplement prior to the execution of this Contract.