

PROFESSIONAL SERVICES AGREEMENT
[Investment Services]

THIS PROFESSIONAL SERVICES AGREEMENT (the “Agreement”) is made at Orange, California, on this ____ day of _____, 2021 (the “Effective Date”) by and between the CITY OF ORANGE, a municipal corporation (“City”), and CHANDLER ASSET MANAGEMENT, INC., a California corporation (“Contractor”), who agree as follows:

1. Services. Subject to the terms and conditions set forth in this Agreement, Contractor shall provide to the reasonable satisfaction of City the services set forth in Exhibit “A,” which is attached hereto and incorporated herein by reference. As a material inducement to City to enter into this Agreement, Contractor represents and warrants that it has thoroughly investigated and considered the scope of services and fully understands the difficulties and restrictions in performing the work. The services which are the subject of this Agreement are not in the usual course of City’s business and City relies on Contractor’s representation that it is independently engaged in the business of providing such services and is experienced in performing the work. Contractor shall perform all services in a manner reasonably satisfactory to City and in a manner in conformance with the standards of quality normally observed by an entity provided such services to a municipal agency. All services provided shall conform to all federal, state and local laws, rules and regulations and to the best professional standards and practices. The terms and conditions set forth in this Agreement shall control over any terms and conditions in Exhibit "A" to the contrary.

2. Compensation and Fees.

a. Contractor's total compensation for all services performed under this Agreement, shall be as set forth in Exhibit “B,” which is attached hereto and incorporated herein by reference.

b. The above compensation shall include all costs, including, but not limited to, all clerical, administrative, overhead, insurance, reproduction, telephone, travel, auto rental, subsistence and all related expenses.

2.1 Term and Extension(s)

a. The Initial Term of this Agreement is three (3) years (the “Initial Term”), commencing November 15, 2021 and expiring on November 14, 2024 (the “Expiration Date”); provided, however, that City has the right to extend the term of this Agreement for the following extensions and upon the following terms:

- First Extension (the “First Extension Term”) commencing November 15, 2024, and terminating November 14, 2025, in an annual amount as set forth in Exhibit “B;”
- Second Extension (the “Second Extension Term”) commencing November 15, 2025, and terminating November 14, 2026, in an annual amount as set forth in Exhibit “B.”

b. The City Manager is hereby authorized on behalf of City to give written notice to Contractor of City's intention to exercise each Extension (if at all) no later than thirty (30) days prior to the Expiration Date of the then-current term; provided, however, that City's notice of its intention to extend the term of this Agreement for each Extension shall be expressly conditioned upon and subject to the approval by the City Council, in its sole and absolute discretion, of an amount sufficient to pay the compensation set forth herein for each Extension as part of its annual budget approval process prior to the beginning of each Extension. While the parties acknowledge that City is required to give its notice of intention to extend the term of this Agreement not later than thirty (30) days prior to the Expiration Date of then-current term, it is possible that the City Council's approval of its annual budget and appropriation of funds for the Extension in question may occur thereafter. Accordingly, if the City Council fails to approve and appropriate funds sufficient to pay the amount of compensation set forth herein for an Extension, this Agreement shall terminate and be of no further force and effect as of the expiration of the then-current term. Notwithstanding anything in this provision to the contrary, in the event City gives Contractor written notice exercising an Extension and City receives notice that appropriation of funds for the Extension in question are not available after Contractor has performed services under the Extension, City agrees that Contractor will be equitably compensated for all services performed under any portion of an Extension through the date of termination of the Agreement. Except as specifically set forth herein, the terms and conditions of each Extension will be the same as the Initial Agreement.

c. Any Extension, if properly exercised, shall be memorialized in the form of an amendment to this Agreement. The City Manager is hereby authorized to approve and execute amendments to this Agreement reflecting the exercise of each Extension and the amount of compensation (including the amount of funds to be made available for additional work or services) payable to Contractor for each respective Extension.

3. Payment.

a. Fees shall be paid as set forth in Exhibit "B."

b. Payment shall constitute payment in full for all services, authorized costs and authorized extra work covered by that time period.

4. Change Orders. No payment for extra services caused by a change in the scope or complexity of work, or for any other reason, shall be made unless and until such extra services and a price therefor have been previously authorized in writing and approved by City as an amendment to this Agreement. All amendments shall set forth the changes of work, extension of time, and/or adjustment of the compensation to be paid by City to Contractor and shall be signed by the City Manager or City Council, as applicable.

5. Licenses. Contractor represents that it and any subcontractors it may engage, possess any and all licenses which are required under state or federal law to perform the work contemplated by this Agreement and that Contractor and its subcontractors shall maintain all

appropriate licenses, including a City of Orange business license, at its cost, during the performance of this Agreement.

6. Independent Contractor. At all times during the term of this Agreement, Contractor shall be an independent contractor and not an employee of City. City shall have the right to control Contractor only insofar as the result of Contractor's services rendered pursuant to this Agreement. City shall not have the right to control the means by which Contractor accomplishes services rendered pursuant to this Agreement. Contractor shall, at its sole cost and expense, furnish all facilities, materials and equipment which may be required for furnishing services pursuant to this Agreement. Contractor shall be solely responsible for, and shall indemnify, defend and save City harmless from all matters relating to the payment of its subcontractors, agents and employees, including compliance with social security withholding and all other wages, salaries, benefits, taxes, exactions, and regulations of any nature whatsoever. Contractor acknowledges that it and any subcontractors, agents or employees employed by Contractor shall not, under any circumstances, be considered employees of City, and that they shall not be entitled to any of the benefits or rights afforded employees of City, including, but not limited to, sick leave, vacation leave, holiday pay, Public Employees Retirement System benefits, or health, life, dental, long-term disability or workers' compensation insurance benefits.

7. Contractor Not Agent. Except as provided in Exhibit "A" or as City may specify in writing, Contractor shall have no authority, express or implied, to act on behalf of City in any capacity whatsoever as an agent or to bind City to any obligation whatsoever.

8. Designated Persons. Only those qualified persons authorized by City, or as designated in Exhibit "A," shall perform work provided for under this Agreement. It is understood by the parties that clerical and other nonprofessional work may be performed by persons other than those designated.

9. Assignment or Subcontracting. No assignment or subcontracting by Contractor of any part of this Agreement or of funds to be received under this Agreement shall be of any force or effect unless the assignment has the prior written approval of City. City may terminate this Agreement rather than accept any proposed assignment or subcontracting. Such assignment or subcontracting may be approved by the City Manager or his/her designee.

10. Time of Completion. Except as otherwise specified in Exhibit "A," Contractor shall commence the work provided for in this Agreement within five (5) days of the Effective Date of this Agreement and diligently prosecute completion of the work in accordance with the time period set forth in Exhibit "A" or as otherwise agreed to by the representatives of the parties.

11. Time Is of the Essence. Time is of the essence in this Agreement. Contractor shall do all things necessary and incidental to the prosecution of Contractor's work.

12. Reserved.

13. Delays and Extensions of Time. Contractor's sole remedy for delays outside its control, other than those delays caused by City, shall be an extension of time. No matter what the

cause of the delay, Contractor must document any delay and request an extension of time in writing at the time of the delay to the satisfaction of City. Any extensions granted shall be limited to the length of the delay outside Contractor's control. If Contractor believes that delays caused by City will cause it to incur additional costs, it must specify, in writing, why the delay has caused additional costs to be incurred and the exact amount of such cost at the time the delay occurs. No additional costs can be paid that exceed the not to exceed amount referenced in Section 2.a, above, absent a written amendment to this Agreement.

14. Products of Contractor. The documents, studies, evaluations, assessments, reports, plans, citations, materials, manuals, technical data, logs, files, designs and other products produced or provided by Contractor for this Agreement shall become the property of City upon receipt. Contractor shall deliver all such products to City prior to payment for same. City may use, reuse or otherwise utilize such products without restriction.

15. Equal Employment Opportunity. During the performance of this Agreement, Contractor agrees as follows:

a. Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, mental or physical disability, or any other basis prohibited by applicable law. Contractor shall ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, national origin, mental or physical disability, or any other basis prohibited by applicable law. Such actions shall include, but not be limited to the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training, including apprenticeship. Contractor agrees to post in conspicuous places, available to employees and applicants for employment, a notice setting forth provisions of this non-discrimination clause.

b. Contractor shall, in all solicitations and advertisements for employees placed by, or on behalf of Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, mental or physical disability, or any other basis prohibited by applicable law.

c. Contractor shall cause the foregoing paragraphs (a) and (b) to be inserted in all subcontracts for any work covered by this Agreement, provided that the foregoing provisions shall not apply to subcontracts for standard commercial supplies or raw materials.

16. Conflicts of Interest. Contractor agrees that it shall not make, participate in the making, or in any way attempt to use its position as a consultant to influence any decision of City in which Contractor knows or has reason to know that Contractor, its officers, partners, or employees have a financial interest as defined in Section 87103 of the Government Code.

17. Indemnity.

a. To the fullest extent permitted by law, Contractor agrees to indemnify, defend and hold City, its City Council and each member thereof, and the officers, officials, agents

and employees of City (collectively the “Indemnitees”) entirely harmless from all liability arising out of:

(1) Any and all claims under workers’ compensation acts and other employee benefit acts with respect to Contractor’s employees or its subcontractor’s employees arising out of Contractor’s work under this Agreement, including any and all claims under any law pertaining to Contractor or its employees’ status as an independent contractor and any and all claims under Labor Code section 1720 related to the payment of prevailing wages for public works projects; and

(2) Any claim, loss, injury to or death of persons or damage to property caused by any act, neglect, default, or omission other than a professional act or omission of Contractor, or person, firm or corporation employed by Contractor, either directly or by independent contract, including all damages due to loss or theft sustained by any person, firm or corporation including the Indemnitees, or any of them, arising out of, or in any way connected with the work or services which are the subject of this Agreement, including injury or damage either on or off City’s property; but not for any loss, injury, death or damage caused by the active negligence or willful misconduct of City. Contractor, at its own expense, cost and risk, shall indemnify any and all claims, actions, suits or other proceedings that may be brought or instituted against the Indemnitees on any such claim or liability covered by this subparagraph, and shall pay or satisfy any judgment that may be rendered against the Indemnitees, or any of them, in any action, suit or other proceedings as a result of coverage under this subparagraph.

b. To the fullest extent permitted by law, and as limited by California Civil Code 2782.8, Contractor agrees to indemnify and hold Indemnitees harmless from all liability arising out of any claim, loss, injury to or death of persons or damage to property to the extent caused by its negligent professional act or omission in the performance of professional services pursuant to this Agreement.

c. Except for the Indemnitees, the indemnifications provided in this Agreement shall not be construed to extend any third party indemnification rights of any kind to any person or entity which is not a signatory to this Agreement.

d. The indemnities set forth in this section shall survive any closing, rescission, or termination of this Agreement, and shall continue to be binding and in full force and effect in perpetuity with respect to Contractor and its successors.

18. Insurance.

a. Contractor shall carry workers’ compensation insurance as required by law for the protection of its employees during the progress of the work. Contractor understands that it is an independent contractor and not entitled to any workers’ compensation benefits under any City program.

b. Contractor shall maintain during the life of this Agreement the following minimum amount of comprehensive general liability insurance or commercial general liability

insurance: the greater of (1) One Million Dollars (\$1,000,000) per occurrence; or (2) all the insurance coverage and/or limits carried by or available to Contractor. Said insurance shall cover bodily injury, death and property damage and be written on an occurrence basis.

c. Contractor shall maintain during the life of this Agreement, the following minimum amount of automotive liability insurance: the greater of (1) a combined single limit of One Million Dollars (\$1,000,000); or (2) all the insurance coverage and/or limits carried by or available to Contractor. Said insurance shall cover bodily injury, death and property damage for all owned, non-owned and hired vehicles and be written on an occurrence basis.

d. Any insurance proceeds in excess of or broader than the minimum required coverage and/or minimum required limits which are applicable to a given loss shall be available to City. No representation is made that the minimum insurance requirements of this Agreement are sufficient to cover the obligations of Contractor under this Agreement.

e. Each policy of general liability and automotive liability shall provide that City, its officers, officials, agents, and employees are declared to be additional insureds under the terms of the policy, but only with respect to the work performed by Contractor under this Agreement. A policy endorsement to that effect shall be provided to City along with the certificate of insurance. In lieu of an endorsement, City will accept a copy of the policy(ies) which evidences that City is an additional insured as a contracting party. The minimum coverage required by Subsection 18.b and c, above, shall apply to City as an additional insured. Any umbrella liability insurance that is provided as part of the general or automobile liability minimums set forth herein shall be maintained for the duration of the Agreement.

f. Contractor shall maintain during the life of this Agreement professional liability insurance covering errors and omissions arising out of the performance of this Agreement with a minimum limit of One Million Dollars (\$1,000,000) per claim. Contractor agrees to keep such policy in force and effect for at least five (5) years from the date of completion of this Agreement.

g. The insurance policies maintained by Contractor shall be primary insurance and no insurance held or owned by City shall be called upon to cover any loss under the policy. Contractor will determine its own needs in procurement of insurance to cover liabilities other than as stated above.

h. Before Contractor performs any work or prepares or delivers any materials, Contractor shall furnish certificates of insurance and endorsements, as required by City, evidencing the aforementioned minimum insurance coverages on forms acceptable to City, which shall provide that the insurance in force will not be canceled or allowed to lapse without at least ten (10) days' prior written notice to City.

i. Except for professional liability insurance coverage, all insurance maintained by Contractor shall be issued by companies admitted to conduct the pertinent line of insurance business in California and having a rating of Grade A or better and Class VII or better by the latest edition of Best Key Rating Guide. In the case of professional liability insurance

coverage, such coverage shall be issued by companies either licensed or admitted to conduct business in California so long as such insurer possesses the aforementioned Best rating.

j Contractor shall immediately notify City if any required insurance lapses or is otherwise modified and cease performance of this Agreement unless otherwise directed by City. In such a case, City may procure insurance or self-insure the risk and charge Contractor for such costs and any and all damages resulting therefrom, by way of set-off from any sums owed Contractor.

k. Contractor agrees that in the event of loss due to any of the perils for which it has agreed to provide insurance, Contractor shall look solely to its insurance for recovery. Contractor hereby grants to City, on behalf of any insurer providing insurance to either Contractor or City with respect to the services of Contractor herein, a waiver of any right to subrogation which any such insurer may acquire against City by virtue of the payment of any loss under such insurance.

l. Contractor shall include all subcontractors, if any, as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor to City for review and approval. All coverages for subcontractors shall be subject to all of the requirements stated herein.

19. Termination. City may for any reason terminate this Agreement by giving Contractor not less than five (5) days' written notice of intent to terminate. Upon receipt of such notice, Contractor shall immediately cease work, unless the notice from City provides otherwise. Upon the termination of this Agreement, City shall pay Contractor for services satisfactorily provided and all allowable reimbursements incurred to the date of termination in compliance with this Agreement, unless termination by City shall be for cause, in which event City may withhold any disputed compensation. City shall not be liable for any claim of lost profits.

20. Maintenance and Inspection of Records. In accordance with generally accepted accounting principles, Contractor and its subcontractors shall maintain reasonably full and complete books, documents, papers, accounting records, and other information (collectively, the "records") pertaining to the costs of and completion of services performed under this Agreement. City and its authorized representatives shall have access to and the right to audit and reproduce any of Contractor's records regarding the services provided under this Agreement. Contractor shall maintain all such records for a period of at least three (3) years after termination or completion of this Agreement. Contractor agrees to make available all such records for inspection or audit at its offices during normal business hours and upon three (3) days' notice from City, and copies thereof shall be furnished if requested.

21. Compliance with all Laws/Immigration Laws.

a. Contractor shall be knowledgeable of and comply with all local, state and federal laws which may apply to the performance of this Agreement.

b. If the work provided for in this Agreement constitutes a “public works,” as that term is defined in Section 1720 of the California Labor Code, for which prevailing wages must be paid, to the extent Contractor’s employees will perform any work that falls within any of the classifications for which the Department of Labor Relations of the State of California promulgates prevailing wage determinations, Contractor hereby agrees that it, and any subcontractor under it, shall pay not less than the specified prevailing rates of wages to all such workers. The general prevailing wage determinations for crafts can be located on the website of the Department of Industrial Relations (www.dir.ca.gov/DLSR). Additionally, to perform work under this Contract, Contractor must meet all State registration requirements and criteria, including project compliance monitoring.

c. Contractor represents and warrants that Contractor:

(1) Has complied and shall at all times during the term of this Agreement comply, in all respects, with all immigration laws, regulations, statutes, rules, codes, and orders, including, without limitation, the Immigration Reform and Control Act of 1986 (IRCA); and

(2) Has not and will not knowingly employ any individual to perform services under this Agreement who is ineligible to work in the United States or under the terms of this Agreement; and

(3) Has properly maintained, and shall at all times during the term of this Agreement properly maintain, all related employment documentation records including, without limitation, the completion and maintenance of the Form I-9 for each of Contractor’s employees; and

(4) Has responded, and shall at all times during the term of this Agreement respond, in a timely fashion to any government inspection requests relating to immigration law compliance and/or Form I-9 compliance and/or worksite enforcement by the Department of Homeland Security, the Department of Labor, or the Social Security Administration.

d. Contractor shall require all subcontractors or subconsultants to make the same representations and warranties as set forth in Subsection 21.b.

e. Contractor shall, upon request of City, provide a list of all employees working under this Agreement and shall provide, to the reasonable satisfaction of City, verification that all such employees are eligible to work in the United States. All costs associated with such verification shall be borne by Contractor. Once such request has been made, Contractor may not change employees working under this Agreement without written notice to City, accompanied by the verification required herein for such employees.

f. Contractor shall require all subcontractors or sub-consultants to make the same verification as set forth in Subsection 21.d.

g. If Contractor or subcontractor knowingly employs an employee providing work under this Agreement who is not authorized to work in the United States, and/or fails to follow federal laws to determine the status of such employee, that shall constitute a material breach of this Agreement and may be cause for immediate termination of this Agreement by City.

h. Contractor agrees to indemnify and hold City, its officers, officials, agents and employees harmless for, of and from any loss, including but not limited to fines, penalties and corrective measures City may sustain by reason of Contractor's failure to comply with said laws, rules and regulations in connection with the performance of this Agreement.

22. Governing Law and Venue. This Agreement shall be construed in accordance with and governed by the laws of the State of California and Contractor agrees to submit to the jurisdiction of California courts. Venue for any dispute arising under this Agreement shall be in Orange County, California.

23. Integration. This Agreement constitutes the entire agreement of the parties. No other agreement, oral or written, pertaining to the work to be performed under this Agreement shall be of any force or effect unless it is in writing and signed by both parties. Any work performed which is inconsistent with or in violation of the provisions of this Agreement shall not be compensated.

24. Notice. Except as otherwise provided herein, all notices, reports and other communications required under this Agreement shall be in writing and delivered personally, by e-mail, by first class U.S. mail, postage prepaid, by confirmed facsimile or by overnight courier to each party at the address listed below. Either party may change the notice address by notifying the other party in writing. Notices shall be deemed received upon receipt of same or within three (3) days of deposit in the U.S. Mail, whichever is earlier. Notices sent by e-mail shall be deemed received on the date of the e-mail transmission.

“CONTRACTOR”

“CITY”

Chandler Asset Management, Inc.
6225 Lusk Boulevard
San Diego, CA 92121
Attn.: Operations Department

City of Orange
300 E. Chapman Avenue
Orange, CA 92866
Attn.: Assistant City Manager/Admin.
Services Director

Telephone: 858-546-3737
E-Mail: mcorral@chandlerasset.com

Telephone: 714-744-2222
E-Mail: wkolbow@cityoforange.org

25. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures transmitted via facsimile and electronic mail shall have the same effect as original signatures.

IN WITNESS of this Agreement, the parties have entered into this Agreement as of the year and day first above written.

“CONTRACTOR”

“CITY”

CHANDLER ASSET MANAGEMENT, INC.,
a California corporation

CITY OF ORANGE, a municipal corporation

*By: _____
Nicole Dragoo, President

By: _____
Mark A. Murphy, Mayor

*By: _____
Martin Cassell, Chief Executive Officer

ATTEST:

Pamela Coleman, City Clerk

APPROVED AS TO FORM:

Mary E. Binning
Senior Assistant City Attorney

- *NOTE:** City requires the following signature(s) on behalf of the Contractor:
- (1) the Chairman of the Board, the President or a Vice-President, **AND** (2) the Secretary, the Chief Financial Officer, the Treasurer, an Assistant Secretary or an Assistant Treasurer. If only one corporate officer exists or one corporate officer holds more than one corporate office, please so indicate. **OR**
- The corporate officer named in a corporate resolution as authorized to enter into this Agreement. A copy of the corporate resolution, certified by the Secretary close in time to the execution of the Agreement, must be provided to City.

EXHIBIT “A”

SCOPE OF SERVICES

[Beneath this sheet.]

GENERAL SERVICES

Chandler Asset Management is pleased to continue to offer the **City of Orange** the following services:

1. Manage the City's investment portfolio pursuant to the specific, stated investment objectives. Place all orders for the purchase and sale of securities, communicate settlement information to the City's staff and coordinate security settlement. Execute all approved trades through competitive bidding processes when possible. The investment advisor will not provide custodial services or security safekeeping.
2. Provide assistance in developing and implementing an investment strategy that will maintain or enhance portfolio quality and performance within the parameters of the City's Investment Policy and cash flow needs.
3. Ensure the portfolio is in compliance with applicable laws and the City's Investment Policy including ordinances and resolutions relating to the investment of public funds.
4. Provide the City with investment reports that shall include, but not be limited to the following:
 - a. Monthly statements with all the information required by the California Government Code and Governmental Accounting Standards Board (GASB). These reports must include, but not limited to: detailed portfolio holdings including a complete description of the portfolio, the type of investments, the issuers, purchase price, accrued interest, amortized cost, market and book values, purchase date, maturity date, next upcoming potential call date, assigned security ratings by a nationally recognized statistical rating organization (NRSRA), principal and interest payments, effective earnings rate, yield to maturity, days to maturity, and portfolio summary statistics. These reports are required to be completed no later than the 20th of the month for the immediately preceding month for presentation to the Investment Advisory Committee and City Council at their meetings.
 - b. Quarterly investment reports including a description of market conditions, investment strategies employed, performance, and suggested changes to investment strategy.
 - c. Annual portfolio performance reports, based on the City's fiscal year, including, but not limited to: local and national economy, the City's portfolio holdings, performance objectives, and policy compliance.
5. Perform broker/dealer due diligence and maintain relations with the broker/dealer community.
6. Continually monitor market conditions and circumstances and report on any recommended changes to policies, strategies, and specific positions.
7. Annually, or more often if necessary, review the City's Investment Policy and provide recommended changes as needed per California Government Code or to incorporate best practices as provided by relevant statewide and national organizations. The City's Investment

Policy will be submitted to the Investment Advisory Committee and the City Council for approval on an annual basis.

8. Attend Investment Advisory Committee meeting every quarter to present investment performance and market conditions. Attend City Council meetings as necessary.
9. Serve as a general resource to the City's staff for information, advice, and training regarding fixed-income investments. Communicate as necessary with City staff to understand the City's investment operations.

TERMS SPECIFIC TO INVESTMENT MANAGEMENT RELATIONSHIP

1. City Representative. In its capacity as investment manager, Chandler shall receive all instructions, directions and other communications on City's behalf respecting City's account from City's Assistant City Manager/Administrative Services Director (Representative) or his/her designee. 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 City's assets, Chandler shall comply with City's Investment Policy dated June 8, 2021, or as it may be subsequently amended.
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. Reserved.
5. Electronic Delivery. From time to time, Chandler may be required to deliver certain documents to City such as account information, notices and required disclosures. City 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 City agrees that such notification will constitute "delivery". City further agrees to provide Chandler with City's email address(s) and to keep this information current at all times by promptly notifying Chandler of any change in email address(s).

City email address(s): wkolbow@cityoforange.org

6. Proxy Voting. Chandler will vote proxies on behalf of City unless otherwise instructed. Chandler has adopted and implemented written policies and procedures and will provide City with a description of the proxy voting procedures upon request. Chandler will provide information regarding how City's 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 City has placed under its management. City shall appoint a custodian to take

and have possession of its assets. City recognizes the importance of comparing statements received from the appointed custodian to statements received from Chandler. City recognizes that the fees expressed above do not include fees City 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. City 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, City 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 City'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 City'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. City has received 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). City has received a copy of Chandler's Privacy Policy.

EXHIBIT “B”

FEE SCHEDULE

[Beneath this sheet.]

FEE SCHEDULE

1. City shall compensate Contractor monthly an amount calculated on the average market value of City’s portfolio, including accrued interest, in accordance with the following fee schedule.

Assets Under Management	Annual Asset Management Fee
First \$50 million	9 basis points (0.09 of 1%)
Next \$50 million	6 basis points (0.06 of 1%)
Assets over \$100 million	4 basis points (0.04 of 1%)

2. Fees are based on the amount of assets under management and are not based on transaction volume. Management fees will accrue if there are assets in the portfolio, even if there is no activity during the period. Since the firm calculates fees based on the average balance of assets under our direct management (market value including accrued interest), they will fluctuate based on portfolio value.
3. The fees expressed above do not include any custody fees that may be charged by City’s bank or other third party custodian.
4. Fees shall be prorated 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.
5. Fees shall be deducted monthly in arrears from City’s custody account.