

## **INVESTMENT ADVISORY SERVICES AGREEMENT**

This Agreement for Investment Advisory Services (the “Agreement”) is made by and between Government Portfolio Advisors, LLC, (referred to herein as “ADVISOR” or “GPA”), of Portland, Oregon and the City of Reno, Nevada (hereinafter referred to as “THE CITY”).

### ***Recitals:***

WHEREAS, this Agreement is entered into on this 11th day of October, 2017.

WHEREAS, THE CITY hereby appoints the ADVISOR and the ADVISOR hereby agrees to provide investment advisory services for THE CITY’s investment portfolio (also referred herein as the “Account”).

WHEREAS, THE CITY, by entering into this Agreement, does not surrender control or ownership of the cash or securities in THE CITY’s Account. The ADVISOR will not act as a custodian of assets in THE CITY’s Account or have possession of any such assets.

### **SCOPE OF SERVICES – NON-DISCRETIONARY INVESTMENT ADVISORY SERVICES:**

- Provide full-time non-discretionary investment advisory services for THE CITY’s investment portfolio.
- Be available in a timely manner, in person, by telephone or e-mail, for consultation or advice.
- Provide assistance in developing and implementing investment strategies.
- Assist in the development and implementation of risk-controlled investment strategies designed to enhance portfolio performance while specifically addressing the objectives and constraints for each fund’s balance, including compliance with THE CITY’s Investment Policy.
- Work with THE CITY’s cash management staff to assure completion of investment trades, delivery of the securities, availability of funds, and assist with trade settlement.
  - The ADVISOR will provide disclosure to THE CITY regarding each transaction that identifies the dealers contacted and the prices offered by each.
  - The ADVISOR may open accounts on behalf of THE CITY directly with its approved broker/dealer list.
  - The ADVISOR agrees to monitor all settlements for delivery versus payment transactions with THE CITY between the custodial bank and the dealers.
- Provide investment advice by presenting an investment proposal analysis prior to each transaction for approval to transact specific trades.
- Assist in the review and update of THE CITY Investment Policy.
- Perform due diligence reviews of current and proposed broker/dealers and financial institutions as described in THE CITY’s Investment Policy.
- Provide THE CITY staff with ongoing training and technical advice as needed.

- Provide itemized monthly invoices of charges and provide periodic status reports on the services provided by the firm.
- Provide reports for THE CITY that includes the following: description of each security with book and market value at least monthly; listing of all securities types held and earnings attributions. Total return reports will be provided on a monthly, quarterly, and annual basis comparing the portfolio performance relative to the appropriate benchmark.
- Provide liquidity reporting if THE CITY provides details of holdings and earnings. GPA relies on the accuracy of the information provided.
- Comply with all federal laws and state of Nevada laws and the ordinances, resolutions and policies of THE CITY.

**DESIGNATED AUTHORIZED PERSON(S):** This contract provides for the trading authorization for THE CITY. The persons authorized to affirm transactions recommended by the ADVISOR are:

*Finance Director*  
*Assistant Finance Director*

Authorization must be received by either of the above CITY personnel prior to the execution of proposed transactions. Any changes to authorized persons or additions must be provided to GPA in writing.

**NON-DISCRETIONARY SERVICES:** THE ADVISOR will discuss overall strategy and investment structure with THE CITY. Trade proposals will be sent to the designated authorized person for approval prior to execution of the transaction. Once the approval is provided to the ADVISOR, the trade will be transacted at the prevailing competitive prices at the time of trade.

**INVESTMENT OBJECTIVES AND RESTRICTIONS:** The ADVISOR's investment decisions or recommendations for THE CITY will be in accordance with such investment policies and restrictions as THE CITY may establish. All questions regarding any policies and restrictions will be addressed to the address and telephone number set forth in this Agreement. It will be the responsibility of THE CITY to inform ADVISOR in writing of such policies and restrictions and of any changes therein, and to give the ADVISOR prompt written notice if THE CITY deems any investment decisions or recommendations made for THE CITY to be in violation of such policies or restrictions.

**SAFEKEEPING:** THE CITY acknowledges that it will assign a third party custodial bank, which will be a qualified custodian under Rule 206(4)-2 of the Investment Advisers Act of 1940. The designated custodian shall have the sole responsibility to settle any and all purchases, sales, deliveries, receipts and other transactions made with respect to the Account, the collection of all income, and the acquisition and safekeeping of the assets, securities, funds and other properties comprising the Account. THE CITY will control all fund transfers in and out of the Account. The ADVISOR will not hold or have custody or possession of any asset, including cash, securities and other properties of THE CITY.

THE CITY agrees to promptly furnish, or to instruct the custodial bank to furnish, all data and information the ADVISOR may reasonably request to complete the setup and render services described in this Agreement.

THE CITY acknowledges that it receives custodial statements at least quarterly from the custodial bank, indicating the amount of funds and each asset in the Account at the end of the reporting period (which shall be no less frequently than quarterly) and sets forth all transactions of the Account during such period. THE CITY acknowledges it has been advised to reconcile the report from the ADVISOR with the statement provided by the custodial bank and to notify the ADVISOR immediately if there are any discrepancies.

THE CITY shall instruct the custodial bank to carry out all transactions directed, in writing or electronically, by the ADVISOR.

THE CITY will provide ADVISOR prompt written notice in advance of engaging a new custodial bank.

**TERM:** The term of this Agreement shall be for one year from the date hereof, with automatic annual renewals. This Agreement may be terminated for any reason by either party with or without cause, by giving the other party ninety (90) days written notice. The Agreement may not be assigned by either of the parties without the prior written consent of the other. The Agreement constitutes the entire Agreement of the parties with respect to the matters contained herein and no modification of this Agreement shall be effective unless such modification is in writing and signed by the parties hereto.

**FEES:** In consideration of the services performed by ADVISOR, THE CITY agrees to pay the ADVISOR an investment advisory fee of sixty-four thousand (\$64,000) dollars for the first year of service. The fee will be billed quarterly and is payable within thirty (30) days of quarter end. The fee will be pro-rated if the Agreement is cancelled mid-quarter. Subsequent to year one, the fee shall be adjusted to five basis points of the previous year's average monthly balance. The fee established for year two shall stay fixed for one year. Year three, and subsequent years will be calculated in a similar process of identifying the previous year's average monthly balance and applying a fee of five basis points for the upcoming annual period.

**REPORTS:** In order that THE CITY may be kept informed of the status and activities in the portfolio the ADVISOR shall furnish monthly portfolio reports. The statements the ADVISOR agrees to furnish to THE CITY will provide details of all transactions involving the portfolio, a month-end listing of investments held, and a reporting on the performance of the portfolio. Such statements will be furnished to THE CITY within ten (10) days after the close of each month and may be provided to THE CITY via secure online access. The ADVISOR does not assume any responsibility for the accuracy of the information provided by THE CITY.

**PERFORMANCE RECORDS:** The ADVISOR maintains composites of returns which are audited performance records that conform to the Global Investment Performance Standards

(GIPS). THE CITY acknowledges that the ADVISOR shall have the right to retain historical performance data from inception date to the termination date of THE CITY during the term of this Agreement and such period thereafter that the ADVISOR continues to show performance. ADVISOR shall defend and indemnify and hold THE CITY harmless for any claims that arise or relate in any way, from ADVISOR's use of such information.

**ADVISOR REPRESENTATION:** The ADVISOR warrants that it is registered as an Investment ADVISOR under the Investment Advisers Act of 1940, and that the activities contemplated herein are to the best of its knowledge, in compliance with all laws and regulations applicable to it and governing investments, and that all necessary actions required to authorize such activities have, to the best of its knowledge, been taken.

**ADVISOR NOT AN AGENT:** Except as specifically set forth in this Agreement or as THE CITY may specify in writing, ADVISOR shall have no authority, express or implied, to act as an agent on behalf of THE CITY or to bind the government entities to any obligation.

**LIMITED LIABILITY:** THE CITY will not waive or intend to assert available provisions of Chapter 41 of the Nevada Revised Statutes. Contract liability of both parties shall not be subject to punitive damages. Actual damages for any breach by THE CITY shall never exceed the amount of funds which have been appropriated from payment under this Agreement, but not yet paid, for the fiscal year budget in existence at the time of the breach.

**INDEPENDENT CONTRACTOR:** The parties agree that ADVISOR is an independent contractor and this Agreement is entered into in conformance with the provisions of NRS 354.626; as an independent contractor, and defined in NRS 333.700, ADVISOR is not an employee of THE CITY and therefore there shall be no:

- (a) Withholding on income taxes on behalf of ADVISOR;
- (b) Industrial Insurance provided for ADVISOR;
- (c) Participation in group insurance plans which may be available to employees of THE CITY;
- (d) Participation or contributions by either the independent contractor, or THE CITY or to any public employee retirement system;
- (e) Accumulation of vacation leave or sick leave; and
- (f) Unemployment compensation coverage provided by THE CITY if the requirements of NRS 612.085 for independent contractors are met.

**SERVICES FOR OTHER CLIENTS:** It is understood that the ADVISOR provides investment advisory services for other clients. It is further understood that the ADVISOR may take investment action on behalf of such other clients, which differs from the investment action taken on behalf of THE CITY. If the purchase or sale of securities for THE CITY and one or more such other clients is affected at or about the same time, such purchase or sale shall be allocated among the other clients in a manner deemed equitable by the ADVISOR.

**BUSINESS LICENSE:** To the extent applicable, ADVISOR shall maintain in full force and effect through the term of this Agreement current business licenses from THE CITY and the State of Nevada.

**LICENSES; PERMITS; ETC.:** ADVISOR represents and warrants that it has all licenses, permits, qualifications and approvals which are required for ADVISOR to practice its profession. ADVISOR represents and warrants that ADVISOR shall, at its sole cost and expense, keep in effect at all times during the term of this Agreement any license, permits and approvals that are required for ADVISOR to practice its profession.

**BEST EFFORT:** The ADVISOR will at all times render the services called for in this Agreement in accordance with its best judgment. However, the ADVISOR does not imply or guarantee profits or freedom from loss in connection with its recommendations.

**DUTY OF CARE:** THE CITY understands that ADVISOR will open accounts on behalf of THE CITY with approved broker dealers. Confirmations will be generated and sent to THE CITY and the ADVISOR. The ADVISOR agrees to review the approved broker dealer list annually and allows for the addition and removal of any broker dealer at the directive of THE CITY. All transactions will be executed on competitive pricing basis. THE CITY will provide the ADVISOR all information and documentation necessary to establish and maintain the Account, which the ADVISOR may deem necessary and appropriate.

**INSURANCE:** The ADVISOR shall procure and maintain at its expense for the term of this Agreement, insurance in the kinds and amounts hereinafter provided with insurance companies authorized for the services provided by this Agreement. ADVISOR shall maintain comprehensive general liability insurance for limits of not less than one million dollars (\$1,000,000) for bodily injury and property damages, per occurrence. ADVISOR will notify THE CITY of a pending termination of insurance notification received from any carrier providing insurance coverage applicable to investment advisory services provided by ADVISOR to THE CITY. ADVISOR will notify THE CITY, in writing, three days subsequent to their receipt of a pending termination of insurance. Auto insurance as required by Nevada law. No professional liability or errors/omissions insurance is required. As evidence of insurance coverage, THE CITY will accept certification of insurance by an authorized representative of the insurance carrier. Certificates of insurance should be delivered to the office of the Risk Manager c/o Reno City Attorney's Office, at 1 E. 1<sup>st</sup> Street, Reno, NV 89501, or mailed to: P.O. Box 1900, Reno, NV 89505. The City must agree in writing to any waiver or modification of these requirements.

**VENUE:** In the event that either party deems it necessary to institute legal action or proceedings to enforce any right or obligation under this Agreement, the parties agree that any such action or proceeding shall be entered through arbitration proceedings in the State of Nevada. Each party is responsible for its own legal fees and costs unless otherwise allowed by law.

**LIABILITY OF LOSS:** The ADVISOR shall have no liability for any losses arising out of the delays in performing or inability to perform the services which it renders under this Agreement which result from events beyond its control, including interruption of business

activities of the ADVISOR or other financial institutions due to acts of God, acts of governmental authority, acts of war, terrorism, civil riots, labor disputes or any action or inaction due to malfunction. The ADVISOR does not guarantee future performance or any specific level of performance, and THE CITY understands that the market value of investments may fluctuate and at any point in time be worth more or less than the amount originally invested.

**CONFIDENTIAL RELATIONSHIP:** All information and advice furnished by either party to the other hereunder will be treated as confidential and may not be disclosed to third parties except as required by operation of law, as requested by a regulatory authority, or the legitimate business necessity of the disclosing party.

**ANTI-MONEY LAUNDERING:** THE CITY understands that the ADVISOR prohibits the investment of funds by any persons or entities that are acting, directly or indirectly, in any type of money laundering activities or on behalf of terrorist organizations, including those persons or entities that are included on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") which is available at <http://www.treas.gov/ofac>. THE CITY represents, warrants and covenants that it is not, nor is any person or entity controlling, controlled by or under common control with it a "Prohibited Person" as identified by the OFAC.

**DISCLOSURE STATEMENT:** The ADVISOR represents that it has delivered to THE CITY, at least two business days prior to the execution of this Agreement, ADVISOR's current Form ADV Part 1, Part 2A and Part 2B, GIPS Annual Disclosure Presentation and the ADVISOR'S privacy policy. By signing this Agreement below, THE CITY hereby acknowledges its receipt of said document at least two business days prior to its execution of this Agreement.

**CONSENT TO ELECTRONIC DELIVERY OF DOCUMENTS; OTHER DISCLOSURES:** The ADVISOR is required to provide annual or periodic disclosures to THE CITY and must record and maintain records of its delivery. THE CITY consents to the delivery of documents related to the investment advisory service described within this Agreement in an electronic manner, as described below:

- Documents subject to this Consent to Electronic Delivery include the Form ADV Part 1, Part 2A, and Part 2B, account reports and reviews and other information about account activity, and any disclosure or notification that is required under applicable regulations, other regulatory communications, and Privacy Policy information.
- THE CITY agrees and acknowledges that delivery of documents may be via electronic means, including, but not limited to, a PDF file to the email addresses provided to the ADVISOR by client, or via secure online access to such documents. ADVISOR may use electronic delivery to effectively deliver any or all documents related to the relationship between THE CITY and ADVISOR. THE CITY acknowledges that it has access to this media and the ability to print and/or download the information provided thereby.

- THE CITY will provide appropriate e-mail addresses for sending electronic information consistent with these terms of electronic delivery. THE CITY will notify ADVISOR in writing if delivery should be made to any additional e-mail addresses or if delivery to any of the initially provided e-mail addresses should be discontinued. It is THE CITY's responsibility to provide ADVISOR with updates regarding changes to any authorized email addresses. Should it come to the attention of the ADVISOR that the e-mail addresses provided are not functioning, all documents will be sent in paper form. The consent to electronic delivery is valid until such consent is revoked, in writing, to the ADVISOR by THE CITY. Occasional requests for paper documents does not trigger revocation of this consent.

**GOVERNING LAW:** This Agreement shall be governed by the laws of the State of Nevada, and furthermore by the Investment Advisers Act of 1940 and the rules and regulations promulgated by the Securities and Exchange Commission under said act.

Notices and reports as called for herein shall be mailed, in the care of:

**Account:**

City of Reno  
1 East First Street  
Reno, NV 89501  
Phone: (775) 326-6655

**Advisor:**

Government Portfolio Advisors, LLC.  
2188 SW Park Place, Suite 100  
Portland, OR 97205  
Phone: (503) 248-9973

Jill Olsen  
*Assistant Finance Director*

Dave Westcott, CFA  
*Principal*

**AGREED TO AND ACCEPTED:**

City of Reno

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*Signature*

Sabra Newby  
*Printed or Typed Name*

City Manager  
*Title*

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*Date*

**AGREED TO AND ACCEPTED:**  
Government Portfolio Advisors

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*Signature*

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*Printed or Typed Name*

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*Title*

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*Date*