

OFFICE OF THE CITY ATTORNEY  
ROBERT E. SHANNON, City Attorney  
333 West Ocean Boulevard, 11th Floor  
Long Beach, CA 90802-4664

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AGREEMENT

**31351**

THIS AGREEMENT is made and entered, in duplicate, as of September 23, 2009, for reference purposes only, pursuant to a minute order adopted by the City Council of the City of Long Beach at its meeting on September 22, 2009, by and between CHANDLER ASSET MANAGEMENT, INC., a California corporation ("Consultant"), with a place of business at 6225 Lusk Blvd., San Diego, California 92121, and the CITY OF LONG BEACH, a municipal corporation ("City").

WHEREAS, City requires specialized services requiring unique skills in advising the City on its investment portfolio ("Project"); and

WHEREAS, City has selected Consultant in accordance with City's administrative procedures and City has determined that Consultant and its employees are qualified, licensed, if so required, and experienced in performing these specialized services; and

WHEREAS, City desires to have Consultant perform these specialized services, and Consultant is willing and able to do so on the terms and conditions in this Agreement;

NOW, THEREFORE, in consideration of the mutual terms, covenants, and conditions in this Agreement, the parties agree as follows:

1. SCOPE OF WORK OR SERVICES.

A. Consultant shall furnish specialized services more particularly described in Exhibit "A", attached to this Agreement and incorporated by this reference, in accordance with the standards of the profession, and City shall pay for these services in the manner described below, not to exceed Three Hundred Thousand Dollars (\$300,000) annually, at the rates or charges shown in Exhibit "A".

B. Consultant may select the time and place of performance for these services; provided, however, that access to City documents, records and the

1 like, if needed by Consultant, shall be available only during City's normal business  
2 hours and provided that milestones for performance, if any, are met.

3 C. Consultant has requested to receive regular payments. City  
4 shall pay Consultant in due course of payments following receipt from Consultant  
5 and approval by City of invoices showing the services or task performed, the time  
6 expended (if billing is hourly), and the name of the Project. Consultant shall certify  
7 on the invoices that Consultant has performed the services in full conformance  
8 with this Agreement and is entitled to receive payment. Each invoice shall be  
9 accompanied by a statement or progress report indicating the progress to date of  
10 services performed and covered by the invoice, including a brief statement of any  
11 Project problems and potential causes of delay in performance, and listing those  
12 services that are projected for performance by Consultant during the next invoice  
13 cycle. Where billing is done and payment is made on an hourly basis, the parties  
14 acknowledge that this arrangement is either customary practice for Consultant's  
15 profession, industry or business, or is necessary to satisfy audit and legal  
16 requirements which may arise due to the fact that City is a municipality.

17 D. Consultant represents that Consultant has obtained all  
18 necessary information on conditions and circumstances that may affect its  
19 performance and has conducted site visits, if necessary.

20 E. CAUTION: Consultant shall not begin work until this  
21 Agreement has been signed by both parties and until Consultant's evidence of  
22 insurance has been delivered to and approved by City.

23 2. TERM. The term of this Agreement shall commence at midnight on  
24 October 1, 2009, and shall terminate at 11:59 p.m. on September 30, 2011, with the  
25 option to extend for three (3) one (1) year terms, unless sooner terminated as provided in  
26 this Agreement, or unless amended by mutual agreement of the parties.

27 3. COORDINATION AND ORGANIZATION.

28 A. Consultant shall coordinate its performance with City's

1 representative, if any, named in Exhibit "B", attached to this Agreement and  
2 incorporated by this reference. Consultant shall advise and inform City's  
3 representative of the work in progress on the Project in sufficient detail so as to  
4 assist City's representative in making presentations and in holding meetings on  
5 the Project.

6 B. The parties acknowledge that a substantial inducement to City  
7 for entering this Agreement was and is the reputation and skill of Consultant's key  
8 employee, Kay Chandler. City shall have the right to approve any person  
9 proposed by Consultant to replace that key employee.

10 4. INDEPENDENT CONTRACTOR. In performing its services,  
11 Consultant is and shall act as an independent contractor and not an employee,  
12 representative or agent of City. Consultant shall have control of Consultant's work and  
13 the manner in which it is performed. Consultant shall be free to contract for similar  
14 services to be performed for others during this Agreement; provided, however, that  
15 Consultant acts in accordance with Section 9 and Section 11 of this Agreement.  
16 Consultant acknowledges and agrees that (a) City will not withhold taxes of any kind from  
17 Consultant's compensation; (b) City will not secure workers' compensation or pay  
18 unemployment insurance to, for or on Consultant's behalf; and (c) City will not provide  
19 and Consultant is not entitled to any of the usual and customary rights, benefits or  
20 privileges of City employees. Consultant expressly warrants that neither Consultant nor  
21 any of Consultant's employees or agents shall represent themselves to be employees or  
22 agents of City.

23 5. INSURANCE.

24 A. As a condition precedent to the effectiveness of this  
25 Agreement, Consultant shall procure and maintain, at Consultant's expense for the  
26 duration of this Agreement, from insurance companies that are admitted to write  
27 insurance in California and have ratings of or equivalent to A:V by A.M. Best  
28 Company or from authorized non-admitted insurance companies subject to

1 Section 1763 of the California Insurance Code and that have ratings of or  
2 equivalent to A:VIII by A.M. Best Company, the following insurance:

3 (a) Commercial general liability insurance (equivalent in scope to  
4 ISO form CG 00 01 11 85 or CG 00 01 10 93) in an amount not less than  
5 \$1,000,000 per each occurrence and \$2,000,000 general aggregate. This  
6 coverage shall include but not be limited to broad form contractual liability,  
7 cross liability, independent contractors liability, and products and  
8 completed operations liability. City, its boards and commissions, and their  
9 officials, employees and agents shall be named as additional insureds by  
10 endorsement (on City's endorsement form or on an endorsement  
11 equivalent in scope to ISO form CG 20 10 11 85 or CG 20 26 11 85), and  
12 this insurance shall contain no special limitations on the scope of  
13 protection given to City, its boards and commissions, and their officials,  
14 employees and agents. This policy shall be endorsed to state that the  
15 insurer waives its right of subrogation against City, its boards and  
16 commissions, and their officials, employees and agents.

17 (b) Workers' Compensation insurance as required by the California  
18 Labor Code and employer's liability insurance in an amount not less than  
19 \$1,000,000. This policy shall be endorsed to state that the insurer waives  
20 its right of subrogation against City, its boards and commissions, and their  
21 officials, employees and agents.

22 (c) Professional liability or errors and omissions insurance in an  
23 amount not less than \$1,000,000 per claim.

24 (d) Commercial automobile liability insurance (equivalent in scope  
25 to ISO form CA 00 01 06 92), covering Auto Symbol 1 (Any Auto) in an  
26 amount not less than \$500,000 combined single limit per accident.

27 B. Any self-insurance program, self-insured retention, or  
28 deductible must be separately approved in writing by City's Risk Manager or

1 designee and shall protect City, its officials, employees and agents in the same  
2 manner and to the same extent as they would have been protected had the policy  
3 or policies not contained retention or deductible provisions.

4 C. Each insurance policy shall be endorsed to state that  
5 coverage shall not be reduced, non-renewed or canceled except after thirty (30)  
6 days prior written notice to City, shall be primary and not contributing to any other  
7 insurance or self-insurance maintained by City, and shall be endorsed to state that  
8 coverage maintained by City shall be excess to and shall not contribute to  
9 insurance or self-insurance maintained by Consultant. Consultant shall notify City  
10 in writing within five (5) days after any insurance has been voided by the insurer or  
11 cancelled by the insured.

12 D. If this coverage is written on a "claims made" basis, it must  
13 provide for an extended reporting period of not less than one hundred eighty (180)  
14 days, commencing on the date this Agreement expires or is terminated, unless  
15 Consultant guarantees that Consultant will provide to City evidence of  
16 uninterrupted, continuing coverage for a period of not less than three (3) years,  
17 commencing on the date this Agreement expires or is terminated.

18 E. Consultant shall require that all subconsultants or contractors  
19 that Consultant uses in the performance of these services maintain insurance in  
20 compliance with this Section unless otherwise agreed in writing by City's Risk  
21 Manager or designee.

22 F. Prior to the start of performance, Consultant shall deliver to  
23 City certificates of insurance and the endorsements for approval as to sufficiency  
24 and form. In addition, Consultant shall, within thirty (30) days prior to expiration of  
25 the insurance, furnish to City certificates of insurance and endorsements  
26 evidencing renewal of the insurance. City reserves the right to require complete  
27 certified copies of all policies of Consultant and Consultant's subconsultants and  
28 contractors, at any time. Consultant shall make available to City's Risk Manager

1 or designee all books, records and other information relating to this insurance,  
2 during normal business hours.

3 G. Any modification or waiver of these insurance requirements  
4 shall only be made with the approval of City's Risk Manager or designee. Not  
5 more frequently than once a year, City's Risk Manager or designee may require  
6 that Consultant, Consultant's subconsultants and contractors change the amount,  
7 scope or types of coverages required in this Section if, in his or her sole opinion,  
8 the amount, scope or types of coverages are not adequate.

9 H. The procuring or existence of insurance shall not be  
10 construed or deemed as a limitation on liability relating to Consultant's  
11 performance or as full performance of or compliance with the indemnification  
12 provisions of this Agreement.

13 6. ASSIGNMENT AND SUBCONTRACTING. This Agreement  
14 contemplates the personal services of Consultant and Consultant's employees, and the  
15 parties acknowledge that a substantial inducement to City for entering this Agreement  
16 was and is the professional reputation and competence of Consultant and Consultant's  
17 employees. Consultant shall not assign its rights or delegate its duties under this  
18 Agreement, or any interest in this Agreement, or any portion of it, without the prior  
19 approval of City, except that Consultant may with the prior approval of the City Manager  
20 of City, assign any moneys due or to become due Consultant under this Agreement. Any  
21 attempted assignment or delegation shall be void, and any assignee or delegate shall  
22 acquire no right or interest by reason of an attempted assignment or delegation.  
23 Furthermore, Consultant shall not subcontract any portion of its performance without the  
24 prior approval of the City Manager or designee, or substitute an approved subconsultant  
25 or contractor without approval prior to the substitution. Nothing stated in this Section  
26 shall prevent Consultant from employing as many employees as Consultant deems  
27 necessary for performance of this Agreement.

28 7. CONFLICT OF INTEREST. Consultant, by executing this

1 Agreement, certifies that, at the time Consultant executes this Agreement and for its  
2 duration, Consultant does not and will not perform services for any other client which  
3 would create a conflict, whether monetary or otherwise, as between the interests of City  
4 and the interests of that other client. And, Consultant shall obtain similar certifications  
5 from Consultant's employees, subconsultants and contractors.

6 8. MATERIALS. Consultant shall furnish all labor and supervision,  
7 supplies, materials, tools, machinery, equipment, appliances, transportation and services  
8 necessary to or used in the performance of Consultant's obligations under this  
9 Agreement, except as stated in Exhibit "C".

10 9. OWNERSHIP OF DATA. All materials, information and data  
11 prepared, developed or assembled by Consultant or furnished to Consultant in  
12 connection with this Agreement, including but not limited to documents, estimates,  
13 calculations, studies, maps, graphs, charts, computer disks, computer source  
14 documentation, samples, models, reports, summaries, drawings, designs, notes, plans,  
15 information, material and memorandum ("Data") shall be the exclusive property of City.  
16 Data shall be given to City, and City shall have the unrestricted right to use and disclose  
17 the Data in any manner and for any purpose without payment of further compensation to  
18 Consultant. Copies of Data may be retained by Consultant but Consultant warrants that  
19 Data shall not be made available to any person or entity for use without the prior approval  
20 of City. This warranty shall survive termination of this Agreement for five (5) years.

21 10. TERMINATION. Either party shall have the right to terminate this  
22 Agreement for any reason or no reason at any time by giving fifteen (15) calendar days  
23 prior notice to the other party. In the event of termination under this Section, City shall  
24 pay Consultant for services satisfactorily performed and costs incurred up to the effective  
25 date of termination for which Consultant has not been previously paid. The procedures  
26 for payment in Section 1.B. with regard to invoices shall apply. On the effective date of  
27 termination, Consultant shall deliver to City all Data developed or accumulated in the  
28 performance of this Agreement, whether in draft or final form, or in process. And,

1 Consultant acknowledges and agrees that City's obligation to make final payment is  
2 conditioned on Consultant's delivery of the Data to City.

3 11. CONFIDENTIALITY. Consultant shall keep all Data confidential and  
4 shall not disclose the Data or use the Data directly or indirectly, other than in the course  
5 of performing its services, during the term of this Agreement and for five (5) years  
6 following expiration or termination of this Agreement. In addition, Consultant shall keep  
7 confidential all information, whether written, oral or visual, obtained by any means  
8 whatsoever in the course of performing its services for the same period of time.  
9 Consultant shall not disclose any or all of the Data to any third party, or use it for  
10 Consultant's own benefit or the benefit of others except for the purpose of this  
11 Agreement.

12 12. BREACH OF CONFIDENTIALITY. Consultant shall not be liable for  
13 a breach of confidentiality with respect to Data that: (a) Consultant demonstrates  
14 Consultant knew prior to the time City disclosed it; or (b) is or becomes publicly available  
15 without breach of this Agreement by Consultant; or (c) a third party who has a right to  
16 disclose does so to Consultant without restrictions on further disclosure; or (d) must be  
17 disclosed pursuant to subpoena or court order.

18 13. ADDITIONAL COSTS AND REDESIGN.

19 A. Any costs incurred by City due to Consultant's failure to meet  
20 the standards required by the scope of work or Consultant's failure to perform fully  
21 the tasks described in the scope of work which, in either case, causes City to  
22 request that Consultant perform again all or part of the Scope of Work shall be at  
23 the sole cost of Consultant and City shall not pay any additional compensation to  
24 Consultant for its re-performance.

25 B. If the Project involves construction and the scope of work  
26 requires Consultant to prepare plans and specifications with an estimate of the  
27 cost of construction, then Consultant may be required to modify the plans and  
28 specifications, any construction documents relating to the plans and specifications,



1 and Consultant's estimate, at no cost to City, when the lowest bid for construction  
2 received by City exceeds by more than ten percent (10%) Consultant's estimate.  
3 This modification shall be submitted in a timely fashion to allow City to receive new  
4 bids within four (4) months after the date on which the original plans and  
5 specifications were submitted by Consultant.

6 14. AMENDMENT. This Agreement, including all Exhibits, shall not be  
7 amended, nor any provision or breach waived, except in writing signed by the parties  
8 which expressly refers to this Agreement.

9 15. LAW. This Agreement shall be governed by and construed pursuant  
10 to the laws of the State of California (except those provisions of California law pertaining  
11 to conflicts of laws). Consultant shall comply with all laws, ordinances, rules and  
12 regulations of and obtain all permits, licenses and certificates required by all federal, state  
13 and local governmental authorities.

14 16. ENTIRE AGREEMENT. This Agreement, including all Exhibits,  
15 constitutes the entire understanding between the parties and supersedes all other  
16 agreements, oral or written, with respect to the subject matter in this Agreement.

17 17. INDEMNITY. Consultant shall, with respect to services performed in  
18 connection with this Agreement, indemnify and hold harmless City, its Boards,  
19 Commissions, and their officials, employees and agents (collectively in this Section,  
20 "City") from and against any and all liability, claims, allegations, demands, damage, loss,  
21 causes of action, proceedings, penalties, costs and expenses (including attorney's fees,  
22 court costs, and expert and witness fees) (collectively "Claims" or individually "Claim")  
23 arising, directly or indirectly, in whole or in part, out of any negligent act or omission of  
24 Consultant, its officers, employees, agents, sub-consultants or anyone under  
25 Consultant's control (collectively "Indemnitor"), breach of this Agreement by Indemnitor,  
26 misrepresentation or willful misconduct by Indemnitor, and Claims by any employee of  
27 Indemnitor relating in any way to workers' compensation. Independent of the duty to  
28 indemnify and as a free-standing duty on the part of Consultant, Consultant shall defend

1 City and shall continue this defense until the Claim is resolved, whether by settlement,  
2 judgment or otherwise. No finding or judgment of negligence, fault, breach or the like on  
3 the part of Indemnitor shall be required for the duty to defend to arise. Consultant shall  
4 notify City of any Claim within ten (10) days. Likewise, City shall notify Consultant of any  
5 Claim, shall tender the defense of the Claim to Consultant, and shall assist Consultant at  
6 Consultant's sole expense, as may be reasonably requested, in the defense.

7 18. AMBIGUITY. In the event of any conflict or ambiguity between this  
8 Agreement and any Exhibit, the provisions of this Agreement shall govern.

9 19. COSTS. If there is any legal proceeding between the parties to  
10 enforce or interpret this Agreement or to protect or establish any rights or remedies under  
11 it, the prevailing party shall be entitled to its costs, including reasonable attorneys' fees.

12 20. NONDISCRIMINATION.

13 A. In connection with performance of this Agreement and subject  
14 to applicable rules and regulations, Consultant shall not discriminate against any  
15 employee or applicant for employment because of race, religion, national origin,  
16 color, age, sex, sexual orientation, gender identity, AIDS, HIV status, handicap or  
17 disability. Consultant shall ensure that applicants are employed, and that  
18 employees are treated during their employment, without regard to these bases.  
19 These actions shall include, but not be limited to, the following: employment,  
20 upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or  
21 termination; rates of pay or other forms of compensation; and selection for training,  
22 including apprenticeship.

23 B. It is the policy of City to encourage the participation of  
24 Disadvantaged, Minority and Women-Owned Business Enterprises in City's  
25 procurement process, and Consultant agrees to use its best efforts to carry out  
26 this policy in its use of subconsultants and contractors to the fullest extent  
27 consistent with the efficient performance of this Agreement. Consultant may rely  
28 on written representations by subconsultants and contractors regarding their

1 status. City's policy is attached as Exhibit "D" to this Agreement. Consultant shall  
2 report to City in May and in December or, in the case of short-term agreements,  
3 prior to invoicing for final payment, the names of all subconsultants and  
4 contractors hired by Consultant for this Project and information on whether or not  
5 they are a Disadvantaged, Minority or Women-Owned Business Enterprise, as  
6 defined in Section 8 of the Small Business Act (15 U.S.C. Sec. 637).

7 21. NOTICES. Any notice or approval required by this Agreement shall  
8 be in writing and personally delivered or deposited in the U.S. Postal Service, first class,  
9 postage prepaid, addressed to Consultant at the address first stated above, and to City at  
10 333 West Ocean Boulevard, Long Beach, California 90802, Attn: City Manager, with a  
11 copy to the City Treasurer at the same address. Notice of change of address shall be  
12 given in the same manner as stated for other notices. Notice shall be deemed given on  
13 the date deposited in the mail or on the date personal delivery is made, whichever occurs  
14 first.

15 22. COPYRIGHTS AND PATENT RIGHTS.

16 A. Consultant shall place the following copyright protection on all  
17 Data: © City of Long Beach, California \_\_\_\_\_, inserting the appropriate year.

18 B. City reserves the exclusive right to seek and obtain a patent  
19 or copyright registration on any Data or other result arising from Consultant's  
20 performance of this Agreement. By executing this Agreement, Consultant assigns  
21 any ownership interest Consultant may have in the Data to City.

22 C. Consultant warrants that the Data does not violate or infringe  
23 any patent, copyright, trade secret or other proprietary right of any other party.  
24 Consultant agrees to and shall protect, defend, indemnify and hold City, its officials  
25 and employees harmless from any and all claims, demands, damages, loss,  
26 liability, causes of action, costs or expenses (including reasonable attorney's fees)  
27 whether or not reduced to judgment, arising from any breach or alleged breach of  
28 this warranty.

1           23.    COVENANT AGAINST CONTINGENT FEES. Consultant warrants  
2 that Consultant has not employed or retained any entity or person to solicit or obtain this  
3 Agreement and that Consultant has not paid or agreed to pay any entity or person any  
4 fee, commission or other monies based on or from the award of this Agreement. If  
5 Consultant breaches this warranty, City shall have the right to terminate this Agreement  
6 immediately notwithstanding the provisions of Section 10 or, in its discretion, to deduct  
7 from payments due under this Agreement or otherwise recover the full amount of the fee,  
8 commission or other monies.

9           24.    WAIVER. The acceptance of any services or the payment of any  
10 money by City shall not operate as a waiver of any provision of this Agreement or of any  
11 right to damages or indemnity stated in this Agreement. The waiver of any breach of this  
12 Agreement shall not constitute a waiver of any other or subsequent breach of this  
13 Agreement.

14           25.    CONTINUATION. Termination or expiration of this Agreement shall  
15 not affect rights or liabilities of the parties which accrued pursuant to Sections 7, 10, 11,  
16 17, 19, 22 and 28 prior to termination or expiration of this Agreement.

17           26.    TAX REPORTING. As required by federal and state law, City is  
18 obligated to and will report the payment of compensation to Consultant on Form 1099-  
19 Misc. Consultant shall be solely responsible for payment of all federal and state taxes  
20 resulting from payments under this Agreement. Consultant's Employer Identification  
21 Number is [REDACTED] If Consultant has a Social Security Number rather than an  
22 Employer Identification Number, then Consultant shall submit that Social Security  
23 Number in writing to City's Accounts Payable, Department of Financial Management.  
24 Consultant acknowledges and agrees that City has no obligation to pay Consultant until  
25 Consultant provides one of these numbers.

26           27.    MISCELLANEOUS.

27           A.    Investment Policy. In investing and reinvesting City's assets,  
28 Consultant shall comply with City's Investment Policy, which is attached hereto as

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Exhibit "E".

B. Authority of Consultant. Consultant is hereby granted non-discretionary authority 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, and City authorization as state in Section 3.1 of the Scope of Services.

C. Custody of Securities and Funds. Consultant shall not have custody or possession of the funds or securities that City has placed under its management. City may appoint a custodian to take and have possession of its assets.

D. Valuation. Consultant will value securities held in portfolios managed by Consultant no less than monthly. Securities or investments in the portfolio will be valued in a manner determined in good faith by consultant to reflect fair market value.

E. Payment of Commissions. Consultant may place, buy and sell orders with or through such brokers or dealers as it may select. It is the policy and practice of Consultant 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 Consultant may pay a commission on transactions in excess of the amount another broker or dealer may charge, and that Consultant makes no warranty or representation regarding commissions paid on the transactions hereunder.

F. Consultant will not exercise proxy voting authority over City's securities. The obligation to vote proxies rests with the City. However, the City may contact Consultant for advice or information about a proxy vote. If the City does so, Consultant shall not be deemed to have obtained authority to vote a proxy on behalf of the city by merely providing the advice or information. If

1 Consultant inadvertently receives proxy information for a security held in the City's  
2 457 Deferred Compensation Plan, Consultant shall immediately send that  
3 information to the City and will take no further action with respect to the proxy. On  
4 expiration or termination of this Agreement, Consultant shall make a good faith  
5 effort to send proxy information that it inadvertently receives to the City at its  
6 address of record.

7 G. The City recognizes that there may be loss or depreciation of  
8 the value of any investment due to the fluctuation of the market values. The City  
9 acknowledges that Consultant has not made any guarantee, either oral or written,  
10 that the investment objectives of the City's investments will be achieved.  
11 Consultant is not liable for any error in the City's judgment or for city's investment  
12 losses unless Consultant is negligent, has acted fraudulently or with willful  
13 misconduct, or has violated applicable laws. Nothing in this Agreement or in this  
14 sub-Section shall be deemed a waiver or limitation on any rights or remedies that  
15 the City may have under applicable laws, including but not limited to state and  
16 federal securities laws.


17 H. City acknowledges that it has read and received Consultant's  
18 disclosure statement as required by Rule 204-3 of the Investment Advisers Act of  
19 1940. City further acknowledges that it has read and received Consultant's  
20 Privacy Policy as required by SEC Regulation S-P.

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1 IN WITNESS WHEREOF, the parties have caused this document to be duly  
2 executed with all formalities required by law as of the date first stated above.

3 CHANDLER ASSET MANAGEMENT,  
4 INC., a California corporation

5 September 26, 2009

By   
6 Senior Vice President  
7 TED Piorkowski  
8 Type or Print Name

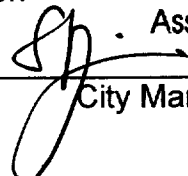
9 26 September, 2009

By   
10 Secretary  
11 Martin D Cassell  
12 Type or Print Name

13 "Consultant"

14 CITY OF LONG BEACH, a municipal  
15 corporation

16 10.2, 2009

By  Assistant City Manager  
17 City Manager  
18 EXECUTED PURSUANT  
19 TO SECTION 301 OF  
20 THE CITY CHARTER.

21 "City"

22 This Agreement is approved as to form on Sept 30, 2009.

23 ROBERT E. SHANNON, City Attorney

24 By   
25 Deputy

26 OFFICE OF THE CITY ATTORNEY  
27 ROBERT E. SHANNON, City Attorney  
28 333 West Ocean Boulevard, 11th Floor  
Long Beach, CA 90802-4664

# EXHIBIT “A”

Scope of Work/Services



# EXHIBIT A

## SCOPE OF SERVICES

### 1. Review The Investment Process and Compliance

- 1.1. Chandler to monitor changing regulatory environment as determined by California State Government Code, CDIAC guidance, GASB standards and guidance, and Federal regulation.
- 1.2. Chandler to review for City Council adoption the City's Investment Policy. Review the City's Investment Policy for compliance with California Government Code and best practices. The review is to be completed by the beginning of October each year, for presentation to the Investment Advisory Committee the last Tuesday of each October, and submitted the beginning of November for the City Council December Agenda presentation.
- 1.3. Chandler to review the City's investment process and infrastructure to enhance effectiveness. The review is to encompass an ongoing review of the industry's best practices to enhance the City's effectiveness and efficiency, and strengthening portfolio analysis, monitoring and reporting functions.
- 1.4. Chandler to maintain and share with the City an authorized broker dealer list (Exhibit A) with timely notification of changes in qualifications and eligibility. The City has reviewed the selection evaluation criteria and find their focus on best trade execution, security delivery, and pricing coincide with the City's standards. Chandler is also sensitive to the City's Diversity Policy, and includes emerging businesses on the broker/dealer list.

### 2. Monitor Financial Markets

- 2.1. Chandler to conduct ongoing monitoring of current market developments, provide regular updates to the Investment Subcommittee, and timely alerts of significant developments with recommended actions
- 2.2. Chandler to maintain and share with the City a listing of highly rated investment issuers, for investment by the City's investment pool, and timely notification of changes in qualifications and eligibility. Issuer investment instruments will include but not be limited to commercial paper, money markets, discount notes, government guaranteed paper, medium term notes, certificates of deposit.

### 3. Portfolio Advisory Services and Investment strategies

- 3.1. Chandler to externally manage, in the long term portfolio, approximately a quarter of the City investment pool on a nondiscretionary basis, and the City will internally manage a minimum of \$600 million split between the short and medium term portfolios. The portfolio allocation will aligned annually at the beginning of each fiscal year. All proposed transactions will be pre-authorized by the City's Treasurer, Investment Manager, Cash Manager, or Chief Financial Officer.
  - 3.2. The City's investment pool will be segregated into three portfolios – Short-Term, Medium-Term, and Long-Term. The segregation will be based on total cash and pooled investments held by the City Treasurer less daily core liquidity requirements, non-pooled investments, and policy driven investments. Examples are \$15 million in minimum banking balances, the \$10 Million Community Development Department bank certificate of deposit, and the \$3 million Health Department SAVRS loan.
    - The Short-Term portfolio will maintain liquidity equivalent to at least six months of City projected cash requirements.
    - The Medium-Term portfolio will maintain the balance of the portfolio.
    - Externally managed Long-Term portfolio to maintain approximately 25% of the City's pooled investments on a non-discretionary basis, with annual resizing at the beginning of each fiscal year.
  - 3.3. Chandler will consult with the City on selecting appropriate Portfolio benchmarks, to identify appropriate benchmarks for each portfolio based on investment objectives, risk tolerances and Policy, and utilize a portfolio optimization modeling to develop portfolio structures recommendations.
    - Short-term (now 3-month Treasury Bills)
    - Intermediate-term (possibly One (1) Year CMT)
    - Long-term (now 1-3 Year Merrill Lynch Treasury Agency index)
  - 3.4. Chandler to consult with the City at the convenience of the investment staff and Investment Advisory Committee, recommending portfolio appropriate investment strategies to ensure the safety of assets, adequate liquidity, and appropriate yield.
- 4. Review Performance and Evaluation of Individual and consolidated Portfolios**
- 4.1. Chandler to provide investment pool reports for accounting, compliance, and investment, and other management reports by portfolio and consolidated pool on a monthly/quarterly and annual reporting in compliance with applicable General Accepted Accounting Principals, Governmental Accounting Standards, and Statement of Audit Standards.

Chandler to monitor and report on compliance with Federal and State Government Codes, City Investment Policy, daily investment policy compliance. Chandler and city staff will monitor portfolio compliance with exposure limits to sectors, issuers, and instruments, as determined by the City's Investment Policy on a daily basis, and report on the portfolio's compliance on a monthly basis. Daily, city staff will forward to Chandler all security transactions to facilitate this testing.

- 4.2. Chandler to provide daily portfolio position reports, and an economic commentary report each midmonth.
- 4.3. Monthly individual and consolidated portfolio compliance report will be distributed by the third business day of each month. Monthly reporting will include portfolio analyses, summaries, consolidation, mark-to-market, compliance statement, purchase yield, total return yield, sector and issuer analyses, pool compliance and issuer credit review. Historical monthly reports will be available through Chandler's web site.
- 4.4. Through web access daily updates of the portfolio holdings and activity, and investment compliance will be available. At the convenience of the investment staff, Investment Advisory Committee, and City Council, Chandler will be available for regular conference calls, consultations, and presentations.
  - Monthly: Last Tuesday of each month - Presentation to the Investment Advisory Committee
  - Quarterly Investment Presentation to City Council (usually 3 weeks after presentation of Quarterly Report to monthly Investment Advisory Committee Meeting)
  - Serve as a general resource relating to the overall investment function.

## 5. **Staff Development**

- 5.1. Semi annual presentations to city staff on investment topics selected by city staff, including but not limited to such topics as:
  - An overview of the investment process
  - Characteristics of investment types (such as Commercial paper, discount notes, Treasuries, various GSEs, corporate bonds)
  - What is modified duration and convexity, and what they tell you
  - Top ten leading economic indicators for investing
  - Risk management
  - Portfolio structure

6. **Cost of Services**

6.1. The annual engagement fee will be calculated as follows:

Assets Under Management	Annual Asset Management Fee
First \$100 Million	0.08% (8 basis points)
Assets in Excess of \$100 Million	0.06% (6 basis points)
And Not Less Than	\$260,000

6.2. Fees are to be billed monthly in arrears on the daily average balance of the assets under management.

# EXHIBIT “B”

City’s Representative:

David Nakamoto – City Treasurer

# EXHIBIT “C”

Materials/Information Furnished: None

## CITY OF LONG BEACH POLICY FOR DISADVANTAGED, MINORITY-OWNED AND WOMEN-OWNED BUSINESS ENTERPRISES

It is the policy of the City of Long Beach to utilize Disadvantaged, Minority-Owned and Women-Owned Business Enterprises in all aspects of contracting, including construction, the purchase of materials and services, including professional services, leases and the granting of concessions.

**EXHIBIT "D"**

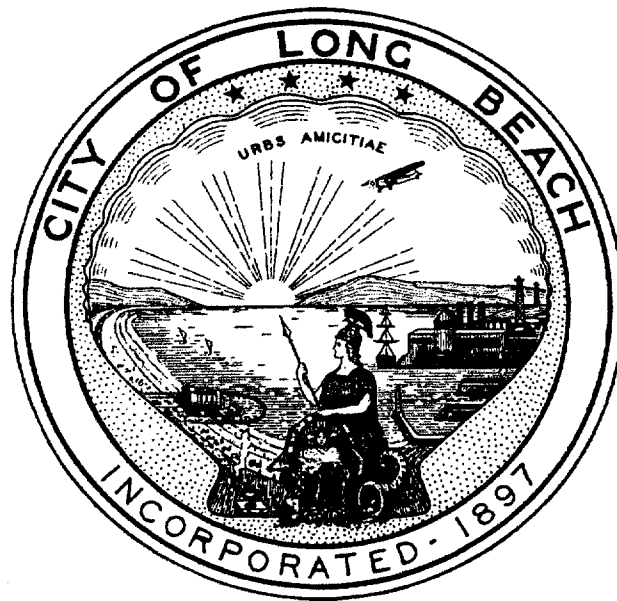
# EXHIBIT “E”

## Investment Policy



**City of Long Beach**

**INVESTMENT POLICY**



**Effective January 1, 2009**

# **INVESTMENT POLICY**

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2009

**1.1 Scope**

- 1.1.1 In accordance with Resolution No. C-22401, the City Treasurer is authorized to invest the City's funds in accordance with the State of California Government Code, Section 53600, et seq. The objective of this policy is to ensure that the temporarily idle funds of the City of Long Beach are prudently invested to preserve capital and provide necessary liquidity, while maximizing earnings.
- 1.1.2 Investments may only be made as authorized by the State of California Government Code, Section 53600, et seq., the ("Code") and this policy. This policy conforms to the Code as well as to customary standards of prudent investment management. Should the provisions of the Code become more restrictive than those contained herein, such provisions will be considered as immediately incorporated in this policy.
- 1.1.3 This policy sets forth the City's guidelines for the investment of surplus funds in the Treasurer's Pooled Fund. Excluded from this policy are guidelines for the investment of Debt Service and Reserve and Deferred Compensation Funds. The investment of debt proceeds is governed by each transaction's indenture. Employees select the Investments for their deferred compensation accounts.
- 1.1.4 All investment managers may be governed by Portfolio Guidelines, which on an individual basis may differ from the total fund guidelines outlined herein. The City Treasurer is responsible for monitoring and ensuring that the total funds subject to this policy remain in compliance with this policy, and shall report to the City Council regularly on compliance.

**1.2 Investment Objectives**

- 1.2.1 The primary objectives, in priority order, of the City's investment activities shall be:
  - A. Safety: Safety of principal is the foremost objective of the investment program, however risk is inherent throughout the investment process. The City's investments shall be undertaken in a manner that seeks to maximize the preservation of capital in the overall portfolio and minimize the risk related to capital losses from institutional default, broker-dealer default, or erosion of market value.
  - B. Liquidity: The City's investment portfolio will remain sufficiently liquid to meet all operating requirements that might be reasonably anticipated.
  - C. Yield: The City shall manage its funds to maximize the return on investments consistent with the two primary objectives of safety and liquidity. The investment goals are to maximize interest income through

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the prudent implementation of the Investment Policy and developed guidelines.

- 1.2.2 It is the City's policy to hold investments until market value equals or exceeds (historical) cost. However, if the City's liquidity needs require that investments be sold at a loss, or because of a downgrade of credit quality, national or public issues, or to take advantage of market conditions which will result in a gain on reinvestment of the sale proceeds, the security may be sold and the decline in value shall be recorded as a loss.
- 1.2.3 Investments shall be made in the context of the "Prudent Investor" standard which states: "investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived in the context of managing an overall portfolio".
- 1.2.4 Investment officials in the management of the City's funds shall use the "Prudent Investor" standard. Investment officers acting in accordance with this investment policy, written portfolio guidelines and procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in the quarterly investment report to the City Council, and appropriate action is taken to control adverse developments.

**1.3 Delegation of Authority**

- 1.3.1 The City Council shall be the trustee of funds received by the City. In accordance with the Code, Section 53607, and Resolution C-22401, the City Council hereby delegates the authority to invest or reinvest the City's funds, to sell or exchange securities so purchased and to deposit securities for safekeeping to the City Treasurer.
- 1.3.2 The City Treasurer shall establish written procedures for the operation of the investment program consistent with this investment policy, including establishment of appropriate written agreements with financial institutions. The City Treasurer may engage independent investment managers to assist in the investment of the City's financial assets.
- 1.3.3 No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City Treasurer.
- 1.3.4 Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program or which could impair their ability to make impartial investment decisions. All investment personnel shall comply with the reporting

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requirements of the Fair Political Practices Committee and include an annual filing of a Statement of Economic Interests.

**1.4 Permitted Investments**

1.4.1 All City funds which are not required for immediate cash expenditures shall be invested in income producing investments or accounts, in conformance with the provisions and restrictions of this investment policy as outlined in Appendix A and as specifically authorized by the Code, Section 53600, et seq.

In order to reduce overall portfolio risk, investments shall be diversified among types of investments, maturities of those investments, issuers and depository institutions. See Appendix A for specific concentration limits by type of investment.

1.4.2 Maturities of individual investments shall be diversified to meet the following objectives:

- A. Investment maturities will be first and foremost determined by the City's anticipated cash flow requirements.
- B. No investment instrument shall be purchased which matures more than five years from the date of purchase, unless the instrument is specifically approved by the City Council or is approved by the City Council as part of an investment program and such approval must be granted no less than three months prior to the investment.
- C. The maximum weighted average maturity of managed funds subject to this policy shall be three (3) years.

1.4.3 This Investment Policy specifically prohibits the investment of any funds subject to this policy in the following securities:

Derivative securities, as defined in Section 53601.6 of the Code as any security that derives its value from an underlying instrument, index, or formula, are prohibited. The derivative universe includes, but is not limited to, structured and range notes, securities that could result in zero interest accrual if held to maturity, variable rate, floating rate or inverse floating rate investments, and mortgage derived interest or principal only strips.

**1.5 Selection of Depository Institutions, Investment Managers and Broker-Dealers**

1.5.1 To minimize the risk to the City's overall cash and investment portfolio, prudence and due diligence as outlined below shall be exercised with respect to the

City of Long Beach Investment Policy  
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selection of financial institutions in which the City's funds are deposited or invested.

- A. In selecting Depositories pursuant to the Code, Section 53600, et seq., the credit worthiness, financial stability, and financial history of the institution, as well as the cost and scope of services and interest rates offered shall be considered. No funds will be deposited in an institution unless that institution has been evaluated by a nationally recognized independent rating service as satisfactory or better.
- B. Deposits of \$250,000 or less which are insured pursuant to federal law by the Federal Deposit Insurance Corporation (FDIC), or the National Credit Union Administration (NCUA) may be excluded from the independent rating service evaluation requirement above and from the collateralization requirements of Section 1.6.3 of this Policy, at the City Treasurer's discretion.

1.5.2 In selecting external investment managers and brokers, past performance, stability, financial strength, reputation, area of expertise, and willingness and ability to provide the highest investment return at the lowest cost to the City within the parameters of this Investment Policy and the Code shall be considered. External investment managers must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisor Act of 1940.

1.5.3 Pursuant to Code, Section 53601.5, the City and its investment managers shall only purchase statutorily authorized investments either from the issuer, from a broker-dealer licensed by the state, as defined in Section 25004 of the Corporations Code, from a member of a federally regulated securities exchange, a national or state-chartered bank, a federal or state association (as defined by Section 5102 of the Financial Code), or from a brokerage firm designated as a primary government dealer by the Federal Reserve Bank.

- A. Internal investment managers will only purchase or sell securities from broker-dealers defined in section 1.5.3 of the City's Investment Policy and meet the minimum requirements of being registered and licensed by the National Association of Securities Dealers (NASD) and possess an active Series 7 license, an active Series 66 license (or Series 63), submission of a NASD form U4 (employment history) and a current NASD form U5 Disclosure Statement and have completed the City's broker/dealer questionnaire.
- B. Internal investment managers will only use broker-dealers that have a minimum of three years experience working for a primary dealer or five years working for a non-primary dealer.

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- C. External investment managers may purchase or sell securities from non-Primary Dealers qualified under U.S. Securities and Exchange Commission Rule 15C3-1, the Uniform Net Capital Rule, and provided that the dealer is a certified member of the National Association of Securities Dealers. External investment managers shall submit to the City at least quarterly, a list of the non-Primary Dealers used during the period.
- D. External investment managers must certify in writing that they will purchase securities in compliance with this Investment Policy, City Procedures, and applicable State and Federal laws.

1.5.4 Depositories, and external investment managers, who do business with the City, shall sign a Certification of Understanding (see Appendix B). All broker-dealers who do business with the City's internal investment managers shall acknowledge receipt of the City's Investment Policy (see Appendix C).

**1.6 Custody and Safekeeping of Securities and City Funds**

1.6.1 For investments in Repurchase Agreements, securities and collateral shall be purchased and maintained for the benefit of the City in the Trust Department or safekeeping department of a bank as established by a written third party safekeeping agreement between the City and the bank.

1.6.2 All investment transactions shall be settled "delivery vs. payment", with the exception of deposits, mutual fund investments, and Local Agency Investment Fund or other Local Government Investment Pools. Delivery may be physical, via a nationally recognized securities depository such as the Depository Trust Company, or through the Federal Reserve Book Entry system.

1.6.3 Funds deposited by the City shall be secured by a Depository in compliance with the requirements of the Code, Section 53652. Such collateralization shall be designated and agreed to in writing.

1.6.4 Investment securities in bearer form such as Negotiable Certificates of Deposit and Bankers' Acceptances shall be held in a qualified safekeeping institution.

**1.7 Reports and Communications**

1.7.1 The City Treasurer is responsible for ensuring compliance with all applicable Local, State, and Federal laws governing the reporting of investments made with public funds. All investment portfolios will be monitored for compliance. Non-compliance issues will be included in the quarterly City Council report as stated in Section 1.7.3 of this Policy.

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2009

1.7.2 The City Treasurer shall annually submit a statement of investment policy to the City Council for approval. The existing approved policy will remain in effect until the City Council approves the recommended statement of investment policy.

1.7.3 The City Treasurer shall render a quarterly cash, investment, and transaction report to the City Manager (referred to as the Chief Executive Officer by the Code, Section 53646, b), the City Auditor and the City Council within 30 days following the end of the quarter covered by the report, subject to Investment Advisory and City Council meeting schedules. The report shall include a description of the City's funds, investments, or programs that are under the management of the contracted parties, including lending programs. The report shall include at a minimum:

- A. The type of investment, name of the issuer, date of maturity, par value and cost in each investment.
- B. Investments and moneys held by the City.
- C. List and describe any of the City's funds, investments, or programs that are under the management of contracted parties, including any lending programs.
- D. Current Market value as of the date of the report, and shall include the source of this same valuation.
- E. Statement of compliance of the investment portfolio to the Investment Policy, or manner in which the portfolio is not in compliance.
- F. Statement denoting the ability of the City to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may not, be available.

1.7.4 Investment managers shall monitor investments and market conditions and report on a regular and timely basis to the City Treasurer.

## **1.8 Portfolio Guidelines**

1.8.1 Portfolio Guidelines are the operating procedures used to implement the Investment Policy approved by the City Council. The City Treasurer may impose additional requirements or constraints within the parameters set by the Investment Policy.

## **1.9 Internal Control**

1.9.1 The City Treasurer shall establish a system of internal controls designed to prevent losses of public funds arising from fraud, employee or third party error,



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misrepresentation of third parties, unanticipated changes in financial markets, or imprudent actions by City employees or agents.

**2.0 Purchasing Guidelines**

2.0.1 Investment managers shall purchase and sell securities at the price and execution that is most beneficial to the City. The City's liquidity requirements shall be analyzed and an interest rate analysis shall be conducted to determine the optimal investment maturities prior to requesting bids or offers. Investments shall be purchased and sold through a competitive telephone bid/offer process. Bids/offers for securities of comparable maturity, credit and liquidity shall be received from at least three financial institutions, if possible.

**2.0 Benchmarks**

2.0.1 Investment performance shall be compared and evaluated against the following benchmarks:

- Short Maturity Portfolios:        Three-month Treasury Bill
- Long Maturity Portfolios:        Merrill Lynch AAA U.S. Treasury/Agency 1-3 yr Index

### Summary of Authorized Investment Types & Restrictions\*

- See California Government Code Section 53601 for further clarification with regard to securities permitted herein.

#	Type of Investment	% of Portfolio Authorized*	Other Restrictions
1.	Bonds issued by the City or agency of the City.	30 %	Maximum maturity of five (5) years unless a longer maturity is approved by the City Council, either specifically or as part of an investment program, at least three (3) months prior to purchase.
2.	United States Treasury notes, bonds, bills or certificates of indebtedness or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.	100 %	Same as above.
3.	Registered state warrants or treasury notes or bonds of the State of California.	30 %	Such obligations must be rated A1, SP-1 or equivalent or better short term; or Aa/AA or better long term, by a national rating agency.
4.	Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California.	30 %	Same as above.
5.	Federal agency or United States government-sponsored enterprise ("GSE") obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.	100 %	Limit to 10% of then outstanding issued debt of any government sponsored agency.

**Summary of Authorized Investment Types & Restrictions\***

- See California Government Code Section 53601 for further clarification with regard to securities permitted herein.

#	Type of Investment	% Of Portfolio Authorized*	Other Restrictions
5A	Callable Federal agency or United States government-sponsored enterprise ("GSE") obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.	25%	Limited to 20% and 25% for the Short-Term and Long-Term Portfolio outstanding balance, respectively. Of those investments whose original purchase price is equal to or greater than par and the respective market value is less than par.
6.	Bill of exchanges or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances.	40%	Purchases of bankers' acceptances may not exceed 180 days maturity. No more than 30% of the portfolio may be invested in any one bank or corporate issuer.
7.	Commercial paper rated at least "A-1" or "P-1" or "F-1" by one of the nationally recognized statistical-rating organization (NRSRO). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000) and having an "A" or higher rating for the issuer's debentures, other than commercial paper, if any, as provided for by a nationally recognized statistical-rating organization (NRSRO)	25%.	Purchases of eligible commercial paper may not exceed 270 days maturity. Limit of 10% of any one Issuer program.

**Summary of Authorized Investment Types & Restrictions\***

- See California Government Code Section 53601 for further clarification with regard to securities permitted herein.

#	Type of Investment	% of Portfolio Authorized*	Other Restrictions
8.	Negotiable certificates of deposits issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank.	30%	Maximum maturity of five (5) years unless a longer maturity is approved by the City Council, either specifically or as part of an investment program, at least three (3) months prior to purchase. No more than 10% of the portfolio may be invested in any one bank name.
9.	Time Certificates of Deposit.	100%	The city may invest in non-negotiable time deposits collateralized in accordance with the California Government Code, in those banks and savings and loan associations which meet the requirements for investment in negotiable certificates of deposit.
10.	Investments in repurchase agreements. The repurchase agreement must be covered by a master written agreement in the form of the current Public Securities Association agreement. Repurchase agreements shall be collateralized at all times. Collateral shall be limited to obligations of the United States and Federal Agencies with a market value of 102 percent or greater of the funds borrowed against those securities at all times. Collateral shall be delivered to a third party custodian in all cases. Collateral for term repurchase agreements shall be valued daily either by the City's investment manager (for internal funds), external investment manager or third party Trustee. The City shall obtain a first lien and security interest in all collateral.	100%	See California Government Code Section 53601, (l)  Term of repurchase agreement cannot exceed 90 days.  Repurchase agreements shall be executed through Primary Broker-Dealers.

**Summary of Authorized Investment Types & Restrictions\***

- See California Government Code Section 53601 for further clarification with regard to securities permitted herein.

#	Type of Investment	% of Portfolio Authorized*	Other Restrictions
11.	Reverse Repurchase Agreements.	<p>20%</p> <p>Security to be sold in the Reverse Repurchase Agreement must be owned and fully paid for by the agency for a minimum of 30 days prior to the sale.</p> <p>Term of agreement cannot exceed 92 days.</p>	<p>The City may enter into a reverse repurchase agreement under the following situations:</p> <ol style="list-style-type: none"> <li>1. Immediate payment of an unanticipated cash outflow. In such a case, the term of the reverse repurchase agreement shall not exceed 92 days, and shall be matched to a known cash inflow of sufficient size to repay the principal and interest of the reverse repurchase agreement.</li> <li>2. To enhance the return on the City's portfolio. Reverse repurchase agreements used for this purpose shall not exceed 92 days to maturity, and must be matched as to maturity and dollars invested with its corresponding reinvestment. No more than 20% of the market value of the portfolio may be invested in reverse repurchase agreements.</li> </ol>
12.	Securities Lending Program.	<p>20%</p> <p>Restriction is limited by Reverse Repurchase Agreement Limits</p>	<p>City may enter into securities lending agreements for the purpose of increasing income to the portfolio with banks registered to do business in the United States and rated A or better by Moody's or Standard and Poor's rating services.</p>

**Summary of Authorized Investment Types & Restrictions\***

- See California Government Code Section 53601 for further clarification with regard to securities permitted herein.

#	Type of Investment	% of Portfolio Authorized*	Other Restrictions
13.	Medium-term notes issued by corporations organized and operating within the United States, or by any state within the United States.	30%	<p>Maximum five (5) year maturity. Notes must be rated "A" or its equivalent or better by a nationally recognized rating service.</p> <p>No more than 10% of the portfolio may be invested in one bank or corporate name. If rated by more than one rating service, both ratings must meet the minimum credit standards.</p>
14.	Shares of beneficial interest issued by diversified management companies investing in the securities and obligations as authorized by the State of California Code 53601 and 53630 et seq.	20% maximum in any one or more money market fund, with no more than 10% of the total in any one bond mutual fund.	Companies must have either 1) the highest ranking or the highest letter and numerical rating provided by not less than two of the nationally recognized rating services, or (2) retained an investment advisor registered or exempt with the Securities and Exchange Commission, with no less than five years experience investing in A) Bond Funds: the securities and obligations authorized by State Code 53601 a-j inclusive and l or m; or B) Money Market Mutual Funds: money market mutual funds; both with assets under management in excess of five hundred million dollars (\$500,000,000). The purchase price may not include any commissions charged by these companies.

**Summary of Authorized Investment Types & Restrictions\***

- See California Government Code Section 53601 for further clarification with regard to securities permitted herein.

#	Type of Investment	% Of Portfolio Authorized*	Other Restrictions
15.	State of California Local Agency Investment fund (LAIF), or other Local Government Investment Pools (LGIP) established by public California entities.	See note,  100%	Maximum investment in individual Local Government Investment Pools of \$40 million per account. Limit does not include funds required by law, ordinance, or statute to be invested in pool. Each pool must be evaluated and approved by the City Treasurer and Investment committee, as to credit worthiness, security, and conformity to state and local laws.
16.	Asset-backed securities.	20% combined with any mortgage-backed securities.	Limited to senior class securities with legal stated final maturities of no more than 5 years. Further limited to securities rated in a rating category of "AAA", and issued by an issuer having an "A" or higher rating for the issuer's debt as provided for by a nationally recognized rating service. Further limited to fixed rate, publicly offered, generic credit card and automobile receivables only. Deal size must be at least \$250 million, and tranche size must be at least \$25 million.
17.	Mortgage-backed securities.	20% combined with any asset-	Pass-Through securities: Limited to Government Agency or Government Sponsored

**Summary of Authorized Investment Types & Restrictions\***

- See California Government Code Section 53601 for further clarification with regard to securities permitted herein.

#	Type of Investment	% Of Portfolio Authorized*	Other Restrictions
		backed securities	issuers, fixed rate, final stated legal maturity of 5 years.  CMOS: Limited to Government Agency or Government Sponsored Issuers "AAA" rated Planned Amortization Classes (PAC) only. The following are prohibited: ARMS, floaters, interest or principal (IOs, POs), Targeted Amortization Classes, companion, subordinated, collateral classes, or zero accrual structures.
18.	Financial Futures and Financial Options.	N / A	Not allowed under this policy.



**APPENDIX B**

**CITY OF LONG BEACH**

**CERTIFICATION OF UNDERSTANDING**

The City of Long Beach Investment Policy as approved by the City Council requires that all Financial Institutions and Investment Managers doing business with the City sign a Certification of Understanding acknowledging that:

1. You have read and are familiar with the City's Investment Policy and Guidelines as well as applicable Federal and State laws.
2. You meet the requirements as outlined in the City's Investment Policy.
3. You agree to make every reasonable effort to protect the assets of the City from loss.
4. You agree to notify the City in writing of any potential conflicts of interest.
5. You agree to notify the City in writing of any changes in personnel with decision-making authority over the City's funds within 24 hours of such event.

Failure to submit a Certification of Understanding shall result in the withdrawal by the City of all funds held by the financial institution or investment manager and the immediate revocation of any rights to act as an agent of the City for the purchase of securities or investment of funds on behalf of the City.

The City Council is committed to the goals of the Community Reinvestment Act (CRA). As part of the certification process for depository institutions, it is requested that you remit evidence of your most recent CRA rating.

SIGNED: \_\_\_\_\_ DATE: \_\_\_\_\_  
Print Name and Title: \_\_\_\_\_

After reading and signing this Certification of Understanding please return with any supporting documentation to:

City of Long Beach  
City Treasurer's Office  
333 W. Ocean Blvd.  
Long Beach, CA 90802

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City of Long Beach use only:  
Approved: \_\_\_\_\_ Disapproved: \_\_\_\_\_ Date: \_\_\_\_\_  
Signature: \_\_\_\_\_

Date Notification sent: \_\_\_\_\_ Sent by: \_\_\_\_\_

APPENDIX C

CITY OF LONG BEACH

BROKER-DEALER RECEIPT OF INVESTMENT POLICY

We are in receipt of the City of Long Beach's Investment Policy.

We have read the policy and understand the provisions and guidelines of the policy. All salespersons covering the City's account will be made aware of this policy and will be directed to give consideration to its provisions and constraints in selecting investment opportunities to present to the City.

Signed: \_\_\_\_\_  
Name Name  
\_\_\_\_\_  
Title Title

\_\_\_\_\_  
Firm Name

\_\_\_\_\_  
Date

After reading and signing this Receipt of Investment Policy, please return with supporting documentation to:

City of Long Beach  
City Treasurer's Office  
Attention: Investment Manager  
333 West Ocean Boulevard  
Long Beach, CA 90802

City of Long Beach use only:  
Approved: \_\_\_\_\_ Disapproved: \_\_\_\_\_ Date: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Date notification sent: \_\_\_\_\_ Sent by: \_\_\_\_\_

APPENDIX D

CITY OF LONG BEACH

BROKER-DEALER QUESTIONNAIRE

1. Name of Firm \_\_\_\_\_
2. Address \_\_\_\_\_  
\_\_\_\_\_ (Local) \_\_\_\_\_ (National Headquarters)
3. Telephone No. ( ) \_\_\_\_\_ (Local) Telephone No. ( ) \_\_\_\_\_ (National Headquarters)
4. Primary Representative  
Name \_\_\_\_\_  
Title \_\_\_\_\_  
Telephone No. \_\_\_\_\_  
No. of Yrs. in Institutional Sales \_\_\_\_\_ No. of Yrs. in Institutional Sales \_\_\_\_\_  
No. of Yrs. with Firm \_\_\_\_\_ No. of Yrs. with Firm \_\_\_\_\_
5. Are you a Primary Dealer in U.S. Government Securities? \_\_\_ Yes \_\_\_ No
6. Are you a Broker instead of Dealer, i.e., you DO NOT own positions of Securities?  
\_\_\_ Yes \_\_\_ No
7. What is the net capitalization of your Firm? \_\_\_\_\_  
If you are a depository institution please provide the following most current certified or audited information:  
A. Tangible, Core, and Risk-Based Capital Ratios \_\_\_\_\_  
B. CRA rating \_\_\_\_\_
8. What is the date of your Firm's fiscal year-end? \_\_\_\_\_
9. Is your Firm owned by a Holding Company? If so, what is its name and net capitalization? \_\_\_\_\_
10. Please provide your Wiring and Delivery Instructions  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

11. Which of the following instruments are offered regularly by your local desk?

- T-Bills             Treasury Notes/Bonds     Discount Notes    NCD's
- Agencies (specify) \_\_\_\_\_
- BA's (Domestic)     BA's (Foreign)     Commercial Paper
- Medium-Term Notes    Repurchase Agreements

12. Does your Firm specialize in any of the instruments listed above?

13. Please identify your comparable government agency clients in the City of Long Beach's geographical area.

<u>Entity</u>	<u>Contact Person</u>	<u>Telephone No.</u>	<u>Client Since</u>

14. What reports, confirmations, and other documentation would the City receive?

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15. Please include samples of research reports or market information that your firm regularly provides to government agency clients.

16. What precautions are taken by your Firm to protect the interests of the public when dealing with government agencies as investors? \_\_\_\_\_

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17. Have you or your Firm been censored, sanctioned or disciplined by a Regulatory State or Federal Agency for improper or fraudulent activities, related to the sale of securities within the past five years?  Yes  No

18. If yes, please explain \_\_\_\_\_

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19. Attach certified documentation of your capital adequacy and financial solvency. In addition, an audited financial statement must be provided currently, and within 120 days of your fiscal year-end.

20. Please indicate the current licenses of the City's representatives:  
Agent: \_\_\_\_\_ License or registration: \_\_\_\_\_

21. Is your firm a member of the NASD? Does it subscribe to the rules of fair practice?

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**APPENDIX E**  
**CITY OF LONG BEACH**  
**INVESTMENT POLICY GLOSSARY**

**ADJUSTABLE RATE MORTGAGE (ARM):** A mortgage that features predetermined adjustments of the loan interest rate at regular intervals based on an established index. The interest rate is adjusted at each interval to a rate equivalent to the index value plus a predetermined spread, or margin, over the index, usually subject to per-interval and to life-of-loan interest rate and/or payment rate caps.

**ASKED:** The price at which securities are offered from a seller.

**ASSET BACKED SECURITIES:** Securities issued by corporations organized and operating in the United States that are collateralized with some class of assets; credit cards, mortgages, etc. Examples of some issuers are Citibank, Chase Manhattan Bank, American Express.

**BANKERS' ACCEPTANCE (BA):** Time drafts that a bank "accepts" as its financial responsibility as part of a trade finance process. These short-term notes are sold at a discount, and are obligations of the drawer (or issuer- the bank's trade finance client) as well as the bank. Once accepted, the bank is irrevocably obligated to pay the BA upon maturity if the drawer does not.

**BID:** The price offered by a buyer of securities.

**BOND:** A debt security. It is usually issued by government agencies, municipalities and corporations. The purchaser actually lends the entity money and is considered the creditor. The entity is the seller and is considered the debtor or issuer. The issuer agrees to repay the principal amount of the loan at a specified time (maturity). Interest bearing bonds pay interest periodically at a predetermined time. A discounted bond such as a Zero Coupon bond pays no interest. It is sold at a discount from face value (par value) and the investor receives a rate of return through price appreciation and the bond is redeemed at face value.

**BOOK VALUE:** The original cost of the investment, plus accrued interest and amortization of any premium or discount.

**BROKER:** A broker brings buyers and sellers together for a commission.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity evidenced by a certificate. Large-denomination CDs are typically negotiable (marketable or transferable).

**COLLATERAL:** Securities, evidence of deposit, or other property that a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public moneys.

**COLLATERALIZED MORTGAGED OBLIGATION SECURITIES (CMOS):** are mortgaged securities consisting of "pools" of real estate properties. These securities are broken into individual pools or sectors by maturity date called **TRANCHES**.

**COMMERCIAL PAPER (CP):** Unsecured promissory notes issued by companies and government entities at a discount. Commercial paper is negotiable, although it is typically held to maturity. The maximum maturity is 270 days, with most CP issued for terms of less than 30 days.

**CUSTODY or SAFEKEEPING:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

**DELIVERY VERSUS PAYMENT:** Delivery of securities with a simultaneous exchange of money for the securities.

**DRAFT or TIME DRAFT:** financial instrument used in international trade, such as a Bankers Acceptance.

**FEDERAL AGENCIES AND U.S. GOVERNMENT SPONSORED ENTERPRISES (AGENCIES or "GSE"):** U.S. Government related organizations, the largest of which are government financial intermediaries assisting specific credit markets (housing, agriculture). They include:

- Federal Home Loan Banks (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
- Federal National Mortgage Association (FNMA or "Fannie Mae")
- Federal Farm Credit Banks (FFCB)
- Student Loan Marketing Association (SLMA or "Sallie Mae")
- Tennessee Valley Authority (TVA)

**FINANCIAL FUTURES AND FINANCIAL OPTIONS:** A financial future is a contract to buy or sell a specific standard financial instrument during a specific future month at a price determined in a central, regulated marketplace, such as the Chicago Board of Trade (CBOT), etc. Futures contracts are available for a wide variety of financial instruments. Financial Options on financial futures contracts provide a purchaser the right (but not the obligation) to purchase or sell a given futures contract within a specified time period.

**INTEREST ONLY (I.O.) SECURITIES:** Securities that consist of the interest coupon of a bond. See Principal Only (P.O.).

**LOCAL AGENCY INVESTMENT FUND (LAIF):** The State of California created the Local Agency Investment Fund as an alternative investment for local agencies. The current restrictions are a maximum of \$40 million per account and ten transactions

per month. The funds are protected under Section 16429.3 of the State of California Government Code and cannot be attached or seized by the State.

**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.

**MASTER REPURCHASE AGREEMENT:** A written contract covering all future transactions between the parties to repurchase/reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

**MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.

**MEDIUM TERM NOTES (MTN):** Interest bearing, continuously offered debt, issued in the nine-month to ten-year maturity range. Deposit notes, like Certificates of Deposit, actually represent an interest bearing deposit at a bank or other depository institution.

**MORTGAGED-BACKED SECURITIES:** A bond or security that is secured by a lien on property, equipment or other real assets.

**NEGOTIABLE CERTIFICATE OF DEPOSIT:** A large denomination (generally \$1 million or more) Certificates of Deposit that can be sold in the secondary market but cannot be cashed in before maturity.

**OFFER:** The price asked by a seller of securities.

**PAR VALUE:** The face value or principal amount payable at maturity.

**PRIMARY DEALER:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York, and are subject to its informal oversight.

**PRINCIPAL ONLY (P.O.) SECURITIES:** A Security that has the interest coupons stripped from the body of the bond. The bond is a non-interest investment and is treated as a discounted/zero security.

**RANGE NOTES:** A security whose interest rate coupon is calculated on a formula that only pays interest if the value of the coupon falls within a prescribed "range" of interest rates.

**REPURCHASE AGREEMENT (RP OR REPO):** A purchase of securities under a simultaneous agreement to sell these securities back at a fixed price on some future date. This is in essence a collateralized investment, whereby the security "buyer" in effect lends the "seller" money for the period of the agreement, and the difference between the purchase price and sale price determining the earnings. Dealers use RP extensively to finance their positions.

**REVERSE REPURCHASE AGREEMENTS:** The opposite or "reverse" of a repurchase agreement. The City puts up securities as collateral to borrow funds. The collateral is "marked to market" by the lending institution daily and if the market value falls below the amount of funds borrowed, the City is required to put up additional funds; either cash and/or securities with a market value equal to or greater than the loan amount. The State of California Government Code limits the maturity term of this investment to 92 days. An additional restriction is a maximum of 20% of the City's funds can be invested in Reverse Repurchase Agreements.

**SECURITIES AND EXCHANGE COMMISSION (SEC):** An agency by Congress to protect investors in securities transactions by administering securities legislation.

**SECURITIES LENDING:** An activity that places investment securities with a contracted counterparty (dealer) who will lend the securities temporarily to another party against a commission. The borrower party is legally obligated to return the same type and amount of securities at the end of a specified period. This action is similar to a reverse repurchase transaction.

**TRANCHE:** see CMOs

**TREASURY BILLS (T-BILLS):** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

**TREASURY NOTES AND BONDS:** Long-term U.S. Treasury securities having initial maturities of 2 to 30 years.

**VARIABLE RATE SECURITIES:** A security whose coupon interest rate is not fixed but is adjusted periodically according to a prescribed formula or index.

**WARRANTS:** A short-term obligation of a governmental body (as a municipality or state) issued in anticipation of revenues.

**YIELD:** The rate of annual income return on an investment expressed as a percentage.

**YIELD TO MATURITY (YTM):** is the rate of return earned on an investment considering all cash flows and timing factors: interest earnings, discounts, and premiums above par.



ACORD

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 10/01/2009

PRODUCER (617)439-9595 FAX (617)439-3099 Theodore Liftman Insurance, Inc. 101 Federal Street Boston, MA 02110

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED Chandler Asset Management, Inc. Ms. Kay Chandler 6226 Lusk Blvd, Suite B San Diego, CA 92121

Table with 2 columns: INSURERS AFFORDING COVERAGE, NAIC #. Includes rows for INSURER A (Twin City Fire Insurance Co.), INSURER B, INSURER C, INSURER D, and INSURER E.

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

Main table with columns: INSR ADD'L LTR INSRD, TYPE OF INSURANCE, POLICY NUMBER, POLICY EFFECTIVE DATE, POLICY EXPIRATION DATE, LIMITS. Includes sections for General Liability, Automobile Liability, Garage Liability, Excess/Umbrella Liability, Workers Compensation, and Professional Liability.

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS. \*The aggregate limit of liability is subject to a per claim deductible.

Table with 2 columns: CERTIFICATE HOLDER (City of Long Beach, Attn: David Nakamoto), CANCELLATION (Should any of the above described policies be cancelled before the expiration date thereof, the issuing insurer will endeavor to mail 30 days written notice...).

## **IMPORTANT**

If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

## **DISCLAIMER**

This Certificate of Insurance does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

TUSTIN INSURANCE AGENCY/PHS  
PO BOX 33015  
SAN ANTONIO TX, 78265

The City of Long Beach  
Attn: David Nakamoto  
333 W OCEAN BLVD FL 6  
LONG BEACH, CA 90802

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# ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE  
10-01-2009

**PRODUCER**  
TUSTIN INSURANCE AGENCY/PHS  
185750 P: (866) 467-8730 F: (877) 905-0457  
PO BOX 33015  
SAN ANTONIO TX 78265

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

**INSURERS AFFORDING COVERAGE**

**INSURED**  
CHANDLER ASSET MANAGEMENT, INC.  
6225 LUSK BLVD STE B  
SAN DIEGO CA 92121

INSURER A: Hartford Casualty Ins Co  
INSURER B:  
INSURER C:  
INSURER D:  
INSURER E:

**COVERAGES**

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input checked="" type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> General Liab  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC	72 SBA AE8637	09/01/09	09/01/10	EACH OCCURRENCE \$2,000,000 FIRE DAMAGE (Any one fire) \$300,000 MED EXP (Any one person) \$10,000 PERSONAL & ADV INJURY \$2,000,000 GENERAL AGGREGATE \$4,000,000 PRODUCTS - COMP/OP AGG \$4,000,000
A	<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	72 UEC UM7428	09/01/09	09/01/10	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
A	<b>EXCESS LIABILITY</b> <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$10,000	72 SBA AE8637	09/01/09	09/01/10	EACH OCCURRENCE \$1,000,000 AGGREGATE \$1,000,000
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b>				WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
	<b>OTHER</b>				

APPROVED AS TO SUFFICIENCY  
10-8-09  
ROBERT E. SHANNON, City Attorney

APPROVED AS TO SUFFICIENCY  
AMY R. BURTON  
DEPUTY CITY ATTORNEY

APPROVED AS TO SUFFICIENCY  
Michael Alon  
RISK MANAGER  
CITY OF LONG BEACH  
DATE: 10/5/09

**DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS**  
Those usual to the Insured's Operations. The City of Long Beach is named as Additional Insured per the Business Liability Coverage Form SS0008, attached to this policy.

CERTIFICATE HOLDER  ADDITIONAL INSURED; INSURER LETTER: A CANCELLATION

The City of Long Beach  
Attn: David Nakamoto  
333 W OCEAN BLVD FL 6  
LONG BEACH, CA 90802

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE (10 DAYS FOR NON-PAYMENT) TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.  
AUTHORIZED REPRESENTATIVE  
*Jac [Signature]*

<b>ACORD™ CERTIFICATE OF LIABILITY INSURANCE</b>		DATE (MM/DD/YYYY) 10/1/2009
<b>PRODUCER</b> Automatic Data Processing Insurance Agency, Inc 1 ADP Boulevard Roseland, NJ 07068	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
<b>INSURED</b> Chandler Asset Management, Inc. 6225 Lusk Blvd Suite B San Diego, CA 92121-2796	<b>INSURERS AFFORDING COVERAGE</b> INSURER A: Employers Compensation Ins Co INSURER B: INSURER C: INSURER D: INSURER E:	<b>NAIC #</b>

**COVERAGES**

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR _____ GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
	EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE _____ <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER	ADP032414506	9/1/2009	9/1/2010	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1000000.00 E.L. DISEASE - EA EMPLOYEE \$ 1000000.00 E.L. DISEASE - POLICY LIMIT \$ 1000000.00

APPROVED AS TO SUFFICIENCY  
*Michael Oles*  
 RISK MANAGER  
 CITY OF LONG BEACH  
 DATE: 10/5/09

APPROVED AS TO FORM  
 10-8, 2009

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

ROBERT E. SHANNON, City Attorney  
*Amy R. Burton*  
 AMY R. BURTON  
 DEPUTY CITY ATTORNEY

<b>CERTIFICATE HOLDER</b> City of Long Beach Attn: David Nakamoto 333 W. Ocean Blvd. 6th Floor Long Beach, CA 90802-	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE: <i>[Signature]</i>
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