

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

AGREEMENT

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THIS AGREEMENT is made and entered, in duplicate, as of January 30, 2015, for reference purposes only, pursuant to a minute order adopted by the City Council of the City of Long Beach at its meeting on January 20, 2015, 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 to be performed in connection with 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 "B".

B. The City's obligation to pay the sum stated above for any one fiscal year shall be contingent upon the City Council of the City appropriating the

1 necessary funds for such payment by the City in each fiscal year during the term
2 of this Agreement. For the purposes of this Section, a fiscal year commences on
3 October 1 of the year and continues through September 30 of the following year.
4 In the event that the City Council of the City fails to appropriate the necessary
5 funds for any fiscal year, then, and in that event, the Agreement will terminate at
6 no additional cost or obligation to the City.

7 C. Consultant may select the time and place of performance for
8 these services; provided, however, that access to City documents, records and the
9 like, if needed by Consultant, shall be available only during City's normal business
10 hours and provided that milestones for performance, if any, are met.

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

25 E. Consultant represents that Consultant has obtained all
26 necessary information on conditions and circumstances that may affect its
27 performance and has conducted site visits, if necessary.

28 F. CAUTION: Consultant shall not begin work until this

1 Agreement has been signed by both parties and until Consultant's evidence of
2 insurance has been delivered to and approved by City.

3 2. TERM. The term of this Agreement shall commence at midnight on
4 January 1, 2015, and shall terminate at 11:59 p.m. on December 31, 2017, unless sooner
5 terminated as provided in this Agreement, or unless the services or the Project is
6 completed sooner.

7 3. COORDINATION AND ORGANIZATION.

8 A. Consultant shall coordinate its performance with City's
9 representative, if any, named in Exhibit "C", attached to this Agreement and
10 incorporated by this reference. Consultant shall advise and inform City's
11 representative of the work in progress on the Project in sufficient detail so as to
12 assist City's representative in making presentations and in holding meetings on
13 the Project. City shall furnish to Consultant information or materials, if any,
14 described in Exhibit "D", attached to this Agreement and incorporated by this
15 reference, and shall perform any other tasks described in the Exhibit.

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

20 4. INDEPENDENT CONTRACTOR. In performing its services,
21 Consultant is and shall act as an independent contractor and not an employee,
22 representative or agent of City. Consultant shall have control of Consultant's work and
23 the manner in which it is performed. Consultant shall be free to contract for similar
24 services to be performed for others during this Agreement; provided, however, that
25 Consultant acts in accordance with Section 9 and Section 11 of this Agreement.
26 Consultant acknowledges and agrees that (a) City will not withhold taxes of any kind from
27 Consultant's compensation; (b) City will not secure workers' compensation or pay
28 unemployment insurance to, for or on Consultant's behalf; and (c) City will not provide

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1 and Consultant is not entitled to any of the usual and customary rights, benefits or
2 privileges of City employees. Consultant expressly warrants that neither Consultant nor
3 any of Consultant's employees or agents shall represent themselves to be employees or
4 agents of City.

5 5. INSURANCE.

6 A. As a condition precedent to the effectiveness of this
7 Agreement, Consultant shall procure and maintain, at Consultant's expense for the
8 duration of this Agreement, from insurance companies that are admitted to write
9 insurance in California and have ratings of or equivalent to A:V by A.M. Best
10 Company or from authorized non-admitted insurance companies subject to
11 Section 1763 of the California Insurance Code and that have ratings of or
12 equivalent to A:VIII by A.M. Best Company, the following insurance:

13 (a) Commercial general liability insurance (equivalent in scope to
14 ISO form CG 00 01 11 85 or CG 00 01 10 93) in an amount not less than
15 \$1,000,000 per each occurrence and \$2,000,000 general aggregate. This
16 coverage shall include but not be limited to broad form contractual liability,
17 cross liability, independent contractors liability, and products and
18 completed operations liability. City, its boards and commissions, and their
19 officials, employees and agents shall be named as additional insureds by
20 endorsement (on City's endorsement form or on an endorsement
21 equivalent in scope to ISO form CG 20 10 11 85 or CG 20 26 11 85 or
22 both CG 20 10 07 04 and CG 20 37 07 04 or both CG 20 33 07 04 and
23 CG 20 37 07 04), and this insurance shall contain no special limitations on
24 the scope of protection given to City, its boards and commissions, and
25 their officials, employees and agents. This policy shall be endorsed to
26 state that the insurer waives its right of subrogation against City, its boards
27 and commissions, and their officials, employees and agents.

28 (b) Workers' Compensation insurance as required by the California

1 Labor Code and employer's liability insurance in an amount not less than
2 \$1,000,000. This policy shall be endorsed to state that the insurer waives
3 its right of subrogation against City, its boards and commissions, and their
4 officials, employees and agents.

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

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

10 B. Any self-insurance program, self-insured retention, or
11 deductible must be separately approved in writing by City's Risk Manager or
12 designee and shall protect City, its officials, employees and agents in the same
13 manner and to the same extent as they would have been protected had the policy
14 or policies not contained retention or deductible provisions.

15 C. Each insurance policy shall be endorsed to state that
16 coverage shall not be reduced, non-renewed or canceled except after thirty (30)
17 days prior written notice to City, shall be primary and not contributing to any other
18 insurance or self-insurance maintained by City, and shall be endorsed to state that
19 coverage maintained by City shall be excess to and shall not contribute to
20 insurance or self-insurance maintained by Consultant. Consultant shall notify City
21 in writing within five (5) days after any insurance has been voided by the insurer or
22 cancelled by the insured.

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

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

5 F. Prior to the start of performance, Consultant shall deliver to
6 City certificates of insurance and the endorsements for approval as to sufficiency
7 and form. In addition, Consultant shall, within thirty (30) days prior to expiration of
8 the insurance, furnish to City certificates of insurance and endorsements
9 evidencing renewal of the insurance. City reserves the right to require complete
10 certified copies of all policies of Consultant and Consultant's subconsultants and
11 contractors, at any time. Consultant shall make available to City's Risk Manager
12 or designee all books, records and other information relating to this insurance,
13 during normal business hours.

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

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

24 6. ASSIGNMENT AND SUBCONTRACTING. This Agreement
25 contemplates the personal services of Consultant and Consultant's employees, and the
26 parties acknowledge that a substantial inducement to City for entering this Agreement
27 was and is the professional reputation and competence of Consultant and Consultant's
28 employees. Consultant shall not assign its rights or delegate its duties under this

1 Agreement, or any interest in this Agreement, or any portion of it, without the prior
2 approval of City, except that Consultant may with the prior approval of the City Manager
3 of City, assign any moneys due or to become due Consultant under this Agreement. Any
4 attempted assignment or delegation shall be void, and any assignee or delegate shall
5 acquire no right or interest by reason of an attempted assignment or delegation.
6 Furthermore, Consultant shall not subcontract any portion of its performance without the
7 prior approval of the City Manager or designee, or substitute an approved subconsultant
8 or contractor without approval prior to the substitution. Nothing stated in this Section
9 shall prevent Consultant from employing as many employees as Consultant deems
10 necessary for performance of this Agreement.

11 7. CONFLICT OF INTEREST. Consultant, by executing this
12 Agreement, certifies that, at the time Consultant executes this Agreement and for its
13 duration, Consultant does not and will not perform services for any other client which
14 would create a conflict, whether monetary or otherwise, as between the interests of City
15 and the interests of that other client. And, Consultant shall obtain similar certifications
16 from Consultant's employees, subconsultants and contractors.

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

21 9. OWNERSHIP OF DATA. All materials, information and data
22 prepared, developed or assembled by Consultant or furnished to Consultant in
23 connection with this Agreement, including but not limited to documents, estimates,
24 calculations, studies, maps, graphs, charts, computer disks, computer source
25 documentation, samples, models, reports, summaries, drawings, designs, notes, plans,
26 information, material and memorandum ("Data") shall be the exclusive property of City.
27 Data shall be given to City, and City shall have the unrestricted right to use and disclose
28 the Data in any manner and for any purpose without payment of further compensation to

1 Consultant. Copies of Data may be retained by Consultant but Consultant warrants that
2 Data shall not be made available to any person or entity for use without the prior approval
3 of City. This warranty shall survive termination of this Agreement for five (5) years.

4 10. TERMINATION. Either party shall have the right to terminate this
5 Agreement for any reason or no reason at any time by giving fifteen (15) calendar days
6 prior written notice to the other party. In the event of termination under this Section, City
7 shall pay Consultant for services satisfactorily performed and costs incurred up to the
8 effective date of termination for which Consultant has not been previously paid. The
9 procedures for payment in Section 1.B. with regard to invoices shall apply. On the
10 effective date of termination, Consultant shall deliver to City all Data developed or
11 accumulated in the performance of this Agreement, whether in draft or final form, or in
12 process. And, Consultant acknowledges and agrees that City's obligation to make final
13 payment is conditioned on Consultant's delivery of the Data to City.

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

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

1 13. ADDITIONAL COSTS. Any costs incurred by City due to
2 Consultant's failure to meet the standards required by the scope of work or Consultant's
3 failure to perform fully the tasks described in the scope of work which, in either case,
4 causes City to request that Consultant perform again all or part of the Scope of Work
5 shall be at the sole cost of Consultant and City shall not pay any additional compensation
6 to Consultant for its re-performance.

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

10 15. LAW. This Agreement shall be construed in accordance with the
11 laws of the State of California, and the venue for any legal actions brought by any party
12 with respect to this Agreement shall be the County of Los Angeles, State of California for
13 state actions and the Central District of California for any federal actions. Consultant
14 shall cause all work performed in connection with construction of the Project to be
15 performed in compliance with (1) all applicable laws, ordinances, rules and regulations of
16 federal, state, county or municipal governments or agencies (including, without limitation,
17 all applicable federal and state labor standards, including the prevailing wage provisions
18 of sections 1770 *et seq.* of the California Labor Code); and (2) all directions, rules and
19 regulations of any fire marshal, health officer, building inspector, or other officer of every
20 governmental agency now having or hereafter acquiring jurisdiction.

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

24 17. INDEMNITY.

25 A. Consultant shall indemnify, protect and hold harmless City, its
26 Boards, Commissions, and their officials, employees and agents ("Indemnified
27 Parties"), from and against any and all liability, claims, demands, damage, loss,
28 obligations, causes of action, proceedings, awards, fines, judgments, penalties,

1 costs and expenses, including attorneys' fees, court costs, expert and witness
2 fees, and other costs and fees of litigation, arising or alleged to have arisen, in
3 whole or in part, out of or in connection with (1) Consultant's breach or failure to
4 comply with any of its obligations contained in this Agreement, including any
5 obligations arising from the Project's compliance with or failure to comply with
6 applicable laws, including all applicable federal and state labor requirements
7 including, without limitation, the requirements of California Labor Code section
8 1770 *et seq.* or (2) negligent or willful acts, errors, omissions or misrepresentations
9 committed by Consultant, its officers, employees, agents, subcontractors, or
10 anyone under Consultant's control, in the performance of work or services under
11 this Agreement (collectively "Claims" or individually "Claim").

12 B. In addition to Consultant's duty to indemnify, Consultant shall
13 have a separate and wholly independent duty to defend Indemnified Parties at
14 Consultant's expense by legal counsel approved by City, from and against all
15 Claims, and shall continue this defense until the Claims are resolved, whether by
16 settlement, judgment or otherwise. No finding or judgment of negligence, fault,
17 breach, or the like on the part of Consultant shall be required for the duty to defend
18 to arise. City shall notify Consultant of any Claim, shall tender the defense of the
19 Claim to Consultant, and shall assist Consultant, as may be reasonably requested,
20 in the defense.

21 C. If a court of competent jurisdiction determines that a Claim
22 was caused by the sole negligence or willful misconduct of Indemnified Parties,
23 Consultant's costs of defense and indemnity shall be (1) reimbursed in full if the
24 court determines sole negligence by the Indemnified Parties, or (2) reduced by the
25 percentage of willful misconduct attributed by the court to the Indemnified Parties.

26 D. The provisions of this Section shall survive the expiration or
27 termination of this Agreement.

28 18. AMBIGUITY. In the event of any conflict or ambiguity between this

1 Agreement and any Exhibit, the provisions of this Agreement shall govern.

2 19. NONDISCRIMINATION.

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

13 B. It is the policy of City to encourage the participation of
14 Disadvantaged, Minority and Women-Owned Business Enterprises in City's
15 procurement process, and Consultant agrees to use its best efforts to carry out
16 this policy in its use of subconsultants and contractors to the fullest extent
17 consistent with the efficient performance of this Agreement. Consultant may rely
18 on written representations by subconsultants and contractors regarding their
19 status. Consultant shall report to City in May and in December or, in the case of
20 short-term agreements, prior to invoicing for final payment, the names of all
21 subconsultants and contractors hired by Consultant for this Project and information
22 on whether or not they are a Disadvantaged, Minority or Women-Owned Business
23 Enterprise, as defined in Section 8 of the Small Business Act (15 U.S.C. Sec.
24 637).

25 20. EQUAL BENEFITS ORDINANCE. Unless otherwise exempted in
26 accordance with the provisions of the Ordinance, this Agreement is subject to the
27 applicable provisions of the Equal Benefits Ordinance (EBO), section 2.73 et seq. of the
28 Long Beach Municipal Code, as amended from time to time.

1 A. During the performance of this Agreement, the Consultant
2 certifies and represents that the Consultant will comply with the EBO. The
3 Consultant agrees to post the following statement in conspicuous places at its
4 place of business available to employees and applicants for employment:

5 “During the performance of a contract with the City of Long Beach,
6 the Consultant will provide equal benefits to employees with spouses and its
7 employees with domestic partners. Additional information about the City of
8 Long Beach’s Equal Benefits Ordinance may be obtained from the City of
9 Long Beach Business Services Division at 562-570-6200.”

10 B. The failure of the Consultant to comply with the EBO will be
11 deemed to be a material breach of the Agreement by the City.

12 C. If the Consultant fails to comply with the EBO, the City may
13 cancel, terminate or suspend the Agreement, in whole or in part, and monies due
14 or to become due under the Agreement may be retained by the City. The City
15 may also pursue any and all other remedies at law or in equity for any breach.

16 D. Failure to comply with the EBO may be used as evidence
17 against the Consultant in actions taken pursuant to the provisions of Long Beach
18 Municipal Code 2.93 et seq., Contractor Responsibility.

19 E. If the City determines that the Consultant has set up or used
20 its contracting entity for the purpose of evading the intent of the EBO, the City may
21 terminate the Agreement on behalf of the City. Violation of this provision may be
22 used as evidence against the Consultant in actions taken pursuant to the
23 provisions of Long Beach Municipal Code Section 2.93 et seq., Contractor
24 Responsibility.

25 21. NOTICES. Any notice or approval required by this Agreement shall
26 be in writing and personally delivered or deposited in the U.S. Postal Service, first class,
27 postage prepaid, addressed to Consultant at the address first stated above, and to City at
28 333 West Ocean Boulevard, Long Beach, California 90802, Attn: City Manager, with a

1 copy to the City Treasurer at the same address. Notice of change of address shall be
2 given in the same manner as stated for other notices. Notice shall be deemed given on
3 the date deposited in the mail or on the date personal delivery is made, whichever occurs
4 first.

5 22. COPYRIGHTS AND PATENT RIGHTS.

6 A. Consultant shall place the following copyright protection on all
7 Data: © City of Long Beach, California _____, inserting the appropriate year.

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

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

19 23. COVENANT AGAINST CONTINGENT FEES. Consultant warrants

20 that Consultant has not employed or retained any entity or person to solicit or obtain this
21 Agreement and that Consultant has not paid or agreed to pay any entity or person any
22 fee, commission or other monies based on or from the award of this Agreement. If
23 Consultant breaches this warranty, City shall have the right to terminate this Agreement
24 immediately notwithstanding the provisions of Section 10 or, in its discretion, to deduct
25 from payments due under this Agreement or otherwise recover the full amount of the fee,
26 commission or other monies.

27 24. WAIVER. The acceptance of any services or the payment of any

28 money by City shall not operate as a waiver of any provision of this Agreement or of any

1 right to damages or indemnity stated in this Agreement. The waiver of any breach of this
2 Agreement shall not constitute a waiver of any other or subsequent breach of this
3 Agreement.

4 25. CONTINUATION. Termination or expiration of this Agreement shall
5 not affect rights or liabilities of the parties which accrued pursuant to Sections 7, 10, 11,
6 17, 19, 22 and 28 prior to termination or expiration of this Agreement.

7 26. TAX REPORTING. As required by federal and state law, City is
8 obligated to and will report the payment of compensation to Consultant on Form 1099-
9 Misc. Consultant shall be solely responsible for payment of all federal and state taxes
10 resulting from payments under this Agreement. Consultant shall submit Consultant's
11 Employer Identification Number (EIN), or Consultant's Social Security Number if
12 Consultant does not have an EIN, in writing to City's Accounts Payable, Department of
13 Financial Management. Consultant acknowledges and agrees that City has no obligation
14 to pay Consultant until Consultant provides one of these numbers.

15 27. ADVERTISING. Consultant shall not use the name of City, its
16 officials or employees in any advertising or solicitation for business or as a reference,
17 without the prior approval of the City Manager or designee.

18 28. AUDIT. City shall have the right at all reasonable times during the
19 term of this Agreement and for a period of five (5) years after termination or expiration of
20 this Agreement to examine, audit, inspect, review, extract information from and copy all
21 books, records, accounts and other documents of Consultant relating to this Agreement.

22 29. THIRD PARTY BENEFICIARY. This Agreement is not intended or
23 designed to or entered for the purpose of creating any benefit or right for any person or
24 entity of any kind that is not a party to this Agreement.

25 30. MISCELLANEOUS.

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

1 B. Authority of Consultant. Consultant is hereby granted non-
2 discretionary authority to invest and reinvest all assets under its management in
3 any type of security it deems appropriate, subject to the instructions given or
4 guidelines set by Representative, and City authorization as stated in Section 3.1 of
5 the Scope of Services. Subject to the Scope of Services and the City Investment
6 Policy, upon written notice to Consultant, Representative may change the long-
7 term portfolio management by Consultant to allow the exercise of discretionary
8 authority.

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

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

17 E. Payment of Commissions. Consultant may place, buy and
18 sell orders with or through such brokers or dealers as it may select. It is the policy
19 and practice of Consultant to strive for the best price and execution and for
20 commission and discounts which are competitive in relation to the value of the
21 transaction and which comply with Section 28(e) of the Securities and Exchange
22 Act. Nevertheless, it is understood that Consultant may pay a commission on
23 transactions in excess of the amount another broker or dealer may charge, and
24 that Consultant makes no warranty or representation regarding commissions paid
25 on the transactions hereunder.

26 F. Consultant will not exercise proxy voting authority over City's
27 securities. The obligation to vote proxies rests with the City. However, the City
28 may contact Consultant for advice or information about a proxy vote. If the City

1 does so, Consultant shall not be deemed to have obtained authority to vote a
2 proxy on behalf of the city by merely providing the advice or information. If
3 Consultant inadvertently receives proxy information for a security held in the City's
4 457 Deferred Compensation Plan, Consultant shall immediately send that
5 information to the City and will take no further action with respect to the proxy. On
6 expiration or termination of this Agreement, Consultant shall make a good faith
7 effort to send proxy information that it inadvertently receives to the City at its
8 address of record.

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

19 H. City acknowledges that it has read and received Consultant's
20 disclosure statement as required by Rule 204-3 of the Investment Advisers Act of
21 1940. City further acknowledges that it has read and received Consultant's
22 Privacy Policy as required by SEC Regulation S-P.

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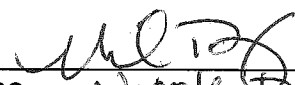
IN WITNESS WHEREOF, the parties have caused this document to be duly executed with all formalities required by law as of the date first stated above.

CHANDLER ASSET MANAGEMENT, INC., a California corporation

February 2, 2015

By 
Name Martin D. Cassell
Title COO

February 2, 2015

By 
Name Nicole Pralgo
Title COO/CCO

"Consultant"

CITY OF LONG BEACH, a municipal corporation

February 10, 2015

By 
City Manager
Assistant City Manager

EXECUTED PURSUANT TO SECTION 301 OF THE CITY CHARTER.

"City"

This Agreement is approved as to form on 2-4, 2015.

CHARLES PARKIN, City Attorney

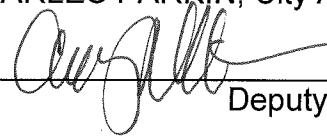
By 
Deputy

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. In general, the review is completed on or about October 15, each year; however the City Treasurer may change this date and notify Chandler of the new target date.
- 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 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 twenty five percent of the total Investment Pool, on a discretionary or nondiscretionary basis. The City Treasurer will decide how the long term portfolio will be managed and formally notify Chandler. The City will

internally manage the short and medium term portfolios. The portfolio allocation will be aligned annually at the beginning of each fiscal year. If the Treasurer selects a non-discretionary basis for the long term portfolio management, then all proposed transactions will be pre-authorized by the City's Treasurer, Investment Manager, Cash Manager, or Chief Financial Officer. If the Treasurer selects a discretionary basis, then all transactions must be authorized as enumerated in the City's Investment Policy (see Exhibit E).

- 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 the minimum banking balances required to support banking operations for the City and the \$10 Million Community Development Department bank certificate of deposit.
 - 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 structure recommendations.
 - Short-term (now 3-month Treasury Bills)
 - Intermediate-term (possibly One (1) Year CMT)
 - Long-term, benchmarked against the 1-5 Year Merrill Lynch Treasury Agency Index, or at the discretion of the City Treasurer, another Treasury Agency Index with a lower duration target.
- 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 Principles, 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

EXHIBIT "B"

COST OF SERVICES

DESCRIPTION	ANNUAL ASSET MANAGEMENT FEE
First \$100 million	0.08% (8 basis points) using the average market value for the month.
Assets in Excess of \$100 million	0.06% (6 basis points) using an average market value for the month.
And not less than	\$260,000 on a City of Long Beach Fiscal Year basis

EXHIBIT “C”

City’s Representative:

**David Nakamoto – City Treasurer or a designated
Officer.**

EXHIBIT “D”

Materials/Information furnished: None

EXHIBIT “E”

Investment Policy

City of Long Beach

INVESTMENT POLICY



Effective January 1, 2015

INVESTMENT POLICY

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City of Long Beach Investment Policy
2015

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 the Investment policy ("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 investment of surplus funds in the Investment Pool. Excluded from this policy are guidelines for the investment of Debt Service and Reserve and Deferred Compensation Funds.
- 1.1.4 All authorized officers are governed by this policy, 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 Pool 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 the prudent implementation of the Policy.
- 1.2.2 It is the intent of this policy to hold investments until maturity, however, if the City's liquidity needs require that investments be sold at a gain or loss, or

City of Long Beach Investment Policy
2015

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 Authorized Officers in the management of the Investment Pool shall use the "Prudent Investor" standard. Investment officers acting in accordance with this investment policy, and written portfolio 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 investment of surplus funds, consistent with this policy, including establishment of appropriate written agreements with financial institutions. The City Treasurer may engage independent investment managers or Advisors 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 requirements of the Fair Political Practices Committee and include an annual filing of a Statement of Economic Interests.

1.4 Permitted and Prohibited Investments

City of Long Beach Investment Policy
2015

- 1.4.1 All surplus funds which are not required for immediate cash expenditures shall be invested in income producing investments or accounts, in compliance with the provisions and restrictions of this 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 based on the City's anticipated cash flow requirements.

B. No investment instrument shall be purchased which matures more than five years from the settlement date, 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 the Investment Pool shall be three (3) years.

- 1.4.3 This 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 Pool, prudence and due diligence as outlined below shall be exercised with respect to the selection of financial institutions in which the City's funds are deposited or invested.

City of Long Beach Investment Policy
2015

- 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 yields 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 Pursuant to the Code, Section 53601.5, the City and its Investment Managers shall only purchase statutorily authorized investments either from the issuer, from the 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. Selection of broker/dealers who the City can purchase or sale investments shall be made by reviewing past performance and contacting references. The City's Investment Advisor, if applicable, will be used to review the information provided and make a recommendation based upon their research.
- A. Internal investment managers will only purchase or sell securities from broker-dealers defined in section 1.5.2 of the 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.
- 1.5.3 Selections of external investment manager(s)/Advisors to manage a portion of the Investment Pool shall be based on an RFP process, which will include, at the minimum, 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 Policy and the California Government Code. External investment managers must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisor Act of 1940.

City of Long Beach Investment Policy
2015

- A. 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.
- B. External investment managers must certify in writing that they will purchase securities in compliance with this 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 Collateral pledged for investments in Repurchase Agreements, shall be held by the City's Custodial Agent or a third party Trust Department approved by the City Treasurer. Third party transactions will be governed by an Agreement between all parties on the disposition of the pledge securities in the event of default or non-compliance with the terms of the Repurchase Agreement.

1.6.2 All purchases and sales of securities in the Investment Pool shall be settled "delivery vs. payment", using the appropriate delivery system for the security, i.e., Federal Reserve Book entry, Depository Trust Company ("DTC") or physical delivery to the appropriate party designated financial institution or Trust Company. Exception to this policy are, mutual fund investments, and Local Agency Investment Fund, pledge collateral, or other Local Government Investment Pools

Funds deposited by the City shall be secured by a Depository in compliance with the requirements of the Code, Section 53652.

1.6.3 Investment securities in bearer form such as Negotiable Certificates of Deposit and Bankers' Acceptances shall be held in a qualified safekeeping financial institution or Trust Department designated by the City.

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. The Investment Pool 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.

City of Long Beach Investment Policy
2015

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 a reasonable time period, but no later than 90 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. A detail report listing the type of investment, name of the issuer, maturity date, par value and cost, accrued interest and market value. .
- B. Ending cash balances held at the primary and secondary financial instructions.
- C. Describe any Investment portfolio managed by an outside advisor or manager, including any securities lending programs, if applicable. Summary discussion of the performance of each portfolio within the Investment Pool performance as of the date of the ending quarterly report.
- D. Statement of compliance of the Investment Pool to the Investment Policy, or manner in which the portfolio is not in compliance.
- E. 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. The City Treasurer will form and act as Chairman of the Investment Advisory Committee ("IAC"). Members of the Committee should include a representative from the City Attorney's office, the City Auditor's office, the City Controller, the Cash/Investment Manager, the Debt Manager and representatives from the major participants in the Investment Pool. The IAC will meet quarterly or more often if necessary.

1.7.5 .

1.8 Internal Control

City of Long Beach Investment Policy
2015

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

2.0 Purchasing Guidelines

- 2.0.1 Authorized officers shall purchase and sell securities at the price and execution that is most beneficial to the City, while maintaining the primary objectives of liquidity, safety and yield. Prior to the purchase of any security, the City's liquidity requirements shall be analyzed to determine the optimal investment maturities. Purchase and/or sales shall be done on a competitive basis using the approved list of broker/dealers.

2.0 Benchmarks

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

- Short Maturity Portfolio: Three-month Treasury Bill
- Intermediate Term Portfolio: One Year Constant Maturity Treasury or equivalent Index whose duration is equal to one (1) year
- Long Maturity Portfolio: Merrill Lynch AAA U.S. Treasury/Agency 1-5 yr Index

Benchmark indices can be redefined or changed by the City Treasurer due to changes in the markets.

3.0 Ethics and conflicts of Interest

The City Treasurer, along with the members of the Investment Advisory Committee, and other employees involved in the investment decision-making process are required to file annual disclosure statements as required by the Fair Political Practices Commission (FPPC) and, in addition, comply with the City of Long Beach current guidelines of disclosure on annual basis.

Summary of Authorized Investment Types & Restrictions*

#	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.
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 %	
3.	Registered state warrants or 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 %	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. Rating criteria is measured at time of purchase.
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 %	

Summary of Authorized Investment Types & Restrictions*

#	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 Intermediate and long-Term Portfolio outstanding balance,
6.	Bill of exchanges or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances. Investment must be rated at least "A-1" or "P-1" or "F-1" by one of the nationally recognized statistical-rating organization (NRSRO). Rating criteria is measured at time of purchase.	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). Rating criteria is measured at time of purchase.	25%	Purchases of eligible commercial paper may not exceed 270 days maturity. Limit of 5% of any one Issuer.

Summary of Authorized Investment Types & Restrictions*

#	Type of Investment	% Of Portfolio Authorized*	Other Restrictions
8.	<p>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.</p> <p>The underlying rating of an Issuer must be rated at least "A-1" or "P-1" or "F-1" by one of the nationally recognized statistical-rating organization (NRSRO). Rating criteria is measured at time of purchase.</p>	30%	<p>Maximum maturity of five (5) years unless a longer maturity is approved by the City Council. No more than 10% of the portfolio may be invested in any one-bank name.</p>
9.	<p>Time Certificates of Deposit.</p>	100%	<p>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.</p>

Summary of Authorized Investment Types & Restrictions*

<p>10.</p>	<p>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.</p>	<p>100%</p>	<p>See California Government Code Section 53601, (I)</p> <p>Term of repurchase agreement cannot exceed 90 days.</p> <p>Repurchase agreements shall be executed through Primary Broker-Dealers.</p>
<p>11.</p>	<p>Reverse Repurchase Agreements.</p>	<p>20%</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"> 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. 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.
<p>12.</p>	<p>Securities Lending Program.</p>	<p>20%</p> <p>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*

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 it's equivalent or better by a nationally recognized rating service.</p> <p>No more than 5% of the portfolio may be invested in any one-issuer 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	<p>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.</p>
15.	State of California Local Agency Investment fund (LAIF) only. (Amended January, 2009)	100%	<p>Maximum investment in LAIF accounts are dependent upon limits established under the Local Agency Investment Fund guidelines.</p>

Summary of Authorized Investment Types & Restrictions*

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-backed securities	Pass-Through securities: Limited to Government Agency or Government Sponsored 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

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 E

CITY OF LONG BEACH

INVESTMENT POLICY DEFINITIONS

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.

EXTERNAL MANAGERS/ADVISORS: Professional firms who manage Investment portfolios for Corporations and Public entities. Generally these firms provide "best practice" reviews and recommendations to the contracting party on portfolio selection, duration and other factors including the impact to the contracting parties cash flow.

EXTERNAL PORTFOLIO: Defined as one or more of the Investment Pool managed by an outside Investment Advisor

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.).

INTERNAL MANAGERS: Are authorized city employees to purchase or sale securities in the Investment Pool. Authorization is the responsibility of the City Treasurer.

INTERNAL PORTFOLIO: Defined as one or more of the Investment Pool portfolios managed by City of Long Beach staff.

INVESTMENT ADVISORY COMMITTEE ("IAC"): The IAC consists of major shareholders of the Investment Pool; a representative from the City Attorney and City Auditor; Debt Manager, FM Budget department employee and the City Controller. Members meet quarterly or more often, if necessary, to discuss the performance of the Investment Pool and review recommended changes in strategy, Pool composition and

INVESTMENT POOL: Defined as the existing City of Long Beach Investment portfolio consisting of a Short-term, Intermediate and Long-term portfolio, each with a different performance benchmark and weighted average maturity guideline.

INTERMEDIATE PORTFOLIO: Is a subset of the Investment Pool consisting of approved investments with a target duration of one (1) year. The benchmark for the portfolio is the One-year CMT Index.

LONG-TERM PORTFOLIO: Is a subset of the Investment Pool consisting of approved investments with a target duration of one (1) to three (3) years. The benchmark for the portfolio is the 1-3 Year Treasury/Agency Index.

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.

PORTFOLIO GUIDELINES: Defined as the primary objectives as defined in this policy and the eligible investments to meet the primary objectives. Included in this definition is the policy maximum maturity of any investment; the weighted average maturity of the Investment Pool and other investments as approved by City Council on a case-by-case basis.

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.

SHORT-TERM PORTFOLIO: Is a subset of the Investment Pool consisting of approved investments, including LAIF and all cash balances held at Servicing Bank(s). The portfolio has target duration of 90 days. The benchmark for the portfolio is the 90-day U.S. Treasury Bill.

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.

WAM: Defined as the weighted average maturity of the Investment Pool or each of the component pools.

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.