

CITY COUNCIL REPORT



Meeting Date: 02/24/2026
Charter Provision: Provide for the orderly government and administration of the affairs of the City
Objective: *Approve Investment Management Services Contract*

ACTION

Investment Management Services Contract Approval

Adopt Resolution No. 13599 to authorize:

1. the Mayor to execute, on behalf of the City, Contract No. 2026-024-COS with U.S. Bancorp Asset Management, Inc. to provide investment management services.
2. the City Treasurer or designee to execute any other documents and take such other actions as are necessary to carry out the intent of this Resolution and Contract No. 2026-024-COS.

BACKGROUND

Article 6, Section 15 of the City Charter authorizes the investment of City funds. The City Treasurer maintains an investment policy in accordance with state law that provides detailed governance and restrictions on City investments. The policy outlines the objectives of safety, liquidity, and yield in that order. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in their own affairs, considering the required safety of their capital as well as the expected income to be derived. The portfolio includes diversification by investment type, issuer, maturity, market sector and include the use of several broker-dealers for competitive market coverage.

The city's investment advisor is contracted to manage the city's investment portfolio in accordance with the city's investment policy with oversight and approval by the City Treasurer's Office. To provide transparency and accountability, as well as compliance to the investment policy, quarterly the City Treasurer provides the City Council with a report on all city investments and demonstrates compliance to the investment policy.

ANALYSIS & ASSESSMENT

Recent Staff Action

Action Taken _____

City Treasurer's Investment Management Services Contract Approval

The city staff issued a Request for Proposal for investment management services. The evaluation committee comprised of five individuals from several departments throughout the city, reviewing the seven proposals submitted. The proposals were scored on the firm/staff qualifications, investment strategy/reporting, disaster recovery/cyber security, references, and pricing. Based on the independent scoring, the evaluation committee unanimously recommended US Bancorp Asset Management Inc. to be awarded the contract. The estimated fees for the contract will be \$250,000 to \$400,000 depending on the size of the portfolio. The city has an investment portfolio of approximately \$1.2 billion dollars.

RESOURCE IMPACTS

Available funding

The investment management services are included in the City Treasurer's budget.

OPTIONS & STAFF RECOMMENDATION

Recommended Approach:

Adopt Resolution No. 13599 to authorize:

1. the Mayor to execute, on behalf of the City, Contract No. 2026-024-COS with U.S. Bancorp Asset Management, Inc. to provide investment management services.
2. the City Treasurer or designee to execute any other documents and take such other actions as are necessary to carry out the intent of this Resolution and Contract No. 2026-024-COS.

RESPONSIBLE DEPARTMENT(S)

City Treasurer's Office

STAFF CONTACTS (S)

Anna Henthorn, Assistant City Treasurer, (480) 312-7805.

Ahenthorn@ScottsdaleAZ.Gov

APPROVED BY



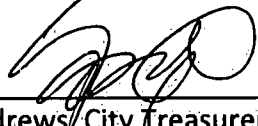
Anna Henthorn, Assistant City Treasurer



Date

City Treasurer's Investment Management Services Contract Approval

(480) 312-7805, Ahenthorn@ScottsdaleAZ.Gov



Sonia Andrews, City Treasurer

2/9/26
Date

(480) 312-2364, SAndrews@ScottsdaleAZ.Gov

ATTACHMENTS

1. Resolution No. 13599
2. Contract No. 2026-024-COS

RESOLUTION NO. 13599

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, APPROVING CONTRACT NO. 2026-024-COS WITH U.S. BANCORP ASSET MANAGEMENT, INC. FOR INVESTMENT MANAGEMENT SERVICES.

WHEREAS, the City has a need for investment management services.

WHEREAS, U.S. Bancorp Asset Management, Inc. was selected by the City to provide these professional services for an estimated amount of \$250,000 to \$400,00 per year depending on the size of the portfolio.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Scottsdale, Maricopa County, Arizona, as follows:

Section 1. The City Council hereby authorizes, approves and directs the Mayor to execute, on behalf of the City, Contract No. 2026-024-COS with U.S. Bancorp Asset Management, Inc. to provide investment management services.

Section 2. The City Council hereby authorized the City Treasurer or her designee to execute any other documents and take such other actions as are necessary to carry out the intent of this Resolution and Contract No. 2026-024-COS.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona this ____ day of _____, 2026.

CITY OF SCOTTSDALE, an Arizona
municipal corporation

ATTEST:

Ben Lane, City Clerk

Lisa Borowsky, Mayor

APPROVED AS TO FORM:

Lindsay Hampshire

Luis E. Santaella, Interim City Attorney

By: Lindsay Hampshire, Assistant City Attorney



CITY OF SCOTTSDALE
PROFESSIONAL SERVICES CONTRACT
CONTRACT NO. 2026-024-COS
INVESTMENT MANAGEMENT SERVICES

THIS CONTRACT, entered into this _____ day of _____, 2026, between the City of Scottsdale, an Arizona municipal corporation, the "City", and U.S. Bancorp Asset Management, Inc., of which PFM Asset Management is a division, the "Consultant".

WITNESSETH

The Mayor of the City of Scottsdale is authorized and empowered by provisions of the City Charter to execute contracts for professional services; and

The City intends to contract for Investment Management Services for City Resources.

The Consultant is qualified to render the services desired by the City.

FOR AND IN CONSIDERATION of the parties' mutual covenants and conditions, the City and Consultant agree as follows:

1. DESCRIPTION, ACCEPTANCE, DOCUMENTATION

The Consultant will provide the professional services required by this Contract.

1.1 SERVICE DESCRIPTION

The entire Request for Proposal No. RFP-022025-239 identified as Investment Management Services is incorporated into this Contract by this reference as fully as if written out below. Consultant's proposal submitted in response to Request for Proposal Number (RFP-022025-239) and dated April 25, 2025 is incorporated into this Contract by this reference as fully as if written out below.

If any provision incorporated by reference from the Request for Proposal conflicts with any provision of the Consultant's proposal, the provision of the Request for Proposal will control. If any provision of the Consultant's proposal, including but not limited to any limitation of liability or disclaimer of warranty language, conflicts

or is in any way inconsistent with any provision of this Contract, this Contract will control.

The Consultant shall act under the authority and approval of the Contract Administrator to provide the services required by this Contract.

1.2 ACCEPTANCE AND DOCUMENTATION

- A. Each task must be reviewed and approved by the Contract Administrator to determine acceptable completion.
- B. The City will provide all necessary information to the Consultant for timely completion of the tasks specified in Section 1.1 above.
- C. All documents, including but not limited to, data compilations, studies, and reports which are prepared in the performance of this Contract are to be and remain the property of the City and are to be delivered to the Contract Administrator before final payment is made to the Consultant.

2. BILLING RECORDS, AUDIT, FEES

2.1 BILLING RECORDS, AUDIT

The time spent for each task must be recorded and submitted to the Contract Administrator. Consultant must maintain all books, papers, documents, accounting records and other evidence pertaining to time billed and to costs incurred and make these materials available for audit by the City in accordance with Section 4.7 of this Contract.

2.2 FEE SCHEDULE

The Amount paid to Contractor Inclusive of all expenses under this Contract shall not exceed 8 basis points on the first \$100k, 6 basis points on the next \$100k, 4 basis points on the next \$200k, 2 basis points on the next \$300k, 1.5 basis points on anything over \$700k.

Fees are charged monthly in arrears based on the daily net AUM on an amortized cost basis, including accrued interest for the month.

An Annual minimum fee of \$40k applies to all accounts.

In addition, a one-year discount in the form of a fee cap of \$250,000. This represents a fee of 2.27 bps (0.0227%) on a portfolio of \$1.1 Billion for the first year. The parties acknowledge that this fee cap shall not apply to other entities that enter into a cooperative contract with Contractor pursuant to the terms of this Contract, unless specifically agreed upon in writing by Contractor and such other entity. All fees as per attached **Exhibit B**, the Consultant's Best and Final Offer Response to Request for Proposals for RFP-022025-239 – Investment Management Services, dated July 10, 2025.

2.3 PAYMENT APPROVAL

All charges must be approved by the Contract Administrator before payment.

2.3.1 PAYMENT TERMS

The City of Scottsdale's payment terms are payment within thirty (30) days after approval by Contract Administrator. In no event will payment be made prior to receipt of an original invoice containing invoice and proper reference numbers. The City is not liable for delays in payment caused by failure of the Vendor or Consultant to send invoice to the address specified below:

City of Scottsdale
Accounts Payable
7447 E. Indian School Road, Ste 210
Scottsdale, Arizona 85251-4468

2.4 PRICE ADJUSTMENT

Price increases may only be requested by the Contractor, thirty (30) days prior to the anniversary date of the Agreement. Failure to do so may result in the denial of any increase requested.

A requested price increase will become effective only after approval by the Contract Administrator and the Purchasing Director. Once approved, the price increase will be adjusted into a new base price for the remainder of the contract period. Any future requested price increases to the base price will only be reviewed at annual renewal time and require the approval of the Contract Administrator and Purchasing Director.

The proposed increased rate shall be based upon presentation by Consultant and review by the Contract Administrator; however, the Contract Administrator shall evaluate the Consultant's performance, services and records documentation to determine the appropriateness of the increase requested.

3. TERM, EXTENSION, TERMINATION

3.1 TERM AND EXTENSION

The term of this Contract is for an initial three (3) year period from effective date. This Contract must be approved by the City Council of the City of Scottsdale, Arizona and signed by its Mayor and attested by the City Clerk. The City and Consultant may mutually agree to extend this Contract for two (2) additional one (1) year periods, upon the recommendation of the Contract Administrator and the concurrence of the Purchasing Director without returning to Council.

This Contract is in full force and effect when it is signed by the City and the Consultant. The term of this Contract is for a period. The City and Consultant may mutually agree to extend this Contract for upon the recommendation of the Contract Administrator and the concurrence of the Purchasing Director.

3.2 **TERMINATION**

Termination for Convenience: City reserves the right to terminate this Contract or any part of this Contract for its sole convenience with thirty (30) days' written notice. In the event of any termination, Consultant must immediately stop all work, and must immediately cause any of its suppliers and Subcontractors to cease all work. As compensation in full for services performed to the date of termination, the Consultant will receive a fee for the percentage of services actually completed. This fee will be in the amount to be mutually agreed upon by the Consultant and the City, based on the agreed Scope of Work. If there is no mutual agreement, the Contract Administrator will determine the percentage of completion of each task detailed in the Scope of Work and the Consultant's compensation will be based upon this determination. The City will make this final payment within sixty (60) days after the Consultant has delivered the last of the partially completed items. Consultant will not be paid for any work done upon receipt of the notice of termination, nor for any costs incurred by Consultant's suppliers or Subcontractors, which Consultant could reasonably have avoided.

Cancellation for Cause: City may also cancel this Contract or any part of this Contract with seven (7) days' notice for cause in the event of any default by the Consultant, or if the Consultant fails to comply with any of the terms and conditions of this Contract. Unsatisfactory performance as judged by the Contract Administrator or failure to provide City, upon request, with adequate assurances of future performance will all be causes allowing City to cancel this Contract for cause. In the event of cancellation for cause, City will not be liable to Consultant for any amount, and Consultant will be liable to City for any and all damages sustained by reason of the default which gave rise to the termination.

In the event Consultant is in violation of any Federal, State, County or City law, regulation or ordinance, the City may cancel this Contract immediately upon giving notice to the Consultant.

If the City cancels this Contract or any part of the Contract services, the City will notify the Consultant in writing, and upon receiving notice, the Consultant must discontinue advancing the work and proceed to close all operations.

Upon cancellation, the Consultant must deliver to the City all drawings, special provisions, reports, and other documents, entirely or partially completed, in any format, including but not limited to written or electronic media, together with all unused materials supplied by the City. Use of incomplete data will be at the City's sole responsibility.

The Consultant must appraise the work it has completed and submit its appraisal to the City for evaluation. At that time, the Consultant will be entitled to be paid for Work performed and accepted by the City before the default.

If the Consultant fails to fulfill in a timely and proper manner its obligations, or if the Consultant violates any of the terms of this Contract, the City may withhold any payments to the Consultant for the purpose of setoff until the exact amount of damages due the City from the Consultant is determined by a court of competent jurisdiction.

If the City improperly cancels the Contract for cause, the cancellation for cause will be converted to a termination for convenience in accordance with the provisions of this Section.

The Consultant may terminate this Contract for a material breach of its terms by the City upon the City's failure to cure such material breach within thirty (30) days after written notice thereof has been delivered by the Consultant.

3.3 FUNDS APPROPRIATION

If the City Council does not appropriate funds to continue this Contract and pay for charges, the City may terminate this Contract at the end of the current fiscal period. The City agrees to give written notice of termination to the Consultant at least thirty (30) days before the end of its current fiscal period and will pay to the Consultant all approved charges incurred through the end of this period.

The City agrees to provide the Consultant with prompt notice of any event of non-appropriation.

4. GENERAL TERMS

4.1 ENTIRE AGREEMENT

This Contract constitutes the entire understanding of the parties and supersedes all previous representations, written or oral, with respect to the specified services. This Contract may not be modified or amended except by a written document, signed by authorized representatives of each party.

4.2 ARIZONA LAW

This Contract is governed and interpreted according to the laws of the State of Arizona.

4.3 MODIFICATIONS

Any amendment, modification or variation from the terms of this Contract must be in writing and will be effective only after approval of all parties signing the original Contract.

4.4 ASSIGNMENT

Services covered by this Contract may not be assigned or as the term assignment is defined under the Investment Advisers Act of 1940, as amended, or sublet in whole or in part without first obtaining the written consent of the Purchasing Director and Contract Administrator.

4.5 SUCCESSORS AND ASSIGNS

This Contract extends to and is binding upon Consultant, its successors and assigns, including any individual, company, partnership or other entity with or into which Consultant merges, consolidates or is liquidated, or any person, corporation, partnership or other entity to which Consultant sells its assets.

4.6 CONTRACT ADMINISTRATOR

The Contract Administrator for the City will be (contract administrator) or designee. The Contract Administrator will oversee the execution of this Contract, assist the Consultant in accessing the organization, audit billings, approve payments, establish delivery schedules, approve addenda, and assure Certificates of Insurance are in City's possession and are current and conform to the Contract requirements. The Consultant must channel reports and special requests through the Contract Administrator.

4.7 RECORDS AND AUDIT RIGHTS

With thirty (30) days advance written notice, and no more than once per Contract year, the City may audit all of the Consultant's records, calculations, and working documents pertaining to this work at a mutually agreeable time and place and in such a manner as to not interfere with normal business activities.

Consultant's records (hard copy, as well as computer readable data), and any other supporting evidence considered necessary by the City to substantiate charges and claims related to this Contract must be open to inspection and subject to reproduction by City's authorized representative to the extent necessary to adequately permit evaluation and verification of cost of the work, and any invoices, change orders, payments or claims submitted by the Consultant or any of his payees in accordance with the execution of the Contract. for a period of three (3) years after last or final payment. Sensitive or confidential information can be viewed by the City at a Contractor's location or via a video conference call, however the City of Scottsdale may not record or create copies of sensitive or confidential information.

Consultant must require all Subcontractors, insurance agents, and material suppliers (payees) to comply with the provisions of this section by insertion of these requirements in a written Contract Agreement between Consultant and payee. These requirements will also apply to any and all Subcontractors.

4.8 ATTORNEY'S FEES

Should either party bring any action for relief, declaratory or otherwise, arising out of this Contract, the prevailing party shall be entitled to an award of reasonable attorneys' fees, reasonable costs and expenses as determined by the court. All these fees, costs, and expenses will be considered to have accrued on the commencement of the action.

4.9 INELIGIBLE BIDDER

The preparer of specifications is not eligible to submit a bid or proposal on the solicitation for which they prepared the specification, nor is the preparer eligible to supply any product to a bidder or offeror on the solicitation for which they prepared the specification.

4.10 INDEPENDENT CONTRACTOR

The services Consultant provides under the terms of this Contract to the City are that of an Independent Consultant, not an employee, or agent of the City. Provided, however, that when Consultant conducts a trade of portfolio securities on behalf of the City, Consultant acts as the City's agent. The City may report the value paid for these services each year to the Internal Revenue Service (I.R.S.) using Form 1099.

City will not withhold income tax as a deduction from contractual payments unless required under federal or state law. As a result of this, Consultant may be subject to I.R.S. provisions for payment of estimated income tax. Consultant is responsible for consulting the local I.R.S. office for current information on estimated tax requirements.

4.11 CONFLICT OF INTEREST

The Consultant warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the Consultant, to solicit or secure this Contract, and that it has not paid or agreed to pay any person or persons, other than a bona fide employee working solely for the Consultant any fee, commission, percentage, brokerage fee, gifts or any consideration, contingent upon or resulting from the award or making of this Contract. For breach or violation of this warranty, City will have the right to cancel this Contract without liability or in its discretion to deduct from the Contract price or consideration, or otherwise recover the full amount of any fee, commission, percentage, brokerage fee, gift or contingent fee, together with costs and attorney's fees.

The City may cancel any Contract or Agreement, without penalty or obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on behalf of the City's departments or agencies is, at any time while the Contract or any extension of the Contract is in effect, an employee of any other party to the Contract in any capacity or a Consultant to any other party to the Contract with respect to the subject matter of the Contract. The cancellation will be effective when written notice from the City is received by all other parties to the Contract, unless the notice specifies a later time (A.R.S. §38-511).

4.12 NOTICES

All notices or demands required to be given in accordance with the terms of this Contract must be given to the other party in writing, delivered by hand or registered or certified mail, at the addresses stated below, or to any other address the parties may substitute by written notice given in the manner prescribed in this section.

In the case of Consultant:

U.S. Bancorp Asset Management, Inc.
Of which PFM Asset Management is a division
1101 W. Washington Street
Tempe AZ 85288

In the case of City:

On behalf of the City:

Anna Henthorn
Assistant City Treasurer
7447 E. Indian School Rd.
Scottsdale AZ 85251
480-312-7805
ahenthorn@scottsdaleaz.gov

If hand delivered, Notices are deemed received on the date delivered. If delivered by certified or registered mail, Notices are deemed received on the date indicated on the receipt. Notice by facsimile or electronic mail is not adequate notice.

4.13 [Intentionally omitted.]

4.14 TAXES

The fee listed in this Contract includes all taxes applicable to the services authorized. The City will have no obligation to pay additional amounts for taxes of any type.

4.15 ADVERTISING

No advertising or publicity concerning the City using the Consultant services shall be undertaken without prior written approval of such advertising or publicity by the City of Scottsdale Contract Administrator and by the City Attorney.

4.16 COUNTERPARTS

This Contract may be executed in one or more counterparts, and each originally executed duplicate counterpart of this Contract will be considered to possess the full force and effect of the original.

4.17 SUBCONTRACTORS

During the performance of the Contract, the Consultant may engage any additional Subcontractors as may be required for the timely completion of this Contract. The addition of any Subcontractors requires that the Consultant first obtain the approval of the City.

In the event of subcontracting, the sole responsibility for fulfillment of all terms and conditions of this Contract rests with the Consultant.

The Consultant will pay its Subcontractors within seven (7) calendar days of receipt of each progress payment from the City. The Consultant will pay for the amount of the Work performed by each Subcontractor as accepted and approved by the City with each progress payment. In addition, any reduction of retention, if any, by the City will result in a corresponding reduction to Subcontractors who have performed satisfactory work. The Consultant will pay Subcontractors the reduced retention within fourteen (14) calendar days of the payment of the reduction of the retention

to the Consultant. No Contract between the Consultant and its Subcontractors may materially alter the rights of any Subcontractor to receive prompt payment and retention reduction as provided in this Contract.

If the Consultant fails to make payments in accordance with these provisions, the City may take any of one or more of the following actions and the Consultant agrees that the City may take these actions:

- A. To hold the Consultant in default under this Contract;
- B. Withhold future payments including retention until proper payment has been made to Subcontractors in accordance with these provisions;
- C. Reject all future offers to perform work for the City from the Consultant for a period not to exceed 1 year from the completion date of this project; or Terminate this Contract.

4.18 CHANGES IN THE WORK

The City may at any time, as the need arises, order changes within the scope of the work without invalidating the Contract. If any changes increase or decrease the amount due under the Contract documents, or in the time required for performance of the work, an equitable adjustment will be authorized by written Change Order.

The City will execute a formal Change Order based on detailed written quotations from the Consultant for work related changes and/or a time of completion variance. All Change Orders are subject to approval by the City.

Contract Change Orders are subject to the Rules and Procedures within the City's Procurement Code.

4.19 CO-OP USE OF CONTRACT

In addition to the City of Scottsdale, this Contract may be extended for use by other municipalities, government agencies and governing bodies, including the Arizona Board of Regents, and political subdivisions of the State. Any usage by other entities must be in accord with the ordinances, charter and/or rules and regulations of the respective entity and the approval of the Consultant.

4.20 COMPLIANCE WITH FEDERAL AND STATE LAWS

The Consultant accepts the applicability to it of the Americans with Disabilities Act, the Immigration Reform and Control Act of 1986 and the Drug Free Workplace Act of 1989. In addition, the Consultant accepts the applicability to it of A.R.S. §34-301 and 34-302. The Consultant shall include the terms of this provision in all contracts and subcontracts for work performed under this Contract, including supervision and oversight.

Under the provisions of A.R.S. §41-4401, the Consultant warrants to the City that the Consultant and all its subcontractors will comply with all Federal Immigration laws and regulations that relate to their employees and that the Consultant and all its subcontractors now comply with the E-Verify Program under A.R.S. §23-214(A).

As used throughout this Contract, the term subcontractor does not include vendors of the Contractor who do not provide a service directly to the City and are not hired by Contractor specifically for performance under the Contract.

A breach of this warranty by the Consultant or any of its subcontractors will be considered a material breach of this Contract and may subject the Consultant or Subcontractor to penalties up to and including termination of this Contract or any subcontract.

The City retains the legal right to inspect the papers of any employee of the Consultant or any subcontractor who works on this Contract to ensure that the Consultant or any subcontractor is complying with the warranty given above, subject to applicable state and federal law. For purposes of this provision, the Contractor's records demonstrating compliance with federal immigration laws and regulations shall be considered "papers of an employee." Sensitive or confidential information may be reviewed by the City of Scottsdale at the Contractor's location or through a secure video conference. However, the City shall not record, copy. Or otherwise reproduce any sensitive or confidential information during such review.

Compliance with Americans with Disabilities Act

Consultant acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. Consultant will provide the services specified in this Contract in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Consultant agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of Consultant, its employees, agents or assigns will constitute a material breach of this Contract.

4.21 [Intentionally omitted.]

4.22 *LAWFUL PRESENCE IN THE UNITED STATES FOR PERSONS*

A.R.S. §1-502 (H.B. 2008) requires that all PERSONS who will be awarded a Contract and apply for public benefit must demonstrate through a signed affidavit and the presentation of a copy of documentation that verifies that they are lawfully present in the United States.

A PERSON is defined as all-NATURAL PERSONS / INDIVIDUALS / SOLE PROPRIETORSHIPS as indicated by your W9 Filing. (*This law does not apply to LLP's, LLC's, PLLC's, Corporations Limited Partnerships or General Partnerships.*)

By submitting your quote, bid, proposal and/or indicating your desire to enter in a Contract with the City, you are agreeing that if you are selected as the awardee and meet the criteria of a PERSON, you will abide by this law and sign and submit an AFFIDAVIT DEMONSTRATING LAWFUL PRESENCE IN THE UNITED STATES and attach the appropriate copy of your documentation to verify of that statement. Types of acceptable documentation copies are an Arizona Driver's

License issued after 1996, Arizona nonoperating identification license, U.S. birth certificate, U.S. Passport, I-94 Form with photograph and several others that are all listed on the Affidavit form that the City will send to you for your completion before to issuing any Contract.

If you have previously done business with the City and have already filed the above Affidavit with copies of an acceptable documentation please indicate when you filed the Affidavit. If your approved Affidavit is already on file with the City, you have complied with this requirement.

If you fail to complete and provide a completed Affidavit and accompanying acceptable copy of your documentation, or not advise us of your prior filing within 10 calendar days of being requested by then you may be considered non-responsive and disqualified from that award consideration. You can obtain the complete Affidavit form from the Purchasing Department at (480) 312-5700 or the Purchasing web site at <http://www.scottsdaleaz.gov/Purchasing> on the lower right side of the page under Forms.

4.23 NO PREFERENTIAL TREATMENT OR DISCRIMINATION

In accordance with the provisions of Article II, Section 36 of the Arizona Constitution, the City will not grant preferential treatment to or discriminate against any individual or group on the basis of race, sex, color, ethnicity or national origin, provided it does not conflict with federal law or regulation

4.24 INDEMNIFICATION

To the fullest extent permitted by law, Consultant, its successors, assigns and guarantors, must defend, indemnify and hold harmless City of Scottsdale, its agents, representatives, officers, directors, officials and employees from and against all allegations, demands, proceedings, suits, actions, claims, damages, losses, expenses, including but not limited to, attorney fees, court costs, and the cost of appellate proceedings, and all claim adjusting and handling expense, related to, arising from or out of, or resulting from any, negligence, recklessness, or intentional wrongful conduct by Consultant in the performance of this Contract, including but not limited to, any Subcontractor or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable and any injury or damages claimed by any of Consultant's and Subcontractor's employees, except in the case of gross negligence or willful misconduct of the City of Scottsdale, its agents, representatives, officers, directors, officials and employees

Insurance provisions in this Contract are separate and independent from the indemnity provisions of this section and shall not be construed in any way to limit the scope and magnitude of the indemnity provisions. The indemnity provisions of this section shall not be construed in any way to limit the scope and magnitude and applicability of the insurance provisions.

4.25 OWNERSHIP OF PROJECT DOCUMENTS

All documents, including but not limited to notes, records, data compilations, studies, and reports in any format, including but not limited to, written or electronic media, prepared in the performance of this Contract will remain the property of

the City and must be delivered to the Contract Administrator before final payment is made to the Consultant, except that ownership of third-party data remains with its owner. The Consultant is permitted to retain copies of the City's records to comply with legal and regulatory obligations, and in connection with routine electronic archiving.

When the work detail covers only the preparation of preliminary reports or documents, there will be no limitations upon the City concerning use of the ideas or recommendations in the reports or documents. The City will release the Consultant from any liability for the preparation and use of preliminary reports or documents.

4.26 COMPLETENESS AND ACCURACY

The Consultant will be responsible for the completeness and accuracy of its work, including but not limited to, survey work, reports, supporting data, and drawings, sketches, etc. prepared by the Consultant and will correct, at its expense, all errors or omissions which may be disclosed. The cost to correct those errors will be chargeable to the Consultant. Additional construction added to the project will not be the responsibility of the Consultant unless the need for additional construction was created by any error, omission, or negligent act of the Consultant. The City's acceptance of the Consultant's work will not relieve the Consultant of any of its responsibilities.

4.27 ALTERATIONS OR ADDITIONS TO SCOPE OF SERVICES

The total Scope of the Consulting Services to be performed is stated in this Contract. Any services requested outside the scope of work are additional services. The Consultant will not perform these additional services without a written Change Order approved by the City. If the Consultant performs additional services without a Change Order, the Consultant will not receive any additional compensation.

4.28 EQUAL EMPLOYMENT OPPORTUNITY

During the performance of this Contract, the Bidder will follow the Federal government's guidelines to ensure that employees or applicants applying for employment will not be discriminated against because of race, color, religion, sex or national origin, provided it does not conflict with federal law or regulation.

4.29 EVALUATION OF CONSULTANT'S PERFORMANCE

The Consultant will be evaluated regarding its performance of this Contract. This evaluation will include, but not be limited to, the following consideration for:

Completeness

Accuracy

Utility Coordination

Technical Expertise

Organization

Appearance of Plans (linework, lettering, etc.)

Working Relationship with City Staff and Others

Availability

Communication Skills (meetings, correspondence, etc.)

This evaluation will be prepared by the staff and used to evaluate the desirability to proceed with negotiations for additional services.

4.30 ISRAEL BOYCOTT PROHIBITION

By executing this contract, [Contractor] certifies, to the best of its knowledge, that it is not currently engaged in and will not for the duration of this contract engage in boycott activity proscribed by A.R.S. § 35- 393 et seq.

4.31 FORCED LABOR OF ETHNIC UYGHURS

Contractor certifies, to the best of its knowledge, that it does not currently, and agrees for the duration of the contract that it will not, use:

- 1) The forced labor of ethnic Uyghurs in the People's Republic of China.
- 2) Any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China.
- 3) Any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China.

If Contractor becomes aware during the term of the Agreement that the Contractor is not in compliance with this paragraph, the Contractor shall notify the City within five business days after becoming aware of the noncompliance. Failure of Contractor to provide a written certification that the Contractor has remedied the noncompliance within one hundred eighty (180) days after notifying the public entity of its noncompliance, this Agreement shall terminate unless the Term of this Agreement shall end prior to said one hundred eighty (180) day period.

4.32 THIRD PARTY BENEFICIARY

Nothing under the Contract Documents will be construed to give any rights or benefits in the Contract Documents to anyone other than the City and the Consultant, and all duties and responsibilities undertaken in accordance with the Contract Documents will be for the sole and exclusive benefit of the City and the Consultant and not for the benefit of any other party.

4.33 [Intentionally omitted.]

5. INSURANCE

A current standard Acord Certificate is acceptable.

Failure to provide an appropriate Certificate of Insurance will result in rejection of your certificate and delay in Contract execution.

Additionally, Certificates of Insurance submitted without referencing an RFP and Contract number may be subject to rejection and returned or discarded.

5.1 **INSURANCE REPRESENTATIONS AND REQUIREMENTS**

- 5.1.1 General:** Consultant agrees to comply with all applicable City ordinances and state and federal laws and regulations. Without limiting any obligations or liabilities of Consultant, Consultant must maintain, at its own expense, the stipulated minimum insurance with insurance companies duly licensed by the State of Arizona (admitted insurer) with an AM Best, Inc. rating of B ++ 6 or above or an equivalent qualified unlicensed insurer by the State of Arizona (non-admitted insurer) with policies and forms satisfactory to City of Scottsdale. Failure to maintain insurance as specified may result in termination of this Contract at City of Scottsdale's option.
- 5.1.2 No Representation of Coverage Adequacy:** By requiring insurance, City of Scottsdale does not represent that coverage and limits will be adequate to protect Consultant. Failure to demand evidence of full compliance with the insurance requirements stated in this Contract or failure to identify any insurance deficiency will not relieve Consultant from, nor may it be construed or considered a waiver of Consultant's obligation to maintain the required insurance at all times during the performance of this Contract.
- 5.1.3 Coverage Term:** All insurance required by this Contract must be maintained in full force and effect until all work or services required to be performed under the terms of this Contract are satisfactorily performed, completed and formally accepted by the City of Scottsdale, unless specified otherwise in this Contract.
- 5.1.4 Claims Made:** In the event any insurance policies required by this Contract are written on a "claims made" basis, coverage shall continue uninterrupted throughout the term of this Contract by keeping coverage in force using the effective date of this Contract as the retroactive date on all "claims made" policies. The retroactive date for exclusion of claims must be on or before the effective date of this Contract and can never be after the effective date of this Contract. Upon completion or termination of this Contract, the "claims made" coverage shall be extended for an additional three (3) years using the original retroactive date, either through purchasing an extended reporting option; or by continued renewal of the original insurance policies. Submission of annual Certificates of Insurance, citing the applicable coverages and provisions specified herein, shall continue for three (3) years past the completion or termination of this Contract
- 5.1.5 Policy Deductibles and or Self-Insured Retentions:** The policy requirements may provide coverage which contain deductibles or self-insured retention amounts. These deductibles or self-insured retention must not be applicable with respect to the policy limits provided to City of Scottsdale. Consultant is solely responsible for any deductible or self-insured retention amount.
- 5.1.6 Use of Subcontractors:** If any work under this Contract is subcontracted in any way, Consultant must execute a written agreement with Subcontractor containing the same Indemnification Clause and Insurance Requirements as stated in this Contract protecting City of Scottsdale and Consultant. Consultant is responsible for executing the agreement with

Subcontractor and obtaining Certificates of Insurance verifying the insurance requirements.

5.1.7 Evidence of Insurance and Required Endorsements: Before starting any work or services under this Contract, Consultant must furnish City of Scottsdale with Certificate(s) of Insurance, or formal endorsements as required by this Contract, issued by Consultant's insurer(s) as evidence that policies are placed with acceptable insurers as specified in this Contract and provide the required coverage, conditions, and limits of coverage and that this coverage and the provisions are in full force and effect. If a Certificate of Insurance is submitted as verification of coverage, City of Scottsdale will reasonably rely upon the Certificate of Insurance as evidence of coverage, but this acceptance and reliance will not waive or alter in any way the insurance requirements or obligations of this agreement. If any of the above cited policies expire during the life of this Contract, it is Consultant's responsibility to forward renewal Certificates within ten (10) days after the renewal date containing all the aforementioned insurance provisions. Certificates must specifically cite the following provisions endorsed to the Consultant's policy:

1. City of Scottsdale, its agents, representatives, officers, directors, officials and employees must be included as named an Additional Insured under the following policies:
 - a) Commercial General Liability
 - b) Auto Liability
 - c) Excess Liability - Follow Form to underlying insurance as required.
2. Consultant's required General Liabilities and Automobile Liability insurance must be primary insurance as respects performance of subject Contract.
3. The required General Liability, Automobile Liability, and Workers' Compensation Insurance All policies, waive rights of recovery (subrogation) against City of Scottsdale, its agents, representatives, officers, directors, officials and employees for any claims arising out of work or services performed by Consultant under this Contract.
4. If the Consultant receives notice that any of the required policies of insurance are materially reduced or cancelled, it will be Consultant's responsibility to provide prompt notice of same to the City, unless such coverage is immediately replaced with similar policies.

5.2 REQUIRED COVERAGE

5.2.1 Commercial General Liability: Consultant must maintain "occurrence" form Commercial General Liability insurance with a limit of not less than \$1,000,000 for each occurrence, \$2,000,000 Products and Completed Operations Annual Aggregate, and a \$2,000,000 General Aggregate Limit. The policy must cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury

and advertising injury. If any Excess insurance is utilized to fulfill the requirements of this section, the Excess insurance must be "follow form" equal or broader in coverage scope than underlying.

5.2.2 Professional Liability: If the Contract is the subject of any professional services or work, or if Consultant engages in any professional services or work adjunct or residual to performing the work under this Contract, Consultant must maintain Professional Liability insurance covering errors and omissions arising out of the work or services performed by Consultant, or anyone employed by Consultant, or anyone for whose acts, mistakes, errors and omissions Consultant is legally liable, with a liability insurance limit of \$1,000,000 each claim and \$2,000,000 all claims.

5.2.3 Vehicle Liability: If any vehicle is used in the performance of the Scope of Work that is the subject of this Contract, the Consultant must maintain Business Automobile Liability insurance with a limit of \$1,000,000 each occurrence on Consultant's owned, hired, and non-owned vehicles assigned to or used in the performance of the Consultant's work or services under this Contract. If any hazardous material, as defined by any local, state or federal authority, is the subject, or transported, in the performance of this Contract, an MCS 90 endorsement is required providing \$5,000,000 per occurrence limits of liability for bodily injury and property damage. If any Excess insurance is utilized to fulfill the requirements of this section, the Excess insurance must be "follow form" equal or broader in coverage scope than underlying.

5.2.4 Workers Compensation Insurance: Consultant must maintain Workers Compensation insurance to cover obligations imposed by federal and state statutes applicable to Consultant's employees engaged in the performance of work or services under this Contract and must also maintain Employers' Liability Insurance of not less than \$100,000 for each accident, \$100,000 disease for each employee and \$500,000 disease policy limit. If the Consultant is a sole proprietor or a single member limited liability company with no employees and has elected not to purchase Workers' Compensation Insurance; a completed and signed Workers' Compensation Waiver Form will substitute for the insurance requirement.

6. SEVERABILITY AND AUTHORITY

6.1 SEVERABILITY

If any term or provision of this Contract is found to be illegal or unenforceable, then despite this illegality or unenforceability, this Contract will remain in full force and effect and the term or provision will be considered to be deleted.

6.2 AUTHORITY

Each party warrants and represents that it has full power and authority to enter into and perform this Contract, and that the person signing on behalf of each has been properly authorized and empowered to enter this Contract. Each party further acknowledges that it has read this Contract, understands it, and agrees to be bound by it.

7. REQUEST FOR TAXPAYER I.D. NUMBER & CERTIFICATION I.R.S. W-9 FORM

Upon request, the Consultant shall provide the required I.R.S. W-9 Form which is available from the IRS website at www.IRS.gov under their forms section.

7.1 PROPRIETARY PROTECTION

A. The City agrees that if the Consultant informs the City that the Software is confidential information or is a trade secret property of the Consultant; the Software is disclosed on a confidential basis under this Contract and in accordance with the terms of this Contract.

B. As permitted by Arizona Law, the parties agree that during the term of this Contract and of all Licenses granted under this Contract, and for a period of 7 years after termination of this Contract and of all licenses granted by this Contract, to hold each others' confidential information in confidence. The parties agree, unless required by government regulations or order of court, not to make each others' confidential information available in any form to any third party or to use each other's confidential information for any purposes other than the implementation of this Contract. However, if the Consultant's confidential information is requested to be divulged under the provisions of the Arizona Public Records Act, A.R.S., Title 39, the Consultant must reimburse the City for the full cost of the City's refusal to release the information, including the costs of litigation, the City's attorney fees, fines, penalties or assessments of the opposing party's attorney fees. Each party agrees to take all reasonable steps to ensure that confidential information is not disclosed or distributed by its employees or agents in violation of the provisions of this Contract.

C. NON-INFRINGEMENT

The Consultant warrants that the Software provided to the City does not and will not infringe upon or violate any patent, copyright, trade secret or other proprietary or property right of any person or entity.

7.2 DATA CONFIDENTIALITY

A. As used in this Contract, data means all information, whether written or verbal, including plans, photographs, studies, investigations, audits, analyses, samples, reports, calculations, internal memos, meeting minutes, data field notes, work product, proposals, correspondence and any other similar documents or information prepared by or obtained by the Consultant in the performance of this Contract.

B. The parties agree that all data, including originals, images, and reproductions, prepared by, obtained by, or transmitted to the Consultant in connection with the Consultant's performance of this Contract is confidential and proprietary information belonging to the City.

C. The Consultant will not divulge data to any third party without first obtaining the written consent of the City. The Consultant will not use the data for any purposes except to perform the services required under this Contract. These prohibitions will not apply to the following data provided the Consultant has first given the required notice to the City:

1. Data, which was known to the Consultant before its performance under this Contract unless the data was acquired in connection with the Work performed for the City;
 2. Data which was acquired by the Consultant in its performance under this Contract and which was disclosed to the Consultant by a third party, who to the best of the Consultant's knowledge and belief, had the legal right to make disclosures and the Consultant is not otherwise required to hold the data in confidence; or
 3. Data, which is required to be disclosed by virtue of law, regulation, or court order to which the Consultant is subject. With respect to data that is required to be disclosed by virtue of law, regulation, or court order to which the Consultant is subject the, the Consultant's obligation to give advance notice to the City is waived in situations where such notice is not legally permitted under the terms of the law, regulatory, or court order, or if the information was requested by Consultant's regulator during a routine examination.
- D. In the event the Consultant is required or requested to disclose data to a third party, or any other information to which the Consultant became privy as a result of any other Contract with the City, the Consultant will first notify the City as required in this Article of the request or demand for the data. The Consultant will give the City sufficient facts so that the City can be given an opportunity to first give its consent or take any action the City may consider appropriate to protect the data or other information from disclosure.
- E. Unless prohibited by law, within ten (10) days after completion of services for a third party on real or personal property owned or leased by the City, the Consultant will promptly deliver, as stated in this Article, a copy of all data to the City. All data will continue to be subject to the confidentiality requirements of this Contract.
- F. The Consultant assumes all liability for maintaining the confidentiality of the data in its possession and agrees to compensate the City if any of the provisions of this Article are violated by the Consultant, its employees, agents or Subconsultants. Solely for the purposes of seeking injunctive relief, it is agreed that a breach of this Article will be considered to cause irreparable harm that justifies injunctive relief in court

8. DONATIONS

No donations allowed. To avoid the appearance of impropriety, Consultant shall not make any donation to the City, of any goods or services during the term of this Agreement, unless it has specifically been approved by the City Manager or designee.

9. INVESTMENT ADVISER PROVISIONS

A. Investment Management Services.

1. City hereby appoints Consultant as investment manager, with full discretionary authority, to supervise and direct the investment and reinvestment of the assets in the City's account, or any subaccount established by City within the account (the "Account"). Consultant will manage City's Account in accordance with the investment policy statement set forth in

Exhibit A attached hereto (which may be updated upon written notice from the City to the Consultant without formal amendment to the Consultant) and made a part hereof (the "Investment Policy Statement"), as such Investment Policy Statements may be amended by City in writing from time to time. Consultant and City agree that Consultant has a reasonable amount of time from (i) the effective date of this Consultant (ii) the date on which Consultant has implemented any amendments to **Exhibit A**, or (iii) the date on which new funds are added to the Account, to fully invest the Account according to the Investment Policy Statement.

2. In managing City's Account, Consultant will rely upon information that City furnishes to Consultant without any obligation to verify such information. City agrees to notify Consultant promptly of any significant change in City's financial circumstances or investment objectives that might affect the Investment Policy Statement or otherwise affect the manner in which the Account should be managed. City will promptly notify Consultant in writing if City considers any investments recommended or made for the Account to violate the Investment Policy Statement. City may at any time direct Consultant to sell such securities or take such other lawful actions as City may specify to effect compliance of the Account with the Investment Policy Statement. City also agrees to provide Consultant with such additional information as Consultant may request from time to time to assist it in managing the Account. Consultant's authority under this Consultant will remain in effect until changed or terminated by City in writing as contemplated by the terms of this Consultant.
3. Notwithstanding the foregoing grant of discretionary authority, Consultant may, but is not obligated to, accommodate a written direction from City to purchase, sell, or hold specific assets for the Account, provided that such direction is consistent with the Investment Policy Statement. If Consultant agrees to act on such written direction from City, City shall be fully responsible for determining whether such directions are in compliance with all applicable laws and regulations and are consistent with City's authority. In addition, City may notify Consultant at any time not to invest any funds in the Account in specific securities or specific categories of securities, and Consultant will promptly follow those instructions.
 - A. City authorizes Consultant to invest Account assets in investment companies and local government investment pools for which Consultant acts as investment adviser ("Affiliated Funds") to the extent such investment is consistent with the Investment Policy Statement. City further authorizes Consultant to invest in Affiliated Funds, on a temporary basis, uninvested cash held in the Account from time to time. City acknowledges that Consultant is the investment adviser for the Affiliated Funds, that an affiliate of Consultant is or may be the sub-administrator, securities lending agent and custodian of the Affiliated Funds, and that Consultant and its affiliates receive compensation from the Affiliated Funds. The purchase or sale of shares of an Affiliated Fund is subject to the terms of the Affiliated Fund's current prospectus. Expenses of the Affiliated Funds, including compensation for the Consultant and its affiliates are described in the prospectus and/or information statement, as applicable, and are paid from the Affiliated Fund. City acknowledges receipt of the Affiliated Funds' prospectuses and/or information statement, as applicable, and approves the management and other fees payable hereunder or indirectly through Affiliated Fund investments.

- B. City may at any time add or withdraw assets from its Account, provided City gives Consultant reasonable notice.
- C. City hereby appoints Consultant as City's attorney-in-fact for purposes of exercising its authority and discharging Consultant's other obligations under this Consultant.
- D. Pool Compensation. Assets invested by the Consultant under the terms of this Consultant may from time to time be invested in a money market mutual fund or a local government investment pool managed by the Consultant or an affiliate of the Consultant (either, a "Pool"). Average daily net assets subject to the fees described in this Consultant shall not take into account any funds invested in the Pool. Expenses of the Pool, including compensation for the Consultant or the affiliate of the Consultant, as applicable, and the Pool custodian, are described in the relevant prospectus or information statement and are paid from the Pool.
- E. Other Compensation. If and to the extent that the City shall request the Consultant to render services other than the investment advisory services under this Consultant, such additional services shall be compensated separately on terms to be agreed upon between the Consultant and the City in writing.
- F. Expenses. Except as expressly provided otherwise herein, the City shall pay all of its own expenses including, without limitation, taxes, commissions, fees and expenses of the City's independent auditors and legal counsel, if any, including, but not limited to, those incurred in responding to any subpoenas, brokerage and other expenses connected with the execution of portfolio security transactions, insurance premiums, and fees and expenses of the Custodian.
- G. Registered Adviser. The Consultant hereby represents it is a registered investment adviser under the Investment Advisers Act of 1940, as amended. The Consultant shall immediately notify the City if at any time during the term of this Consultant it is not so registered or if its registration is suspended.
- H. Consultant's Other Clients. The City understands that the Consultant performs investment advisory services for various other clients which may include investment companies, commingled trust funds and/or individual portfolios. The City agrees that the Consultant, in the exercise of its professional judgment, may give advice or take action with respect to any of its other clients which may differ from advice given or the timing or nature of action taken with respect to the Managed Funds. The Consultant shall not have any obligation to purchase, sell or exchange any security for the Managed Funds solely by reason of the fact that the Consultant, its principals, affiliates, or employees may purchase, sell or exchange such security for the account of any other client or for itself or its own accounts.
- I. Force Majeure. The Consultant shall have no liability for any losses arising out of the delays in performing or inability to perform the services which it renders under this Consultant which result from events beyond its control, including interruption of the business activities of the Consultant or other financial institutions due to acts of God, acts of governmental authority, acts of war, terrorism, civil insurrection, riots, labor difficulties, or any action or inaction of any carrier or utility, or mechanical or other malfunction.

- J. **Consultant's Standard of Care.** The Consultant agrees to perform its duties and responsibilities under this Consultant with reasonable care. Except as may otherwise be provided by law, Consultant will not be liable to City for (a) any loss that City may suffer by reason of any investment decision made or other action taken or omitted in good faith by Consultant with that degree of care, skill, prudence, and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; (b) any loss arising from Consultant's adherence to City's Investment Strategy Policy Statement and/or instructions; or (c) any act or failure to act by Custodian, any broker or dealer to which Consultant directs transactions for the Account, or by any other third party. City shall indemnify and defend Consultant and its officers and employees and hold them harmless from and against any and all claims, losses, damages, liabilities and expenses, as they are incurred, by reason of any act or omission of City or any custodian, broker, agent or other third party selected by Consultant in a commercially reasonable manner or selected by City, except as arise from Consultant's breach of fiduciary duty to City. Notwithstanding anything to the contrary set forth in the Investment Policy Statement, Consultant will not be responsible for determining or ensuring that City's Investment Policy Statement are or will remain compliant with any laws or regulations applicable to City. The federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith, and therefore nothing in this Consultant will waive or limit any rights that City may have under those laws.
- K. **Independent Contractor.** Consultant is an independent contractor, and nothing in this Consultant may be interpreted or construed to create any employment, partnership, joint venture or other relationship between Consultant and City. This Consultant, including the Exhibits and Schedules attached hereto, contains the entire understanding between City and Consultant concerning the subject matter of this Consultant, and supersedes all prior agreements, arrangements and understandings, written or oral, between the parties.
- L. **Books.** Consultant will furnish information, reports or statements at such times and in such manner as City may from time to time reasonably request, and Consultant shall report to City regularly at such times and in such detail as City may from time to time reasonably determine to be appropriate, in order to permit City to determine that Consultant's investment of Account assets is consistent with the Investment Policy Statement. Securities in the Account that are listed on a national securities exchange will be valued at the closing price on the principal market on which the securities are traded on the valuation date. Other securities or investments in the Account will be valued in a manner determined in good faith by Consultant in accordance with Consultant's valuation methods and procedures to reflect fair market value. Consultant will send reports or statements to the address set forth on the signature page of this Consultant or such other address to which City may request in writing that they be sent.
- M. **Brochure and Brochure Supplement.** City acknowledges that it has been provided with all information necessary in connection with the services to be provided by Consultant hereunder, including a copy of Parts 2A and 2B of Consultant's Form ADV prior to or at the time of City's execution of this Consultant.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first set forth above.

CITY OF SCOTTSDALE, an

ATTEST:

Arizona municipal corporation

Lisa Borowsky, Mayor

Ben Lane, City Clerk

CONTRACTOR:

REVIEWED BY:

U.S. Bancorp Asset Management, Inc., of which
PFM Asset Management is a division
1101 W. Washington Street
Tempe, AZ 85288



Anna Henthorn, Asst. City Treasurer
Contract Administrator



Authorized Representative Signature



Jenn Myers, MPA, CPPO, NIGP-CPP, CPPB Name
Purchasing Director

Luke Schneider

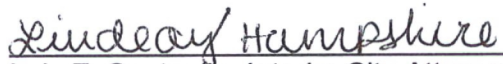
Managing Director

Title

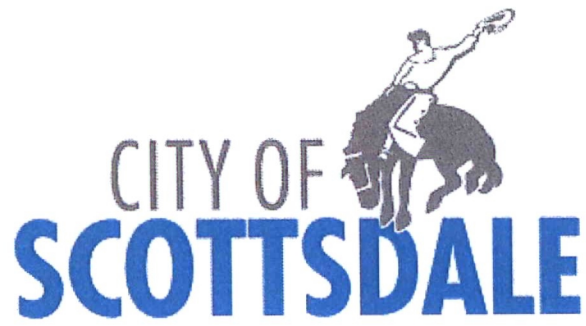


George Woods
Safety and Risk Management Director

APPROVED AS TO FORM:



Luis E. Santaella, Interim City Attorney
By: Lindsay Hampshire, Asst. City Attorney



Investment Policy
Revised May 2022

Introduction 1.0

- 1.1 The purpose of this policy is to establish the governance for the City of Scottsdale (city) investments. It is the policy of the city to invest public funds in a prudent and diligent manner which seeks first to provide security of principal and sufficient liquidity to meet cash flow demands, with a secondary emphasis on providing a maximum return. The city's investments shall conform to all applicable state statutes, city code governing the investment of public funds, and this investment policy.

Scope 2.0

- 2.1 This investment policy applies to all deposits of the city, except for its cash with fiscal agent and endowment funds, which are organized and administered separately. The following funds are accounted for in the city's Annual Comprehensive Financial Report and include:
- 2.1.1 General Fund
 - 2.1.2 Special Revenue Funds
 - 2.1.3 Debt Service Funds
 - 2.1.4 Capital Project Funds
 - 2.1.5 Enterprise Funds
 - 2.1.6 Internal Service Funds
 - 2.1.7 Permanent Funds
 - 2.1.8 Any new fund created by the city, unless specifically exempted
- 2.2 Management of Funds
The city will collect, deposit, pool, invest, and disburse funds to provide optimum cash flow liquidity and investment earnings. The city will consolidate cash and reserve balances from all funds, except bonds, or unless legally prohibited, to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Bond funds will be segregated from all other funds for arbitrage and accounting purposes. Investment income will be allocated to the various funds based on their respective cash balances and city treasurer approved interest allocation methodology.

Objectives 3.0

- 3.1 The primary objectives, in priority order, of investment activities shall be:
- 3.1.1 Safety
Safety of principal is the primary objective of the city in accordance with Scottsdale Revised Code Chapter 2, Section 2-134. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

3.1.2 Liquidity

The investment portfolio shall remain sufficiently liquid to enable the city to meet all operating requirements that may be reasonably anticipated.

3.1.3 Yield

The city's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.

3.1.4 Diversification

To attain the city's objectives, diversification is required in the portfolio composition. Diversification of the portfolio will include diversification by investment type, issuer, maturity, market sector, and will include the use of several broker-dealers for competitive market coverage.

- 3.2** Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism worthy of the public trust.

Standards of Care 4.0

4.1 Prudence

The standard of prudence to be used by those persons involved in the investment function shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. The "prudent person" standard states that 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, considering the required safety of their capital as well as the expected income to be derived in accordance with Scottsdale Revised Code Chapter 2, Section 2-134.

4.2 Due Diligence

City employees tasked with investment responsibilities, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk change or market price change.

4.3 Ethics

Employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair, or appear to impair, their ability to make impartial investment decisions.

4.3.1 All persons involved in the investment function shall adhere to the following:

- A. All persons authorized to place or approve investments shall not personally, nor through a close relative, maintain any accounts, interests, or private dealings with any firm with which the city places investments, except for regular savings accounts, checking accounts, money market accounts, or other similar dealings which are offered on a non-negotiable basis to the general public.
- B. All persons authorized to place or approve investments shall report to the city treasurer any kinship relations with employees of firms with which the city places investments.
- C. All city staff involved with the city's investment functions will comply with conflict of interests laws and with the city's Administrative Regulation #320 "Ethical Standards".

4.4 Delegation of Authority

- 4.4.1 The city treasurer is responsible for investment decisions and activities of city funds pursuant to Article 3, Section 4 of the city charter and Scottsdale Revised Code Section 2-131. The city treasurer shall develop and maintain written administrative procedures for the management of cash and investment program, consistent with this policy and in accordance with Scottsdale Revised Code, Section 2-134.
- 4.4.2 The city treasurer may delegate investment decision making and execution authority to city personnel and an independent SEC-registered investment advisor. The advisor shall comply with this Investment Policy and other written instructions as provided by the city treasurer.
- 4.4.3 The city treasurer shall have the authority to originate an Investment Advisory Committee which will contain a minimum of three city members to include the city treasurer, the accounting director, and an accounting manager or investment accountant, and the city's outside investment advisor, if applicable. The Investment Advisory Committee shall meet periodically to review portfolio strategy and to evaluate the future position of the portfolio. All decisions and recommendations reached by the Investment Advisory Committee will be made in accordance with this Investment Policy as adopted by the city council.

4.5 Internal Controls

- 4.5.1 The city will establish an internal control system which will be subject to review by an independent auditor. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, or imprudent actions of employees of the city or investment counterparties.
- 4.5.2 Effective cash management is recognized as essential to sound fiscal management. Cash management is defined as the process of managing monies to minimize idle funds and optimize cash for investments. The city shall maintain a comprehensive cash management program that includes collection of accounts receivable, daily monitoring of bank accounts, monthly bank reconciliations, prudent investment of its assets, disbursement of payments in accordance with invoice terms, and the management of banking services.

Safekeeping and Collateralization 5.0

- 5.1 All security transactions, including collateral for repurchase agreements, entered into by the city shall be settled on a delivery versus payment method.
- 5.2 All securities shall be held by a third-party custodian contracted through the city's procurement process. The third-party custodian must provide activity reports and monthly statements. All purchases must include a safekeeping receipt listing the specific instrument, rate, maturity, and other pertinent information.
- 5.3 Collateralization will be required on bank deposits, including: time certificates of deposit, repurchase agreements, demand deposit accounts, and money market savings accounts where balances exceed the FDIC deposit insurance limit.
- 5.4 Bank deposits in an amount greater than the insured amount shall be collateralized at a rate equal to at least 102% of the deposit as required in Arizona Revised Statutes § 35-323(G). Collateral will be measured at market not in excess of par and will always be held by an independent, third party with whom the city has a current custodial agreement.

Permissible Instruments 6.0

- 6.1 The city may invest in the following instruments:
 - 6.1.1 Deposits in one or more federally insured banks or savings and loan associations placed in accordance with the procedures prescribed in Arizona Revised Statutes § 35-323.01.

- 6.1.2 Interest-bearing savings accounts in banks and savings and loan institutions doing business in Arizona whose accounts are insured by federal deposit insurance for their industry, but only if deposits in excess of the insured amount are secured by the eligible depository to the same extent and in the same manner as required under Arizona Revised Statutes § 35-323.01.
 - 6.1.3 Obligations issued or guaranteed by the United States government or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities with a maximum maturity of five years.
 - 6.1.4 Bonds, notes, or other evidences of indebtedness of this state or any of its counties, incorporated cities or towns, school districts or special taxing districts, which carry a minimum "AA-" or "Aa3" or equivalent rating by at least one nationally recognized statistical rating organizations (NRSROs) at the time of purchase with a maximum maturity of five years.
 - 6.1.5 Fully insured or collateralized certificates of deposit and other evidence of deposit at banks and savings institutions placed in accordance with the procedures prescribed in Arizona Revised Statutes § 35-323.01 with a maximum maturity of 18 months from the time of purchase.
 - 6.1.6 Negotiable or brokered certificates of deposit issued by a nationally or state-chartered bank or savings and loan association that is rated within the top two ratings by at least two NRSROs, at the time of purchase, with a maximum maturity of three years.
 - 6.1.7 Commercial paper of prime quality that is rated within the top two ratings by NRSROs at the time of purchase. All commercial paper must be issued by corporations organized and doing business in the United States with a maximum maturity of nine months.
 - 6.1.8 Bonds, debentures, notes, or other evidence of indebtedness with a maximum maturity of five years that are denominated in United States dollars that carry at least an "A" or better rating, at the time of purchase, from at least two NRSROs.
 - 6.1.9 Repurchase agreements with a maximum maturity of one hundred eighty days.
 - 6.1.10 Money market funds whose underlying investments are securities allowed by state law, registered under the Investment Company Act of 1940 (54 Stat. 789; 15 United States Code sections 80a-1 through 80a-64), as amended.
 - 6.1.11 The pooled investment funds established by the state treasurer pursuant to Arizona Revised Statutes § 35-326.
- 6.2 If a security is downgraded below the minimum rating requirement, resulting in credit risk exposure to the city, the city's investment advisor and the Investment Advisory Committee will determine whether the security should be held or sold in the best interest of the city.

- 6.3 The city's investment advisor may make investment decisions for the city, in accordance with the city's contract, and will conduct the proper research on investments before purchasing to include credit quality, diversification in the portfolio, and yield spreads.
- 6.4 All securities, including certificates of deposit, may be purchased or sold after obtaining competitive bids or offers from a minimum of three separate broker/financial institutions or through the use of a nationally recognized trading platform to verify that the city is receiving fair market value/price for the investment.

Eligible Financial Dealers and Institutions 7.0

- 7.1 The city or the city's investment advisor shall maintain a listing of qualified financial dealers and institutions. The broker-dealer firms must meet the following minimum criteria:
 - A. Registered with the Securities and Exchange Commission (SEC)
 - B. Registered with the state pursuant to Arizona Revised Statutes § 44-3101
 - C. Registered with the Financial Industry Regulatory Authority (FINRA)
 - D. Provide most recent audited financial statements
 - E. Provide FINRA Focus Report filings
 - F. Provide backup lines of credit/letters of credit
- 7.2 Securities dealers not affiliated with a bank shall be required to be classified as a primary dealer affiliated with the Federal Reserve Bank of New York or meet certain other criteria as set forth by the city.
- 7.3 An annual review of the financial condition and registration of all qualified institutions and broker-dealers will be conducted by the city or the city's investment advisor, who will retain information provided by financial dealers and institutions.
- 7.4 If the city utilizes an external investment advisor, the investment advisor is authorized to transact with its own approved broker-dealers on behalf of the city. The investment advisor will perform a periodic due diligence review of brokers-dealers on its approved list. Upon request, the investment advisor will provide the approved broker-dealer list to the city.

Investment Diversification and Constraints 8.0

8.1 The city will diversify its investment portfolio to avoid incurring unreasonable credit and interest rate risks inherent in over-investing in specific instruments, individual institutions, or maturities. It is the policy of the city to diversify its investment portfolio by security type and institution in accordance with the following diversification limitations:

<u>Security Type</u>	<u>Maximum Percent of Portfolio</u>
U.S. Treasury Obligations	80%
Federal Agency Obligations	80%
With One Agency	40%
Instrumentalities (Supranational Debt)	15%
With One Issuer	5%
Certificates of Deposit	20%
With One Financial Institution	5%
Negotiable Certificates of Deposit	20%
With One Issuer	5%
Commercial Paper	35%
With One Issuer	5%
Corporate Indebtedness	35%
With One Issuer	5%
Repurchase Agreements	75%
With One Counterparty	20%
Money Market Funds	35%
Arizona Investment Pool	35%
Municipal Obligations of State of AZ or Political Subdivisions	25%
With One Issuer	5%

8.2 The city will display prudence in the selection of securities to minimize default risk. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio. In the event of a default by a specific issuer, the city treasurer shall review, and if appropriate, proceed to liquidate securities.

8.3 The city treasurer, with the Investment Advisory Committee, shall periodically adjust guidelines and strategies to control risks of default, market price changes, and liquidity.

8.4 The city, to the extent possible, will attempt to match investments with reasonably anticipated cash flow requirements. The city will not directly invest in securities maturing more than five years from the date of purchase in accordance with Arizona Revised Statutes § 35-323 and the weighted average maturity of the overall investment portfolio shall not exceed 3 years.

- 8.5 Maturity decisions are made based on a variety of factors, including the following:
- A. Internal factors, such as cash flow projections, debt service, potential capital outlays, etc.
 - B. The yield curve at various maturity sectors of the market.
 - C. Federal Reserve Bank policy and the financing plans of the U.S. Treasury and Agencies.

Performance Evaluation and Operations Audit 9.0

- 9.1 The investment portfolio will be managed in accordance with the parameters specified within this policy and to obtain a market average rate of return during a stable interest rate environment. Carefully selected and appropriate benchmarks shall be established to use as a reference for evaluation of the portfolio's return goals and risk tolerance.
- 9.2 Annually, the city's internal auditor may perform an operations audit of the investment program. The purpose is to verify that investment officials have acted in accordance with the investment policy and written investment procedures.

Reporting 10.0

- 10.1 The city treasurer, or their investment advisor, shall prepare an investment report monthly, that provides an analysis of the status of the current investment portfolio. The report will include, at a minimum, the following:
- A. Listing of individual securities held at the end of the reporting period including type, purchase date, maturity date, purchase price, book value, market value, and NRSRO rating.
 - B. Yield to maturity at cost of all holdings.
 - C. Percentage of the total portfolio which each type of investment represents.
- 10.2 The city treasurer shall submit quarterly reports to the city council containing sufficient information to permit an informed, external reader the ability to evaluate the performance of the investment program.

Investment Policy Updates 11.0

- 11.1 The city's investment policy shall be adopted by resolution of the city council and any modifications thereto must be approved by the city council. The city treasurer and the Investment Advisory Committee shall review the investment policy on an annual basis to ensure alignment with Arizona Revised Statutes § 35-323 and industry best practices.

July 10, 2025



Michelle Pharrams, CPPB
 City of Scottsdale, Bid & Contract Analyst
 P.O. Box 1000 CY201
 Scottsdale, AZ 85252

RE: Best and Final Offer Response to Request for Proposals for RFP-022025-239 - Investment Management Services

Dear Ms. Pharrams:

In response to the email dated July 10, 2025, PFM Asset Management ("PFMAM"), a division of U.S. Bancorp Asset Management, Inc. ("USBAM"), is pleased to submit the following Best and Final Offer to the City of Scottsdale (the "City").

PFMAM charges fees commensurate with our scope of services, the complexity of work performed and the value delivered. We believe that our asset-based fee structure is a competitive, unbiased, cost-effective approach to meeting the City's investment advisor needs.

Our revised fee schedule for the City is included below (only applicable to the securities portfolio).

Assets Under Management	Annual Fee in Basis Points ("bps")
On the first \$100 million	8.0 bps (0.08%)
On the next \$100 million	6.0 bps (0.06%)
On the next \$200 million	4.0 bps (0.04%)
On the next \$300 million	2.0 bps (0.02%)
Over \$700 million	1.5 bps (0.015%)

Minimum annual fee of \$40,000 applies to all accounts.

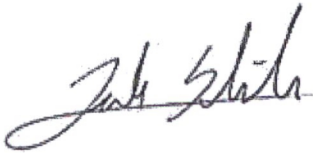
As part of the best and final offer, we are offering a one-year discount in the form of a fee cap of \$250,000. This represents a fee of 2.27 bps (0.0227%) on a portfolio of \$1.1 Billion for the first year.

Fees are charged monthly in arrears based on the daily net assets under management on an amortized cost basis, including accrued interest, for the month. This fee represents the only revenue PFMAM will receive for this engagement, and it includes the services described throughout our proposal response, attendance at all requested meetings, and travel and other out-of-pocket expenses. PFMAM fees are charged on assets managed by our firm and not on bank deposits or LGIP balances.



Thank you for your consideration of PFMAM's proposal. We look forward to the possibility of continuing to partner with the City on this engagement. Should you have questions about our Best and Final Offer, please contact Luke Schneider at 520.260.1574 or schneiderl@pfmam.com.

Sincerely,



Luke Schneider
Managing Director
PFM Asset Management

