

## INVESTMENT SERVICES AGREEMENT

This Agreement is made this \_\_\_\_ day of \_\_\_\_\_, 2021 by and between WASHOE COUNTY, NEVADA, a political subdivision of the State of Nevada (hereinafter referred to as "County"), FHN Financial Main Street Advisors, (hereinafter referred to as "Manager"), both of which may be referred to hereinafter as the "Parties."

**1. Appointment of Manager.** By execution of this Agreement and effective as of the effective date set forth in Section 35 below, Manager accepts appointment as investment Manager of the Account and under the direction of the County's representative, will provide services to the County as described in Exhibit A of this Agreement, which is incorporated herein. Manager will supervise and direct investments of the Account subject to such limitations as the County may communicate in writing to the Manager from time to time. The Manager, as agent with respect to the Account, unless otherwise instructed in writing by the County and consistent with the investment objectives of the County as specified in the County's Investment Management Plan (attached as Exhibit B), Nevada Revised Statutes, and existing bond covenants, when it deems appropriate, without prior consultation with the County, may (i) buy, sell, exchange, convert and otherwise trade in any allowed securities, and (ii) place orders for the execution of such securities transactions with or through such brokers, dealers or issuers as the Manager may select.

**2. Definition of Account and Custody of Account Assets.** The Account shall consist of all cash, securities and other commingled assets of the County which are held in separately designated management accounts (Currently Accounts A, B and C) by Wells Fargo Institutional Trust Services or its successors (the "Custodian") at the effective date of this Agreement, plus any proceeds therefrom or additions thereto, and less any losses thereon or withdrawals therefrom. The Manager shall not act as Custodian for the Account or any portion thereof. All transactions will be consummated by payment to, or delivery by, the Custodian of all cash, securities and other assets due to or from the Account. The Custodian, and not the Manager, shall be responsible for investing any daily cash balances in the Account. The Manager shall notify the Custodian in writing as to those persons authorized to act on behalf of the Manager and may issue such instruction to the Custodian as may be appropriate in connection with the settlement of the transactions initiated by the Manager pursuant to Paragraph 1 hereby and the Custody Agreement, dated December 8, 2009, as amended or supplemented from time to time.

**3. Standard of Care.** It is agreed that the standard of care imposed upon Manager by this Agreement is to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent *investment expert* acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, provided, however that this standard of care shall in no case be, or be interpreted to be, less stringent or less restrictive than any investment standard or standards, now in effect or included by amendment effective in the future, prescribed for investment by Nevada law. The Manager shall have authority and discretion to establish accounts with one or more duly registered broker-dealers. Consistent with ensuring the safety of assets, the Manager shall engage in a prudent and diligent broker-dealer selection process. The Manager shall ensure that all orders are placed with only reputable, qualified, and financially sound broker-dealers. The Manager shall not act as a principal in sales and/or purchases of assets, unless the Manager shall have received prior written approval from an Authorized Person for each transaction. In maintaining its records, the Manager does not assume responsibility for the accuracy of information furnished to County by any other

party. However, the Manager shall cooperate with County and the Custodian to reconcile the Account each month.

**4. Investment Objectives and Restrictions.** County has specified in Exhibit B the investment objectives and any specific investment restrictions and limitations which govern the Account. It will be the County's responsibility to inform the Manager in writing of any changes or modifications in the investment objectives of the Account as well as any additional investment restrictions and limitations applicable thereto and to give the Manager prompt written notice if County deems any investment made for the Account to be in violation of such objectives or restrictions and limitations. The Manager agrees to communicate its investment strategy for the Account and any changes thereto, in a monthly report, to the County, and, if requested, to meet with the County to review the Account's investment activity or to advise of changes in the Manager's investment strategy.

**5. Transaction Procedures.** Instructions of the Manager to the Custodian shall be made in writing or, at the option of the Manager, shall be made orally and confirmed in writing as soon as practical thereafter; provided that all such instructions, written or oral, shall be issued only by persons designated from time to time by the Manager in a written instrument delivered to the Custodian pursuant to the Custody Agreement. The Manager shall instruct all brokers and dealers executing orders on behalf of the Account to forward to the Custodian and the County copies of all confirmations promptly after execution of transactions, and that all transactions must be completed using delivery vs. payment (DVP). The County will provide, or instruct the Custodian to provide the Manager with such periodic reports concerning the status of the Account as the Manager may reasonably request.

**6. Services to Other Clients.** It is understood that the Manager performs investment management services for other clients. The County agrees that the Manager may direct and take action with respect to any activity of its other clients which may differ from the direction or the timing or nature of action taken with respect to the Account so long as it is the Manager's policy, to the extent practical, to allocate investment opportunities to the Account over a reasonable period of time on a fair and equitable basis relative to other clients. It is understood that the Manager shall not have any obligations to purchase or sell for the Account any security which the Manager, its principals, affiliates or employees may purchase or sell for its or their own account or for the account of any other client, if in the Manager's good faith opinion such transaction or investment appears unsuitable, impractical or undesirable for the Account.

**7. Allocation of Brokerage.** In connection with the selection of brokers and dealers and the placing of orders, the Manager is directed to seek for the County the most favorable execution and price, the determination of which may take into account, subject to any applicable laws, rules and regulations, whether statistical, research and other information or services have been or will be furnished to the Manager by such brokers and dealers. The Manager will observe the instructions of the County with respect to broker/dealers who are approved to execute transactions involving the Account. In the absence of such instructions, the Manager may allocate such transactions to such brokers and dealers for execution on such markets, at such prices and at such commission rates as in the good faith judgment of the Manager will be in the best interest of the Account, and in accordance with the County's investment policies. The Manager shall receive no soft dollar benefit for any transaction placed on behalf of the County.

**8. Fees.** The compensation of the Manager shall be calculated and paid in accordance with the Schedule of Fees, attached hereto as Exhibit C. For the purposes of determining the

Manager's fees, the Account's assets shall be valued as computed by the Custodian bank in accordance with normal and customary industry standards. Certain securities or assets may need to be valued in a manner determined in good faith by the Custodian, the Manager, or other appropriate pricing sources to reflect its market value or as may be prescribed by applicable law.

All statement of prices, fees and charges payable to Manager are net to the County excluding sales tax, delivery, transit insurance and other expenses of delivery. Manager shall cooperate if the County elects to self accrue Sales or Use Tax. Amounts deposited in an investment agreement, bank money market funds or sweep account, if any, shall not be included in calculating the Daily Net Assets Under Management which are subject to management fees.

**9. Term.** This Agreement is for a term of four years with annual renewal options as agreed upon by both parties.

No Assignment, as that term is defined in the Investment Advisers Act of 1940, of the Agreement shall be made by Manager without the written consent of County.

## **10. Termination.**

### **10.1 Termination by COUNTY**

This Agreement may be terminated by COUNTY for any or all of the following reasons: any default by Manager, for the convenience of COUNTY, in the event of the insolvency of, or declaration of bankruptcy by Manager or in the event sufficient appropriated, otherwise unobligated funds no longer exist for the payment of COUNTY's future obligations herein.

### **10.2 Termination for Default**

The failure of Manager to comply with any material term, condition, or provision of this Agreement shall constitute default. In the event of default, COUNTY shall notify Manager of the specific act or omission by Manager which constitutes default. Manager shall have ten (10) business days from the date of receipt of such notification to correct such default. Termination for default shall be accomplished immediately upon written notice.

### **10.3 Termination for Convenience**

COUNTY may terminate this Agreement in whole or in part whenever for any reason COUNTY determines that such termination is in the best interest of COUNTY. In such event, COUNTY shall provide not less than thirty (30) days written notice to Manager and termination shall be effective as of the date and time specified therein. The Agreement shall terminate without further obligation of COUNTY as of that date, except Manager shall be paid for all work performed up to that time and COUNTY shall return all hardware and software components which have not been fully paid for.

### **10.4 Termination for Bankruptcy or Insolvency**

In the event Manager shall cease conducting business in the normal course, become insolvent, make a general assignment for the benefit of creditors, suffer or permit the appointment of a receiver for its business or its assets or shall avail itself of, or become subject to, any proceeding under the Federal Bankruptcy Act or any other statute of any state relating to insolvency or the protection of rights of creditors, the COUNTY may terminate this agreement in whole or in part upon no less than thirty (30) days written notice to Manager. In such event of termination, COUNTY shall provide written notice to Manager and termination shall be effective as of the date and time specified therein.

#### 10.5 Termination for Unavailability of Funds

Notwithstanding any other provision of this Agreement, the Parties agree that the charges hereunder are payable by COUNTY solely from appropriated, otherwise unobligated funds. In the event such funds are determined in the sole discretion of COUNTY to no longer be available or to be insufficient with respect to the charges payable pursuant to this Agreement, COUNTY shall promptly notify the Manager, and the County may terminate this Agreement without further obligation of COUNTY up to the effective date of termination, except Manager shall be paid for all work performed to such date.

#### 10.6 Procedure upon Termination

Upon termination of this Agreement by COUNTY, Manager shall:

10.6.1 Provide services under this Agreement up to the date and to the extent specified in the notice of termination;

10.6.2 Take such action as may be necessary, or as COUNTY may direct, for the protection and preservation of any and all property or information related to this Agreement which is in the possession of Manager.

10.6.3 Within ten (10) business days from the effective date of termination, deliver to COUNTY any and all property or information related to this Agreement that is in the possession of Manager.

#### 10.7 Payment on Termination for Convenience

If this Agreement is terminated for the convenience of COUNTY, COUNTY shall pay Manager for services rendered by Manager up to the effective date of termination.

**11. Notices.** Unless otherwise specified, all notices and instructions with respect to security transactions shall be deemed duly given when received in writing by either party at the address set forth below or to such other addresses as such parties shall notify the other in writing and to the Custodian at such address as it may specify to the Manager in writing, or at such other address or addresses as shall be specified. The Manager may rely upon any notice (written, faxed, or emailed) that is signed by an authorized representative of the County.

All other notices shall be in writing and deemed given when personally delivered or three (3) days after deposited in the United States mail, first class postage prepaid, return receipt requested, addressed to the person to whom notice is given at the addresses set forth below or at any other address designated by notice by a party:

To COUNTY Representative:

Name	Tammi Davis
Title	Washoe County Treasurer
Address	P O Box 30039 Reno, NV 89520-3039
Phone	775-328-2525
Fax	775-328-2500

To MANAGER:

Name	Rick Phillips
Title	President and Chief Investment Officer
Address	10655 Park Run Drive, Ste 120 Las Vegas, NV 89144
Phone	702-575-6666
Fax	702-575-6670

The County will notify the Manager of the designation of authorized parties in addition to the County Representative.

**12. Representations by County.** Except as expressly provided otherwise herein, the County shall pay all of its own expenses including, without limitation, taxes, commissions, fees and expenses of the County's independent auditors and legal counsel, if any, brokerage and other expenses connected with the execution of portfolio security transactions, insurance premiums, fees and expenses of the custodian of the Account including safekeeping of funds and securities and the keeping of books and accounts.

County is interested only in the results obtained under this Agreement. The manner and means of achieving the results are subject to Manager's discretion and control. Manager is an independent contractor for all purposes and is not an employee or agent of County. Nothing in this Agreement shall authorize or empower Manager to speak for, represent or obligate County in any way, other than as specifically authorized in advance in writing by County. Manager shall be solely responsible for filing appropriate federal, state, and local tax returns, and paying all such taxes or fees, including estimated taxes and employment taxes due, with respect to Manager's receipt of payments under this Agreement

**13. Representation by Manager.** By execution of this Agreement, Manager represents and confirms that it is registered as an investment Manager under the Investment Advisers Act of 1940, as amended, and that it has completed, obtained or performed all other registrations, filings, approvals, authorizations, consents or examinations required by any government or governmental authority for the performance of the acts contemplated by this Agreement, including without limitation Chapter 90 of the Nevada Revised Statutes and Chapter 90 of the Nevada Administrative Code. MANAGER agrees that it shall immediately notify the County if at any time during the term of this Agreement its status under those federal and state laws and regulations changes. The County acknowledges receipt of Parts 2A and 2B of each Manager's

Form ADV as required by Rule 204-3 under the Investment Advisers Act of 1940 prior to the date of execution of this Agreement.

The personnel of the Manager who will be responsible for carrying out this Agreement are individuals experienced in the performance of the various functions contemplated by the Agreement and have not, within the last two years, been convicted of any crime or pleaded *nolo contendere* or agreed to any consent decree with respect to any matter involving breach of trust or fiduciary duty or securities law violations.

The Manager shall furnish at its own expense all necessary administrative services, office space, equipment, clerical personnel, telephone and other communication facilities, travel, investment management facilities, and executive and supervisory personnel for managing the investments and costs when attending meetings at the County.

**14. Construction and Severability.** The provisions of this Agreement are severable. If any part of this Agreement is held to be invalid or unenforceable, such holding will not affect the validity or enforceability of any other part of this Agreement so long as the remainder of the Agreement is reasonably capable of completion.

**15. Dispute Resolution/Choice of Laws/Venue**

15.1 Law of Nevada applies.

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Nevada, and laws, rules and regulations of Washoe County.

15.2 Venue

The proper venue for any judicial dispute arising under this Agreement shall be Washoe County, Nevada or, if appropriate, the Federal District Court sitting in Washoe County, Nevada.

15.3 Dispute Resolution

15.3.1 Mediation

Should any dispute arise out of this Agreement, any party may demand in writing that it be submitted to mediation. The parties shall meet in mediation within 30 days of a selection of a mediator. The mediating parties shall agree to the mediator within 10 days of the delivery of the demand. In the absence of an agreement, the parties shall select a mediator from a list of at least 7 mediators provided by the American Arbitration Association obtained by the party requesting mediation within 14 days of the delivery of the demand for mediation. The mediator shall be selected by striking names until only one name remains. The party requesting mediation shall strike the first name.

The cost of mediation shall be borne equally by the parties. Neither party shall be deemed the prevailing party. No party shall be permitted to file a legal action

without first meeting in mediation and making good faith attempt to reach a mediated settlement. The mediation process, once commenced by a meeting with the mediator, shall last until agreement is reached by the parties but no more than 10 days, unless the maximum time is extended by the parties.

**16. Record Retention and Inspection.** The Manager shall maintain appropriate records of all its activities hereunder. The Manager shall provide the County with a monthly statement showing deposits, withdrawals, purchases and sales (or maturities) of investments, related gains and losses, earnings received, and the value of assets held on the last business day of the month. The statement shall be in the format and manner that is mutually agreed upon by the Manager and the County.

The Manager is required to maintain all records and documents relating to the purchase, sale or exchange of the assets in the Account, or any payment made or received thereto for twenty-four months after the termination of the agreement. The County or its designated representative has the right to inspect the records of the Manager during normal business hours.

**17. Prior Agreements.** This Agreement supersedes all prior understandings and agreements between the County and the Manager relating to the subject matter of this Agreement. Such prior understandings and agreements are canceled, and full payment by the County to the Manager for services rendered by the Manager to the date of this Agreement shall be due and owing to the Manager.

**18. Reports from Manager.** Manager will provide reports to the County as outlined in Exhibit A, and other reports determined to be necessary from time to time. Reports of performance shall be presented in compliance with Global Investment Performance Standards (GIPS). The Manager shall also provide a written reconciliation to the Custodian's records on a monthly basis.

**19. Confidential Relationship.** All information and advice furnished by either party to the other hereunder, including their respective agents and employees, shall be treated as confidential and shall not be disclosed to third parties except as required by law or by regulatory or judicial process.

**20. Errors and Omissions Insurance.** The Manager shall provide and maintain at its own expense during the term of this agreement Errors and Omissions Insurance or Professional Liability Insurance covering the negligent acts, errors or missions in the performance of professional service, in an amount of not less than \$1,000,000.

Failure on the part of the Manager to produce or maintain the required insurance shall constitute a material breach of contract upon which Washoe County may immediately terminate this Agreement.

**21. Insurance.**

Washoe County has established specific indemnification and insurance requirements for agreements/contracts with Contractors to help assure that reasonable insurance coverage is maintained. Indemnification and hold harmless clauses are intended to assure that Contractors accept and are able to pay for the loss liability related to their activities. Exhibit D is included by

reference. All conditions and requirements identified in this Attachment shall be completed prior to the commencement of any work under this Agreement.

If this provision is not complied with, the Contract shall be void, and any failure or refusal to comply with this provision shall render the Contract void.

#### 21.1 Acceptability of Insurers

Insurance is to be placed with insurers with a Best's rating of no less than A-VII. County, with the approval of the County's Risk Manager, may accept coverage with carriers having lower Best's ratings upon review of financial information concerning Manager and insurance carrier. County reserves the right to require that Manager's insurer be a licensed and admitted insurer in the State of Nevada, or on the Insurance Commissioner's approved but not admitted list.

#### 21.2 Verification of Coverage

Manager shall furnish County with certificates of insurance and with original endorsements affecting coverage required by this section. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. **All certificates and endorsements are to be addressed to the Purchasing and Contracting office and be received and approved by County before work commences.** County reserves the right to require complete certified copies of all required insurance policies at any time.

#### 21.3 Subcontractors

Manager shall include all Subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each Subcontractors. All coverages for Subcontractors shall be subject to all of the requirements stated herein.

#### 21.4 Miscellaneous Conditions

21.4.1 Manager shall be responsible for and remedy all damage or loss to any property, including property of County, caused in whole or in part by Manager, any Subcontractor, or anyone employed, directed, or supervised by Manager.

21.4.2 Nothing herein contained shall be construed as limiting in any way the extent to which Manager may be held responsible for payment of damages to persons or property resulting from its operations or the operations of any Subcontractors under it.

21.4.3 In addition to any other remedies, County may have if Manager fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, County may, at its sole option:

21.4.4 Purchase such insurance to cover any risk for which County may be liable through the operations of Manager under this Agreement and deduct or retain the



amount of the premiums for such insurance from any sums due under the Agreement;

21.4.5 Order Manager to stop work under this Agreement and/or withhold any payments which become due Manager here under until Manager demonstrates compliance with the requirements hereof; or,

21.4.6 Terminate the Agreement.

21.5 Cancellation Notice

This policy shall not be canceled or materially changed without first giving thirty (30) days prior written notice to County.

21.6 Waiver of Subrogation

Excepting professional liability, Manager and Manager's insurers agree to waive all rights of subrogation against the County, its officers, agents, employees, or volunteers, for losses paid under the terms of the Manager policy that arise from work performed by the named insured for County.

**22. Waiver.** No waiver of a breach of any provision of this Agreement by either party shall constitute a waiver of any other breach of said provision or any other provision of this Agreement. Failure of either party to enforce at any time, or from time-to-time, any provision of this Agreement shall not be construed as a waiver thereof. The remedies herein reserved shall be cumulative and additional to any other remedies in law or equity. No waiver shall be enforceable unless set forth in writing and signed by the party granting the waiver.

**23. Changes and Amendments.** No provision of this Agreement may be changed, altered, amended, or waived except by written instrument executed by the Parties.

**24. Changes to Manager Key Personnel and Successor to Manager.** The Manager shall immediately notify County, in writing, of any changes in key personnel within its organization and assigned to the oversight of the Account (as defined in Section 2). If Manager is a partnership, Manager shall promptly notify County of changes in Manager's partners. If Manager is a corporation, Manager shall promptly notify County of all material changes in ownership.

**25. Assurance of Compliance with Civil Rights Laws.** Every supplier of materials and services and all Manager's business with the COUNTY shall be in compliance with applicable provisions of the Americans with Disabilities Act of 1990, and shall be an equal opportunity employer as defined by Title VII of the Civil rights Act of 1964. As such, Manager shall not discriminate against any person on the basis of race, religious creed, color, national origin, ancestry, disability, medical condition, marital status, age, sexual orientation, transgender status or sex with respect to hiring, application for employment, tenure or terms and conditions of employment. Manager agrees to abide by all of the foregoing statutes, regulations and ordinances and resolutions.

**26. Assurance of Compliance with Appropriate Laws and Regulations at the Federal State and Local Levels.** Manager hereby confirms that Manager will comply with all appropriate and applicable federal, state and local laws and regulations in carrying out this Agreement.

**27. Assurance of Compliance with Ethics Rules.** Manager confirms that it has implemented and is in compliance with SEC Rule 204A-1, regarding the adoption of a Code of Ethics and SEC Rule 206(4)-7, relating to adoption of internal policies and the creation of a Chief Compliance Officer role.

**28. Disciplinary Actions.** The Manager shall promptly give notice to the COUNTY if the Manager shall have been found to have violated any state or federal securities law or regulation in any final and unappealable judgment in any criminal action or civil suit in any state or federal court or in any disciplinary proceeding before the Securities and Exchange Commission or any other agency or department of the United States, any registered securities exchange, the Financial Industry Regulatory Authority, or any regulatory authority of any State based upon the performance of services as an investment Manager.

**29. Force Majeure.** Neither party shall be responsible for delays resulting from causes beyond the control of the party including, but not limited to, delays resulting from governmental action, inability to obtain services, power failure, acts of God or the failure of any product or service neither manufactured nor provided by the parties.

**30. No Third Party Beneficiaries.** This Agreement is not intended to create any right in or for the public, or any member of the public, any subcontractor, supplier or any other third party, or to authorize anyone not a party to this Agreement to maintain a suit to enforce or take advantage of its terms.

**31. Conflict of Interest.** Manager hereby certifies that no officer, agent or employee of County who may have a pecuniary interest in this Agreement has participated in the contract negotiations on the part of the County.

**32. Certification Manager has Read and Understands Washoe County's Investment Management Plan.** Manager certifies that key personnel have reviewed and understand the County's Investment Management Plan (Exhibit B), and that processes will be in place to assure that all transactions made on behalf of the County will comply with that plan. The County agrees that it will promptly deliver to the Manager any amendments or other changes to the Investment Management Plan.

**33. Certification that Signatory Authorized to Enter Into Agreement**  
Manager certifies that the individual executing this Agreement on behalf of the Manager has full authority to enter into such an Agreement on behalf of Manager.

**34. Miscellaneous Provisions**

34.1 Modifications

This Agreement may be modified only by mutual agreement by the Parties in writing.

#### 34.2 Waiver

No term or condition of this Agreement shall be deemed to have been waived, nor shall there be an estoppel against the enforcement of any provision, except by written instrument of the party charged with such waiver or estoppel. No such written waiver shall be deemed a continuing waiver unless specifically stated therein and each such waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than that specifically waived.

#### 34.3 Headings

The headings of parts, sections and subsections used in this Agreement are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

#### 34.4 Number and Gender

Whenever applicable within this Agreement, the singular shall include the plural and the plural shall include the singular and a pronoun of one gender shall refer to any appropriate gender.

#### 34.5 Severability

Unless expressly provided otherwise, the provisions of this Agreement are severable, and the unenforceability of any provision shall not affect the enforceability of any other provision of this Agreement.

#### 34.6 Inurements

The terms of this Agreement shall inure to the benefit of the Parties, including their successors and permissible assigns, if any.

#### 34.7 Counterparts

This Agreement may be executed simultaneously or concurrently in one or more counterparts, each of which shall be deemed a duplicate original but all of which together shall constitute one and the same agreement.

#### 34.8 Entire Agreement

The making, execution and delivery of this Agreement has been induced by no representations, statements, warranties or other agreements except as expressed by the written terms of this Agreement. The parties agree that this Agreement may not in any way be contradicted by a prior or existing course of dealing between them or by any usage of trade or custom.

#### 34.9 Limitation of Liability

By Manager: County will not waive and intends to assert available defenses and limitations contained in Chapter 41 of the Nevada Revised Statutes. Contract liability of both parties shall not be subject to punitive damages. Actual damages for the County's breach of this Agreement shall never exceed the amount of funds that have been appropriated for payment under this Agreement, but not yet paid, for the fiscal year budget in existence at the time of the breach.

#### 34.10 Independent Contractor Status.

Contractor is performing the services and duties required under this Agreement as an independent Contractor and not as an employee, agent, or partner of the County.

34.10.1. Contractor may retain employees or other personnel to perform the services required by this Agreement. Such employees or other personnel will be the obligation of the Contractor. Contractor's employees or other personnel are not County employees.

34.10.2. Unless otherwise provided in Exhibit D, Contractor is responsible for all expenses without reimbursement.

34.10.3. Neither Contractor nor any personnel are employees of County and waive any and all claims to benefits otherwise provided to employees of the County, including, but not limited to, health insurance, Nevada Public Employees Retirement System (PERS) or other retirement benefits, unemployment benefits, and liability and worker's compensation insurance.

34.10.4. Contractor represents and warrants that if Contractor, or any employee of Contractor who will be performing services under this Agreement, is a current employee of the County or was employed by the County within the preceding 24 months, Contractor has disclosed the identity of such persons, and the services that each such person will perform.

34.10.5. County and Contractor agree that this Agreement does not constitute an exclusive relationship. Nothing in this Agreement shall be construed as a limitation upon the right of the Contractor to engage in any other consulting agreement, service contract, business venture or other activity.

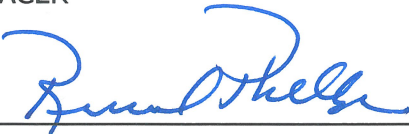
**35. Effective Date.** The effective date of this Agreement is July 1, 2021.

Agreed and Accepted this \_\_\_\_\_ Day of \_\_\_\_\_, 2021.

WASHOE COUNTY

MANAGER

By: \_\_\_\_\_  
Bob Lucey, Chair  
Washoe County Commission

By:  \_\_\_\_\_  
Title: PRESIDENT

ATTEST:

\_\_\_\_\_  
Washoe County Clerk

# INVESTMENT SERVICES AGREEMENT

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# EXHIBIT “A”

# **Exhibit A**

## **Investment Management Services**

FHN Financial Main Street Advisors (MANAGER) shall provide the following investment management services to the COUNTY:

### **1. Discretionary Management of COUNTY Assets**

- 1.1 Provide investment management of the Funds assigned by the COUNTY by written notice to MANAGER (collectively the "Managed Funds"). MANAGER will provide investment research and supervision of the COUNTY's Managed Funds investments and conduct a continuous program of investment, evaluation and, when appropriate, sale and reinvestment of the COUNTY's Managed Funds assets. MANAGER shall continuously monitor investment opportunities and evaluate investments of COUNTY's Funds. MANAGER shall furnish the COUNTY with statistical information and reports with respect to investments of the Managed Funds.
- 1.2 MANAGER shall place all orders for the purchase, sale, loan or exchange of portfolio investments for the COUNTY's Managed Funds with brokers or dealers recommended by MANAGER and/or COUNTY, and to that end the MANAGER is authorized as agent of the COUNTY to give instructions to the depository designated by the COUNTY as its custodian as to deliveries of investments and payments of cash for the account of the COUNTY. The depository designated by the COUNTY shall have custody of cash, assets and investments of the COUNTY. MANAGER shall not take possession of or act as custodian for the cash, securities or other assets in the Managed Funds and shall have no responsibility in connection therewith.
- 1.3 In connection with the selection of such brokers and dealers and the placing of such orders, MANAGER is directed to seek for the COUNTY the most favorable execution and price, the determination of which may take into account, subject to any applicable laws, rules and regulations, whether statistical, research and other information or services have been or will be furnished to the MANAGER by such brokers and dealers. MANAGER will observe the instructions of the COUNTY with respect to broker/dealers who are approved to execute transactions involving the COUNTY's Managed Funds and in the absence of such instructions will engage broker/dealers which MANAGER reasonably believes to be reputable, qualified and financially sound in accordance with COUNTY's investment policies.
- 1.4 Authorized investments shall include only those investments which are currently authorized by the Nevada Revised Statutes (NRS), the COUNTY's written Investment Management Plan, bond covenants and as supplemented by such other written instructions as may from time to time be provided by the COUNTY to MANAGER. The COUNTY agrees to promptly provide to MANAGER any amendments or other revisions to the Investment Management Plan.

### **2. Investment Oversight Services**



MANAGER will provide the following additional services for all of the COUNTY's invested assets.

1. Advice/Training

- Monthly strategy conference call/report to include:
  - market commentary and trends, including yield curve analysis
  - cash flow projections
  - Strategy review for previous month – including detail of swaps/trades
  - Strategy recommendations for future
  - performance reporting.
- Ad-hoc discussions with COUNTY regarding maturities, investment strategy review, reinvestment, credit analysis, legislative changes and other factors that may impact the COUNTY's revenues, expenditures, and/or Investment Management Plan.
- Ad-hoc assistance with information needed for presentations related to COUNTY investments, as well as markets and the economy.
- Serve as a general resource to COUNTY for information and training.
- Up to two days per year of structured training to COUNTY staff at COUNTY site, as requested.

2. Detailed cash flow analysis

- Creation of flexible, detailed model to analyze the COUNTY'S specific cash flows and determine prudent balance for Group A, and Group B funds
- Model to be updated periodically to assure appropriate allocation for Group A

3. Bond Proceeds investment

- Analyze and restructure existing bond proceeds investments to ensure compliance with all applicable IRS regulations and to maximize each issue's retainable earnings
- Analyze and place investments for future bond issues
- Assess each issue's investments on an ongoing basis to reflect changing market conditions and revised draw schedules

4. Review and Evaluation Services:

- Perform due diligence reviews of current and proposed broker/dealers
- Monitor and report on credit exposure and risk of portfolios. Immediately report material events which affect portfolios (NRS 355.171). Provide information on credit for particular sectors/industries.
- Evaluate safekeeping and custodial procedures and agreements.
- Provide annual review and recommendations for update to Investment Management Plan and Investment Policies. Review will include analysis of NRS and other regulatory requirements, impact of any changes to those, and any resulting recommendations.

5. Credit Analysis

- Provide advice on appropriate credit review procedures/framework.
- Provide advice on changes in the credit profile of particular industries and/or sectors.
- Share information on a timely basis with the COUNTY about changes in any credits on the COUNTY's internal approved lists, or any securities held by the COUNTY.
- At COUNTY's request, research any specific credit issues or issuers.

## 6. Reporting:

All reports containing information on cost must include original, as well as amortized costing. MANAGER should provide online statement/electronic reporting options.

### Monthly-

Preparation of Global Investment Performance Standards (GIPS) compliant portfolio reports for all Groups, separately (Group A, B, C) and combined (Group A and B). The preparation includes monthly reconciliation with the custodial bank statement for all Group portfolios.

The monthly report will include the following:

- Portfolio Summary and Statistics
- Issuer Summary
- Detail of Securities Held
- Fair Market Values and Analytics
- Transaction and Interest Detail
- Current month gains and losses Cash and accrual basis accounting
- Provide online access to reports within 5 business days of month end
- Provide ability to download transaction detail of investment activity

### Quarterly-

Preparation of performance reporting for Groups A and B, separately and combined. Topics to be included in this report should include, but not be limited to:

- Economic review and outlook
- Investment strategy—current quarter and upcoming quarter
- Compliance with Nevada statutes and COUNTY Investment Policy
- Performance vs. established benchmark
- Portfolio composition and duration

MANAGER will be available to formally present quarterly information to COUNTY Investment Committee during scheduled public meetings.

### Annually-

Respond to inquiries from internal and external auditors to assist COUNTY in the completion of COUNTY's Comprehensive Annual Financial Report.

- Provide arbitrage review and results.

Provide year end reporting as required by COUNTY to include, but not limited to:

- Callable & Step Up security information as of June 30
- Investment Maturities as of June 30

Provide information for annual review, including but not limited to:

- Credit monitoring procedures
- Broker/Dealer approval process
- Most recent SEC Form ADV Part 2

# **EXHIBIT “B”**

# **WASHOE COUNTY INVESTMENT MANAGEMENT PLAN**

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## INTRODUCTION

In September, 2019, the Washoe County Board of County Commissioners adopted the updated **Washoe County Investment Policies**, a six page document that contains general guidelines for investing the financial assets of Washoe County. This document, the **Investment Management Plan**, was developed by the Treasurer's office and the Investment Committee. It is designed to assist staff in day-to-day investment operations and is the tool to allow for committee direction and input. It is organized to follow the investment policies. Text in italics at the beginning of each section of this document is taken directly from the investment policies document.

## MISSION STATEMENT

**The mission of the Washoe County Investment Committee is to maintain and manage a high-quality, secure portfolio with sufficient liquidity to meet expected and unexpected cash flow needs, while generating an appropriate rate of return that will grow the portfolio over time.**

## SCOPE

*This policy applies to all general financial assets of Washoe County, Nevada, those held in the public interest in the County's fiscal capacity, and those held in trust or agency capacity for other governmental entities per approved agreements. These funds are accounted for and audited as part of the County's Annual Financial Report.*

This policy does not govern bond proceeds allocable to the County. Such funds are governed by their individual bond documents in accordance with IRS regulations.

General financial assets are funds managed by the Treasurer for all County Departments and Agencies. Separate banking accounts, petty cash or other financial assets may be approved for special Department use and are not covered by this policy.

The Treasurer shall enter into depository agreements with all external entities for whom funds are held and invested. A list of such agreements is hereby attached as Appendix "A" and is regularly updated by the Treasurer.

## DELEGATION AND AUTHORITY

*The Board of County Commissioners has overall responsibility for investment of County funds in accordance with NRS 355.175. The Washoe County Chief Investment Official is the Washoe County Treasurer, under authority delegated by the Board of County Commissioners. The Treasurer may delegate investment responsibilities to treasury staff members. The County Treasurer and delegated staff are the Investment Officers of Washoe County.*

The current authorized Investment Officers for Washoe County, determined by title, are:

Washoe County Treasurer  
Chief Deputy Treasurer  
Assistant Chief Deputy Treasurer

Additionally, the Board of County Commissioners may enter into an agreement with an external investment advisor for investment management services for all or part of the County's portfolio. Said agreement shall be on file with the Treasurer's office.

## **PRUDENCE**

The standard of prudence to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio, rather than considering specific investments in isolation. Investment officers acting in accordance with written procedures and this investment policy 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 a timely fashion and any required liquidation or sale of securities is carried out in accordance with the terms of the adopted policies.

The prudent investor rule requires that investors act as a prudent investor would, with care, skill, caution, and diligence under circumstances then prevailing, considering the entire portfolio and overall investment strategy.

## **AUTHORIZED DEALERS & FINANCIAL INSTITUTIONS**

The Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services to the County. The criteria for approving and monitoring a financial institution or broker/dealer is based on a Government Finance Officers Association publication (copyright 1994), titled An Introduction to Broker/Dealer Relations for State and Local Governments by Corinne Larson.

### **Approving a Broker/Dealer**

The Treasurer will identify the important issues of the investment program and the pertinent qualifications of each institution and broker/dealer. To accomplish this task, the "Broker/Dealer Request for Information" form will be sent to a prospective candidate(s) for completion. All information requested must be provided before the Treasurer will evaluate and recommend acceptance or rejection of the Broker/Dealer to the Investment Committee as an authorized Broker/Dealer.

Upon receipt of all required information, the Treasurer will proceed to verify the data submitted, evaluate the results and make the appropriate recommendation to the Investment Committee at the next scheduled meeting.

The evaluation process will include financial statement review, capital adequacy standards, verification of federal and state registrations/licensing, review of staff qualifications, reference checks and satisfactory explanation of any deficiencies identified as a result of this process.

No broker/dealer will be engaged to conduct investment business for Washoe County until qualified by this process.

Upon approval of the Investment Committee, the Broker/Dealer will be sent an Agreement for Securities Service for execution and be required to give a statement that they have read and agree to adhere to the purpose and intent of the Investment Policy and diligently observe the limitations regarding investment types allowed by Nevada state law.

After these documents have been properly executed and returned to the Treasurer, the broker/dealer will be given the opportunity to do business with the county.

### **Monitoring Broker/Dealer Services**

In monitoring the services provided by a broker/dealer, primary consideration should be given to the evaluation of comparative pricing, the frequency of failed transactions and compliance with these procedural investment guidelines, and willingness to provide desired portfolio analysis reports on a periodic basis.

Failure to continue to meet the minimum requirements for selection will result in the immediate removal of the broker/dealer from the approved list pending review by the Investment Committee and/or reapplication for approval.

Dealers shall submit audited financial statements annually, and the Treasurer will conduct a follow-up background inquiry on brokers and dealers on the approved list at least once each year.

### **Financial Institutions**

The Treasurer shall maintain service agreements with all financial institutions with which the Treasurer conducts business.

### **External Managers**

If the County contracts with external investment advisors, the Treasurer may approve and use a list of authorized broker/dealers provided by the investment advisor. The external investment advisor agrees to include the County's approved brokers to solicit bids for the County transactions.

The external management firm's policies and procedures, as accepted by the Investment Committee, shall be on file with the County Treasurer's office. The investment management services shall be performed in accordance with the proposal of services approved by the Investment Committee.



**DIVERSIFICATION--Investment Parameters (George A. Nielsen, President, American Money Management Associates, Inc. recommends that entities do not limit or overly restrict themselves in this area.)**

*The investment portfolio shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Maturities selected shall provide for stability of income and reasonable liquidity. Diversification strategies shall be determined and revised periodically by the investment committee.*

*Investment maturities for funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures (payroll, bond payments) as well as considering sizable blocks of anticipated revenue (property tax apportionment, consolidated tax distributions). Any known, but non-routine, expenses and revenues will also be considered.*

**Authorized Investment Instruments**

The County is initially limited to those instruments authorized by Nevada Revised Statutes. The Treasurer and any external investment advisor is further limited to the following securities having been approved by the Investment Committee as appropriate investments for the County.

- Maximum limitations for all authorized instruments are applied as determined at the time of purchase.
- If the credit ratings of an obligation are reduced to a level that would not meet the purchase requirements of that paragraph, the investment advisor must report the reduction in rating to the Treasurer. The Treasurer, in consultation with the investment advisor, will take such action as deemed appropriate to preserve the principal value and integrity of the portfolio as a whole. The Treasurer will report to the Investment Committee any action taken pursuant to this paragraph.

1. a. Direct obligations of the U.S. Treasury--Treasury Bills and Notes

Maximum Term	10 years
Maximum Single Purchase	No Limit
Maximum Aggregate Position	No Limit

- b. Securities backed by the full faith and credit of the United States government--Government National Mortgage Association (GNMA), Small Business Administration (SBA) loans or pools.

Maximum Term	10 years
Maximum Single Purchase	No Limit
Maximum Aggregate Position	No Limit

2. a. Securities backed by Federal Agencies--Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Institutions (FHLB), Student Loan Marketing Association (SLMA), Federal Farm Credit Institution (FFCB), Federal Housing Administration (FHA)

Maximum Term	10 years
Maximum Single Purchase	No Limit
Maximum Percent Per Issuer	35% of portfolio
Maximum Aggregate Position	No Limit

- b. Agency-Issued Mortgage-Backed Securities--FNMA, FHLMC, GNMA

Maximum Term	10 years
Maximum Single Purchase	No Limit
Maximum Percent Per Issuer	15% of portfolio
Maximum Aggregate Position	40% of portfolio

3. Bonds, notes or other obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, the International Finance Corporation or the Inter-American Development Bank that are denominated in United States dollars and are a senior unsecured unsubordinated obligation. Securities shall be rated at least “AA” or its equivalent by at least one nationally recognized rating service.

Maximum Term	5 years
Maximum Percent Per Issuer	15% of portfolio
Maximum Aggregate Position	15% of total par value of portfolio

4. Bonds, notes or other obligations publicly issued in the United States by a foreign financial institution, corporation or government that are denominated in United States dollars and are a senior unsecured unsubordinated obligation. Securities shall be purchased from a registered broker-dealer, publicly traded and be registered with the Securities and Exchange Commission in accordance with the provisions of the Securities Act of 1933, §§ 77a *et seq.*, as amended. Securities must be rated “AA” or its equivalent or higher by at least one nationally recognized rating service.

Maximum Term	5 years
Maximum Percent Per Issuer	5% of portfolio
Maximum Aggregate Position	10% of total par value of portfolio

5. Notes, bonds and other unconditional obligations for payment of money issued by corporations organized and operating in the United States purchased from a registered broker-dealer and are rated “A” or higher by at least one nationally recognized rating service.

- |                            |                                     |
|----------------------------|-------------------------------------|
| Maximum Term               | 5 years                             |
| Maximum Percent Per Issuer | 5% of total par value of portfolio  |
| Maximum Aggregate position | 25% of total par value of portfolio |
6. Asset-backed securities that are rated by a nationally recognized rating service as “AAA” or its equivalent.
- |                            |                  |
|----------------------------|------------------|
| Maximum Weighted Avg Life  | 5 years          |
| Maximum Percent Per Issuer | 5% of portfolio  |
| Maximum Aggregate position | 20% of portfolio |
7. a. Negotiable medium-term obligations issued by local governments of the State of Nevada. Pursuant to NRS 355.177, the County may not invest in its own securities of any kind. Bonds shall be rated at least A by a nationally recognized statistical rating organization.
- b. Obligations of state and local governments if the interest on the obligation is exempt from gross income for federal income tax purposes. Bonds must be rated “A” or higher by one or more nationally recognized bond credit rating agencies.
- Combined limits for instruments authorized by 7. a. and b.:
- |                            |                  |
|----------------------------|------------------|
| Maximum Term               | 5 years          |
| Maximum Percent Per Issuer | 10% of portfolio |
| Maximum Aggregate position | 20% of portfolio |
8. Repurchase Agreements with banks who qualify as counterparties under NRS 355.170(2)(a) and have executed a written master repurchase agreement with the Treasurer. Agreements are limited to the purchase of securities which are otherwise authorized by this Investment Management Plan. Securities, or their sole, fully perfected, first-priority security interest, will be held by the County’s designated custodial agent.
- |                                |          |
|--------------------------------|----------|
| Maximum Term                   | 90 days  |
| Maximum Term to Maturity       | 10 years |
| Maximum Aggregate Position     | No Limit |
| Must be collateralized at 102% |          |
9. Bankers’ acceptances
- |                            |                                       |
|----------------------------|---------------------------------------|
| Maximum Term               | 180 days                              |
| Maximum Percent Per Issuer | 5% of portfolio                       |
| Maximum Aggregate Position | 20% of money available for investment |
10. Commercial Paper issued by a corporation organized and operating in the United States or by a depository institution licensed by the United States or any state and operating in the United States and must be rated “A-1,” “P-1” or its equivalent, or better by at least one nationally recognized rating service.

- |                            |                                     |
|----------------------------|-------------------------------------|
| Maximum Term               | 270 days remaining                  |
| Maximum Percent Per Issuer | 5% of total par value of portfolio  |
| Maximum Aggregate Position | 25% of total par value of portfolio |
11. Negotiable certificates of deposit issued by commercial banks, insured credit unions or savings and loan associations.
- |                            |                  |
|----------------------------|------------------|
| Maximum Percent Per Issuer | 5% of portfolio  |
| Maximum Aggregate Position | 20% of portfolio |
12. Certificate of Deposit (must be federally insured). Individual purchases greater than \$250,000 per banking institution must be fully collateralized in excess of insured amounts.
13. Money Market Funds registered with the Securities and Exchange Commission, rated AAA or its equivalent, and invested only in:
- I) Securities issued by the Federal Government or agencies of the Federal Government;
- (II) Master notes, bank notes or other short-term commercial paper rated by a nationally recognized rating service as “A-1,” “P-1” or its equivalent, or better, issued by a corporation organized and operating in the United States or by a depository institution licensed by the United States or any state and operating in the United States; or
- (III) Repurchase agreements that are fully collateralized by the obligations described in subparagraphs (I) and (II).
- |                            |   |
|----------------------------|---|
| Terms                      | Same as cash, available daily<br>pay interest monthly |
| Maximum Aggregate Position | 45% of MM fund assets                                 |
14. Local Government Pooled Investment Fund (LGIP) as created under NRS 355.167 and pursuant to an executed Depository Agreement between the County and the Nevada State Treasurer.
- |                            |   |
|----------------------------|---|
| Terms                      | Same as cash, available daily<br>Pay interest monthly |
| Maximum Aggregate Position | 25% of LGIP fund assets<br>20% of portfolio           |

### **Adding Investment Options to the “APPROVED LIST”**

Upon recommendation of any committee member, additional investment instruments will be reviewed and analyzed by the Investment Committee. Upon satisfaction that the proposed instrument is a suitable investment for the County, that option will be added to the APPROVED INVESTMENT LIST with appropriate conditions and limitations.

## **Investment Structure and Strategies**

### **GROUP A “Cash Flow Horizon”**

Instruments: All approved investments.

Maturities: One year and less

Purpose: Liquidity “pool” to accommodate cash flow needs such as immediate operational expenditures and apportionments to funds and other agencies.

Parameters: Based on projected cash flow for the next twelve to eighteen months

### **GROUP B “County Core Portfolio”**

Instruments: All approved investments

Maturities: Zero to ten years, managed in line with a custom benchmark balancing both risk and return in the development of long-term capital growth.

Purpose: Long-term capital growth and planned cash requirements.

### **GROUP C “Bond Proceeds”**

Instrument: All approved investments, unless further restricted by an issue’s governing bond documents.

Maturities Based on each bond issue’s documents and the specific project expenditure requirements.

Purpose: Invested to match specific project draw schedule requirements.

## **Strategic Rationale of Three Group Plan**

The Three Group Plan will ensure sufficient operating funds are available for cash flow needs while also dedicating a portion of the County’s aggregate portfolio to long-term capital growth.

- Group A and B portfolios will work in concert with one another for liquidity, while Group B will also strive to maximize the County’s overall return with active portfolio management strategies.
- Comprehensive cash flow analyses will be used to determine the appropriate allocation among the two operating fund Group portfolios.
- Group C will be reserved for the investment of proceeds from debt or other special financings where investment opportunities can be matched to the specific project expenditure/draw schedule for optimum returns. Each bond issue will be analyzed and managed separately, ensuring appropriate liquidity to meet project expenditures and compliance with applicable bond documents.
- All Group portfolios will be laddered to ensure diversification of maturities and prudent matching of assets to liabilities.

## BENCHMARKS

To avoid the temptation of allowing yield to become disproportionately more important than safety and liquidity, benchmarks traditionally have been established in a very conservative range. It is considered a standard that should be achieved during the entire cycle of the market volatility.

Washoe County's benchmarks are conservative, target performance standards established in the effort to achieve higher, realistic yields while maintaining adequate liquidity levels, ensuring safety and minimizing risk.

Investment Group	Benchmark
A - Cash Flow Horizon (1 year or less)	ICE BofAML 0 – 3 Month U.S. Treasury Index
B - County Core Portfolio (0-10 years maturities)	Custom Benchmark: 60% ICE BofAML 0-5 year U.S. Treasury Index and 40% Merrill Lynch 1-10 Year U.S. Treasury Index
C - Bond Proceeds	None. Managed to provide sufficient liquidity while maximizing retainable earnings.

## INVESTMENT STRATEGY

*The County's investment strategy is Active. The County will generally purchase instruments with the intent of holding them until maturity. Securities may be sold at either a gain or loss prior to maturity if the Treasurer/external investment advisor deems the sale to be in the best interest of the overall portfolio and it is in accordance with the Washoe County Investment Management Plan.*

### Criteria for Transactions

Changes in the County's portfolio status and structure will be based upon one or more of the following considerations but not to the detriment of the overall portfolio status.

- Enhance yield position
- Decrease excess liquidity
- Increase liquidity
- Diversify into different instruments
- Fill hole in maturity ladder
- Adjust average maturity
- Reduce maturity concentrations
- Ride short end of yield curve
- Avoid excessive price volatility
- Capture profits due to volatility

The absolute last-resort reason to liquidate an instrument prematurely at a loss is to satisfy immediate operational demands. All efforts will be made to avoid this circumstance through prudent cash flow management in the "Cash Flow Horizon" group.

When paying a premium for an instrument, “total return” calculations shall be used to determine suitability of yield considerations.

### **Competitive Bidding**

The Treasurer, when determining that it will be necessary to initiate a transaction and ascertains that a product from the secondary market (previously issued) is to be sold or bought, will seek bids or offerings from at least three brokers from the list of authorized Broker/Dealers. The request for bids/offerings will be rotated among the list of brokers to allow an opportunity for all to participate in securities transactions with the County.

### **New Issues**

When purchasing new issues, the Treasurer will select broker-dealers to purchase from based upon broker service, area of specialization, and diversification of placement.

### **Securities Sold Prior To Maturity (Swaps)**

Securities may only be purchased with the portfolio’s capacity to hold to maturity. However, securities may be sold prior to maturity in transactions also known as “swaps.” Since sales can result in either gains or losses, depending on market conditions at the time, it is the goal of the policy to limit the adverse impact on earnings from sales that result in losses. Swaps may be executed as long as the cumulative effect of net realized losses in the County’s aggregate portfolio, as a result of all swaps, together with the incremental income from securities purchased with proceeds of sold securities, may not exceed a loss equivalent to 10 basis points (0.10%) in earnings during any fiscal year unless approved by the County Treasurer.

## **INTERNAL PROCEDURES**

### **Daily Cash Determination Process:**

Determine daily cash requirements: This act begins with establishing revenues, from all sources, which will be available for any given day or period of time and acquiring the known expenditures which must be covered by those revenues for the same period. Staff also reviews and matches cash with the cash flow plan.

Review current bank statement: The previous day's statement of activity is printed each morning. The document contains all department deposits, wire transfers in and out, checks paid as well as debits and credits affecting the account balance.

Determine excess or shortage in cash availability: Excess available cash can be invested based upon anticipated time until needed. Shortage in cash available can be cured by withholding funds from investment.

### **Investment Actions:**

Cash Liquidity: Various accounts/overnight investment options are analyzed and considered for the investment of cash. The criteria for their use includes cash availability until noon on any given business day to ensure adequate liquidity.

A separate overnight money market fund sweep account with the custodial bank is utilized whereby any cash not used for specific longer term investment is maintained on a day to day basis. This account is in compliance with Investment Management Plan requirements for money market funds.

After the daily cash needs are determined, the excess or shortage is incorporated into the investment decision. Investment officers in the Treasurer's office are authorized to initiate transfers in or out of the custodial accounts. Movement of funds is further restricted, by written direction, between the Treasurer's general account and the custodial accounts.

Longer term investments: Decisions on longer term investments are made by the Investment Advisor, in accordance with the Investment Services Agreement and Investment Management Plan, and are monitored by the Treasurer. At the time of settlement of an investment, cash is provided (by way of transfer) to the third party custodian for the purchase, or in the event of a sale, instructions for the proceeds are provided by the Treasurer's office. The third party custodian provides a delivery versus payment method of purchasing investments.

Once investment decisions are made, any money from a sale is either reinvested or sent to the Treasurer's general account, via transfer, and used for daily cash needs.



## **Balancing and Reporting:**

All interest earnings, realized gains/losses and unrealized gains/losses resulting from trading activity are tracked and used in balancing of the monthly statements and monthly distribution of interest earnings by the Comptroller Department (Comptroller).

Comptroller audits the statements of the Custodian and Investment Advisor, and records purchases, sales, interest receipts, purchased interest, interest earned but not received plus realized and unrealized gains and losses. Interest receipts are allocated to each fund prorated by the prior month interest receivable. Interest earned but not received is prorated by the current month average cash balance. Realized and unrealized gains and losses are also prorated by the current month average cash balance.

Comptroller notifies key management and external agency staff via email of the interest, realized gain/loss, and unrealized gain/loss allocated to their fund/entity with a statement that indicates the financial activity of all participants. County Departments can review their allocations via postings to the financial system which occur on an annual basis.

## **Checks and Balances:**

An online banking system is used for cash movement and requires initiation, approval and release from authorized staff for transfers. Online authority for each step is split between comptroller and treasurer staff to insure segregation of duty protocol.

Any funds from the sale of an investment are either reinvested or transferred *only* into the Treasurer's primary account

Although key personnel have a great deal of responsibility for investments, compensating controls over investments include:

- Securities: An Independent third party has physical control of all marketable securities. These securities are managed, tracked and reported by the Investment Advisor, the Custodial Bank and Comptroller monthly. Transactions are made utilizing delivery versus payment.
- Transfers: The transfer request is submitted by treasurer staff and approved by an Authorized Investment Officer. It is then reviewed, initialed by the Comptroller or accounting manager and given to comptroller staff to initiate the transfer via the online banking system. The transfer is then released by a different member of treasurer staff. An effort is made so that no signatures are duplicated.
- An accountant in the Comptroller's office checks reconciliation of investments per Custodial Bank statements, Investment Advisor statements and the cash account statements monthly.
- All purchases are conducted through the Investment Advisor, who is not a broker, and can be traced to broker confirmations and custody statements. Trade confirmation statements are sent from the broker directly to Washoe County. The Investment

Advisor requests bids for trades they initiate in accordance with the investment policy. Support documentation related to the bids can be obtained from the Investment Advisor on request.

Washoe County accounts for investments as follows:

- The Comptroller's office does the monthly investment account reconciliation and recording.
- Securities purchased are recorded at cost. Purchased interest associated with a security purchase is tracked separately and reversed when the interest is received.
- The adjustment between cost and fair market value of the investments is reported monthly and the change in this market value adjustment is recorded as unrealized gain or loss at year end.
- The sale or maturity of a security is recorded as a reduction of the investment balance at cost with any difference between cost and proceeds recorded as realized gain or loss during the month.
- The accounting manager reviews all work on investments that is prepared by comptroller staff.

# **WASHOE COUNTY INVESTMENT MANAGEMENT PLAN**

## **APPENDIX “A”**

Agencies participating in the Washoe Investment Pool via Interlocal Agreement, as referenced in the Washoe County Investment Management Plan (“Scope”, page 1):

NevadaWorks

Regional Transportation Commission (RTC)

Truckee Meadows Fire Protection District (TMFPD)

Truckee River Flood Management Authority (TRFMA)

Washoe County Other Post Employee Benefits (OPEB)

Western Regional Water Commission (WRWC)

# EXHIBIT “C”

# **Exhibit C**

## **Compensation**

For services provided to the COUNTY pursuant to this Agreement, the COUNTY shall pay the following fee structure to FHN Financial Main Street Advisors (FHN). If the services provided to the COUNTY begin or end at any time other than the start/end of a month, then the fee for that period shall be prorated on the basis of the portion of the month during which the Agreement is in force.

FHN will bill the COUNTY quarterly, in arrears, for services performed under this Agreement. Said bill shall include a statement indicating the basis upon which the fee was calculated. The COUNTY shall pay FHN the amount payable pursuant to this Agreement net thirty (30) days from invoice via ACH.

### **1. Groups A and B: FHN-Managed Assets**

For services provided by FHN in managing the County's Group A and B Managed Funds (Assets Under Management – AUM), Washoe County shall pay FHN a monthly fee, billed quarterly, based on month-end market value of AUM, utilizing County's custodial market prices, at the rate of:

3.2 basis points.

Amounts remaining at month end in a custody Money Market Fund, or other investment agreements such as Nevada LGIP, will not be considered AUM.

### **2. Group C: FHN-Managed Bond Proceeds**

For services provided by FHN in managing the County's Group C assigned bond proceeds, Washoe County shall pay FHN a monthly fee, billed quarterly, based on month-end market value of AUM, utilizing County's custodial market prices, at the rate of:

3.2 basis points.

# EXHIBIT “D”

**Exhibit D**  
**INSURANCE, HOLD HARMLESS AND INDEMNIFICATION REQUIREMENTS FOR**  
**FINANCIAL MANAGEMENT SERVICES**  
**FHN FINANCIAL MAIN STREET ADVISORS**

**INDEMNIFICATION**

CONTRACTOR Liability

As respects acts, errors or omissions in the performance of CONTRACTOR services, CONTRACTOR agrees to indemnify and hold harmless COUNTY, its officers, agents, employees, and volunteers from and against any and all claims, demands, defense costs, or liability to the extent caused by CONTRACTOR'S negligent acts, errors or omissions in the performance of its CONTRACTOR services under the terms of this agreement.

CONTRACTOR further agrees to defend COUNTY and assume all costs, expenses and liabilities of any nature to which COUNTY may be subjected as a result of any claim, demand, action or cause of action arising out of the negligent acts, errors or omissions of CONTRACTOR or its Sub-contractor in the performance of their CONTRACTOR services under the Agreement.

General Liability

As respects all acts or omissions which do not arise directly out of the performance of CONTRACTOR services, including but not limited to those acts or omissions normally covered by general and automobile liability insurance, CONTRACTOR agrees to indemnify, defend (at COUNTY'S option), and hold harmless COUNTY, its officers, agents, employees, and volunteers from and against any and all claims, demands, defense costs, or liability arising out of any acts or omissions of CONTRACTOR (or Sub-contractor, if any) while acting under the terms of this agreement; excepting those which arise out of the negligence of COUNTY.

In determining the nature of the claim against COUNTY, the incident underlying the claim shall determine the nature of the claim, notwithstanding the form of the allegations against COUNTY.

**GENERAL REQUIREMENTS**

COUNTY requires that CONTRACTOR purchase Industrial Insurance (Workers' Compensation), General and Auto Liability, and Professional Errors and Omissions Liability Insurance as described below against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work here under by CONTRACTOR, its agents, representatives, employees or Sub-contractors. The cost of all such insurance shall be borne by CONTRACTOR.

**WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE**

Contractor shall provide proof of worker's compensation insurance meeting the statutory requirements of the State of Nevada, including but not limited to NRS 616B.627 and NRS 617.210 or provide proof that compliance with the provisions of Nevada Revised Statutes, Chapters 616A-D and all other related chapters is not required. Employer's Liability limits shall not be less than \$1,000,000 each accident for bodily injury by accident and \$1,000,000 each employee for bodily injury by disease.

Contractor waives all rights against COUNTY, its officials, officers, employees, volunteers and agents, for recovery of damages to the extent these damages are covered by the workers compensation and employer's liability or commercial umbrella liability insurance obtained by Tenant pursuant to this agreement. Contractor shall obtain an endorsement equivalent to WC 00 03 13 to affect this waiver.

Should CONTRACTOR be self-funded for Worker's Compensation insurance, CONTRACTOR shall so notify COUNTY in writing prior to the signing of any agreement. COUNTY reserves the right to approve said retentions and may request additional documentation, financial or otherwise for review prior to the signing of any agreement.

### **MINIMUM LIMITS OF INSURANCE**

CONTRACTOR shall maintain coverages and limits no less than:

1. General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, the general aggregate limit shall be increased to equal twice the required occurrence limit or revised to apply separately to this project or location.
2. Automobile Liability: \$N/A combined single limit per accident for bodily injury and property damage. No aggregate limit may apply.
3. Professional Errors and Omissions Liability: \$10,000,000 per occurrence and as an annual aggregate. Premium costs incurred to increase CONTRACTOR'S insurance levels to meet minimum contract limits shall be borne by the CONTRACTOR at no cost to the COUNTY.

CONTRACTOR will maintain PROFESSIONAL liability insurance during the term of this Agreement and for a period of three (3) years from the date of substantial completion of the project. In the event that CONTRACTOR goes out of business during the term of this Agreement or the three (3) year period described above, CONTRACTOR shall purchase Extended Reporting Coverage for claims arising out of CONTRACTOR'S negligent acts, errors and omissions committed during the term of the Professional Liability Policy.

4. Contractor shall maintain network security and privacy liability insurance insuring against loss resulting from (1) privacy breaches (liability arising from the loss or disclosure of confidential information) (2) system breach (3) denial or loss of service (4) introduction, implantation, or spread of malicious software code (5) unauthorized access to or use of computer systems and (6) system failure. Coverage shall be provided with a limit of not less than One Million dollars (\$1,000,000) per claim and annual aggregate.
5. Contractor shall maintain crime insurance including coverage for the loss of money, securities and other property by employees, independent contractors and any sub-contractors providing services for Contractor under this Agreement with a limit not less than Five Hundred Thousand Dollars (\$1,000,000) per occurrence. Coverage shall be endorsed to include coverage for loss of COUNTY money, securities and other property in the care, custody or control of Contractor.

### **DEDUCTIBLES AND SELF-INSURED RETENTIONS**

Any deductibles or self-insured retentions must be declared to and approved by the COUNTY Risk Management Division prior to the start of work under this Agreement. COUNTY reserves the right to request additional documentation, financial or otherwise prior to giving its approval of the deductibles and self-insured retention and prior to executing the underlying agreement. Any changes to the deductibles or self-insured retentions made during the term of this Agreement or during the term of any policy must be approved by the COUNTY Risk Manager prior to the change taking effect.



## OTHER INSURANCE PROVISIONS

The policies are to contain, or be endorsed to contain, the following provisions:

### 1. General Liability Coverages

- a. COUNTY, its officers, agents, employees and volunteers are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of CONTRACTOR, including the insured's general supervision of CONTRACTOR; products and completed operations of CONTRACTOR; or premises owned, occupied or used by CONTRACTOR. The coverage shall contain no special limitations on the scope of protection afforded to the additional insureds, nor shall the rights of the additional insured be affected by the insured's duties after an accident or loss.
- b. CONTRACTOR'S insurance coverage shall be primary insurance as respects COUNTY, its officers, agents, employees and volunteers. Any insurance or self-insurance maintained by COUNTY, its officers, agents, employees or volunteers shall be excess of CONTRACTOR'S insurance and shall not contribute with it in any way.
- c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to COUNTY, its officers, agents, employees or volunteers.
- d. CONTRACTOR'S insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- e. CONTRACTOR'S insurance coverage shall be endorsed to state that coverage shall not be suspended, voided, canceled or non-renewed by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to COUNTY except for nonpayment of premium.

## ACCEPTABILITY OF INSURERS

Insurance is to be placed with insurers with a Best's rating of no less than A-: VII. COUNTY with the approval of the Risk Manager may accept coverage with carriers having lower Best's ratings upon review of financial information concerning CONTRACTOR and insurance carrier. COUNTY reserves the right to require that the CONTRACTOR'S insurer be a licensed and admitted insurer in the State of Nevada, or on the Insurance Commissioner's approved but not admitted list.

## VERIFICATION OF COVERAGE

CONTRACTOR shall furnish COUNTY with certificates of insurance and with original endorsements affecting coverage required by this exhibit. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates are to be on forms approved by COUNTY. All certificates and endorsements are to be addressed to the specific COUNTY contracting department and be received and approved by COUNTY before work commences. COUNTY reserves the right to require complete, certified copies of all required insurance policies, at any time.

## SUB-CONTRACTORS

CONTRACTOR shall include all Sub-contractors as insureds under its policies or furnish separate certificates and endorsements for each Sub-contractor. Sub-contractor shall be subject to all of the requirements stated herein.

## MISCELLANEOUS CONDITIONS

1. CONTRACTOR shall be responsible for and remedy all damage or loss to any property, including property of COUNTY, caused in whole or in part by CONTRACTOR, any Sub-contractor, or anyone employed, directed or supervised by CONTRACTOR.
2. Nothing herein contained shall be construed as limiting in any way the extent to which CONTRACTOR may be held responsible for payment of damages to persons or property resulting from its operations or the operations of any Sub-contractors under it.
3. In addition to any other remedies COUNTY may have if CONTRACTOR fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, COUNTY may, at its sole option:
  - a. Order CONTRACTOR to stop work under this Agreement and/or withhold any payments which become due CONTRACTOR here under until CONTRACTOR demonstrates compliance with the requirements hereof;
  - b. Terminate the Agreement.