



CITY OF PETALUMA

REQUEST FOR PROPOSALS: BANKING SERVICES

REQUEST ISSUED: NOVEMBER 1, 2017

DIRECT QUESTIONS AND PROPOSALS TO:

INGRID ALVERDE, ECONOMIC DEVELOPMENT MANAGER

IALVERDE@CI.PETALUMA.CA.US

707-778-4549

11 ENGLISH STREET

PETALUMA, CA 94952

PROPOSALS DUE: NOVEMBER 27, 2017

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INTRODUCTION

The City of Petaluma, California invites banks to submit a proposal to provide banking services for the City of Petaluma (City) for a period of 3 years with the possibility to renew the contract for up to 3 additional, one-year terms. This Request For Proposal (RFP) provides the minimum requirements, an overview of the City's general banking activities, a listing of required services, requested services and questions. It also lays out an outline of how to respond to this RFP and a schedule of the various phases of the City's selection process. All responses must demonstrate the Bank's ability to meet the City's minimum requirements and be submitted by November 27, 2017 at 9:00 a.m.

Inquiries concerning the RFP should be submitted in writing by November 8, 2017 at 5:00 p.m. to **Ingrid Alverde at 11 English Street, Petaluma, CA 94952** or to ialverde@ci.petaluma.ca.us. A written response to those questions in the form of an addendum will be provided to all firms in receipt of this RFP. The City of Petaluma is not responsible for any explanation, clarification, interpretation, modification, or approval made or given in any manner except by addendum.

A Proposal Review Committee will evaluate each proposing bank for its experience, and ability to meet City needs, reporting options, staffing expertise, fees, and any additional services offered. During the evaluation process, the Proposal Review Committee reserves the right, where it may serve the City of Petaluma's best interest, to request additional information or clarifications from proposers, or to allow corrections of error or omissions. Based upon that evaluation, the three highest scoring proposers may be interviewed by an Evaluation Committee.

The City reserves the right to reject any proposal. There is no expressed nor implied obligation for the City of Petaluma to reimburse responding banks for any expenses incurred in preparing, submitting, or presenting this proposal in response to this request.

PETALUMA BANKING OVERVIEW

Petaluma currently banks with Exchange Bank. We intend to identify a Bank and enter into a 3 year contract with 3, one-year extensions.

The City uses four demand bank accounts: General Operating Account, Payroll Account, Thomas Lee Charity Account and Police Trust Account.

The General Operating Account debits and credits approximately \$400,000,000 annually. Approximately 250 electronic credits (not including credit card and home banking activity), approximately 2300 electronic debits (mostly ACH) and 6,000 checks are received / issued annually. Electronic transfers can exceed \$10,000,000.

The Payroll Account issues approximately 500 checks and 10,000 direct deposit transactions annually.

The Thomas Lee Charity Account has an average balance of \$1,800. The Police Trust Account has an average balance of \$80,000.

The City currently uses Tyler Technologies Eden Financial Accounting software for its general ledger, payroll, accounts payable, accounts receivable, and cashiering functions. The Parks and Recreation department uses ActiveNet software and other city departments use Pay Pros and Info Send for processing electronic payments.

MINIMUM REQUIREMENTS

1. Federal or State of California chartered financial institution
2. Member of the Federal Reserve System with access to all services
3. Qualified depository for public funds
4. Full service bank in good standing among other comparable banks
5. Able to provide **ALL** required services
6. Offices in Petaluma including one full-service branch that can assist with immediate banking needs
7. One experienced staff person dedicated for all account activities
8. Agree with City's conflict of interest policy (Section 12 of Attachment 2)
9. Able to comply with City non-discrimination policies (Section 19 of Attachment 2)
10. Sufficiently capitalized to accommodate City cash / investment management needs
11. Centralized cash vault operation that can accommodate the security, deposit volume and change order demands of City business
12. Bank is in compliance with all applicable rules and regulations

RFP RESPONSE FORMAT

INTRODUCTION

1. **Title Page Cover:** This should include the name of the proposing Bank, its principal business address where the relationship will be managed, and the local branch address that can meet our daily banking needs.
2. **Table of Contents**
3. **Transmittal Letter:** The letter should address the Bank's willingness and commitment, if selected, to provide the services, and why the Bank believes it should be selected. The letter should be addressed to:

Ingrid Alverde
City of Petaluma
11 English Street
Petaluma, CA 94952

4. **Bank and Staff Profile:** Please respond to the following sections:
 - a. **Overview:** Provide a corporate overview of your Bank, and present the Bank's Community Reinvestment Act programs. Also identify the number of branches within our City limits, and the nearest full service branch that can assist us with our immediate banking needs. The Bank must have a full service branch in the City.
 - b. **Experience:** Describe the Bank's experience in providing services to the public sector. Include exclusive resources dedicated for the public sector. Provide three public sector references, most comparable to our size and financial needs that we may contact. Include a brief description of the services provided, how long such services have been provided and a contact person and telephone number for each client described. Also, provide contacts for the three most recent contracts that have been terminated with or without cause.
 - c. **Relationship Management:** This RFP requires a primary point of contact for the City to the Bank that can handle any and all requests for service and / or information. Describe the relationship team that will be assigned to service our relationship. Please include name, level, role, responsibility, experience and length of tenure with your Bank for each team member. The City requests notification from the bank of any change in relationship personnel which directly affects the servicing of City accounts and reserves the right to request a different relationship team member at any time during the contract period.

- d. **Compliance and Exceptions:** Include statement to confirm your Bank's compliance to our minimum requirements. Also list any exceptions to required services and to the City's standard contract for services (Attachment 2).
 - e. **Litigation:** If applicable, provide information about any pending litigation with California government agency clients.
 - f. **Documentation:** Provide the following documents: Documents demonstrating authorization to contract, sample bank contract, audited financial statement or annual report, Standard and Poor's and Moody's ratings.
5. **Cost Proposal:** Please complete the Banking Services Fees Schedule (Attachment 5).
 6. **Samples:** Please provide samples of the documents listed under Requested Samples.
 7. **Cost Proposal and RFP:** Please provide 5 copies of the RFP response and cost proposal.

ACCOUNT REQUIREMENTS

1. GENERAL OPERATING ACCOUNT AND REPORTING REQUIREMENTS

Please respond to the following sections:

- a. **Bank Statements:** The City requires monthly bank statements, which close on the last day of each month, for all accounts. These should be provided, via the electronic banking reporting system, by the 2nd or 3rd day of the following month. These electronic statements must be able to be exported to an Excel file by the City. Please discuss your ability to provide these services and the related costs. Please provide samples of your monthly statements.
- b. **Security Features:** For all accounts, please describe security features (such as positive pay, ACH blocking/filtering, etc.) offered by your Bank, the advantages, and the associated costs.
- c. **Account Analysis Statement:** All accounts subject to a monthly service charge based upon transaction volume require a detailed monthly analysis statement. Please attach an example of the statement provided by the Bank. Please include definition of any terms which aren't self-explanatory.
- d. **Interest Earnings:** Two of the City's accounts, General Operating and Police Trust, must include market rate earnings on collected balances, or a sweep feature of excess balance into a money market account, which complies with our investment policy (Attachment 3) and earns market rate interest.

2. ONLINE BANKING SERVICES

Please explain your Bank's ability to provide, and associated costs for, the following online services:

- a. Daily balance reporting
- b. Daily detail reporting of transactions
- c. Initiation of Fedwire and ACH transactions
- d. Initiation of stop payments
- e. Online cleared check information
- f. General Operating Account banking Report: on-line daily balance and detailed transaction reports required by 7:00 a.m. of the succeeding day. Please provide a sample.
- g. Daily account balance information available on line for remaining accounts.
- h. Online deposit slip ordering.

3. GENERAL OPERATING ACCOUNT DEPOSITS:

DEPOSIT LOGISTICS: Describe how the Bank would accommodate the volume associated with our account. Indicate deposit options, including cash vault centers. The Bank should have a centralized cash vault operation that can accommodate the security, deposit volume and change order demands associated with our accounts.

- a. **Deposit Timing:** Please provide information on timing of recognition of collected balances, and the float advantages offered by your Bank, plus FDIA assessments. Deposits will be made daily during the business day. The City is to be given credit as collected funds for all items that are cleared by the Bank on the same day as the deposit is made. Items deposited that clear at institutions within the Federal Reserve Region should be considered collected funds within one business day, maximum. The Bank will be required to credit the City's account for incoming wire transfers on the day received, regardless of time of receipt. Please attach a copy of the bank's availability schedule.
- b. **Location Indicators:** The City requires location indicators on all cash deposits into the General Operating Account. There are approximately thirteen deposit locations, in which separate deposits are prepared for deposit into the General Operating Account. The daily banking report must include the location indicator information, as should any deposit exception reporting. Additionally, the monthly Bank statement, hard copy and electronic version, must sort the deposits by the location indicator. Please include the cost for the location indicator service.
- c. **Merchant Account:** The City currently processes bank card payments at approximately three locations using Exchange Bank Merchant Services. Please

provide a description of the entire merchant card process within your institution and provide a sample of a monthly credit card transaction report.

- d. **Electronic Remote Deposit Capture:** The City uses Profitstar's RemitPlus Remittance/Lockbox software for scanning and processing payments. Third party vendors also collect and remit electronic payments on behalf of the City. Please provide information on your ability to receive daily electronic deposits using encrypted files from various remote deposit software programs. A late evening cutoff time for sending files to the Bank and an email confirmation that the deposit has been received and credited to the City's account is required.
- e. **Insufficient funds:** Please discuss procedure and costs for returned check processing. The City requires that all checks returned due to insufficient funds be automatically redeposited a second time.

4. GENERAL OPERATING ACCOUNT DISBURSEMENTS:

- a. **Reporting:** The City requires daily electronic transmission of cleared checks in the General Operating Account via secured file transport, in a file layout and format specified by the City. The daily file must be delivered by 7:00AM. A sample layout is attached (Attachment 4.1).
- b. **ACH processing:** The City processes bi weekly ACH/EFT transfers using the Accounts Payable module of Tyler Technologies Eden software, please discuss the Bank's procedure in receiving and processing electronic ACH/EFT data.
- c. **Fraud Prevention:** Please discuss the Bank's positive pay services, full and partial reconciliation services, and related costs.
- d. **Stop Payments:** To be provided free of charge.
- e. **Stale dated checks:** Please provide information and cost to comply with our stale dated check policy, which is printed on our checks, "void after one year."
- f. **Overdraft protection:** Please provide cost of daylight overdraft protection.
- g. **Check Specifications:** The City requires the bank to provide MICR check specification to the check printer.

5. GENERAL OPERATING ACCOUNT ELECTRONIC BANKING:

- a. **Third party Merchant Services:** In addition to the departments that process credit card payments using the Bank's Merchant Service account, the City uses third party vendors, including Pay Pros and Info Send to process credit cards. Please confirm

that you are able to accept payments from these and other third party bank card vendors.

- b. **Electronic Debits and Credits:** Please provide information about electronic credits and debits, the options (such as ACH, EBT, EFTPS, Fed Wire), the cost, and the safeguards and security measures offered by your Bank.
- c. **Web based payments:** Please provide information on the Bank's web-based payment receipt system, and associated costs. What resources are available to notify electronic payment customers that an account number has been submitted incorrectly, and what are provisions for supplying the correct account number? Are resources available to reject electronic payments when the account does not exist in our system? The City requires daily electronic file transmission, by 7:00AM, via secured file transport, in a file layout and format specified by the City. A sample layout is attached (Attachment 4.3).
- d. **Direct payments:** Please provide information and costs related to direct payment or ACH direct debit features. This would be used for on-line payment by customers for their utility billings. Sample report file layout is the same as Exhibit B.

6. PAYROLL ACCOUNT:

- a. **Zero balance account:** This account should be a zero balance account. Please provide information about the Bank's ability to provide this service as well as fees for this service.
- b. **Direct deposit of payroll:** The City uses the Payroll module of Tyler Technologies Eden software. Describe the bank's procedure for receiving electronic payroll data, including transmission deadlines, back up plans and screening measures to minimize errors.
- c. **Reporting:** The City requires a monthly electronic file of cleared checks in the Payroll Account, via secured file transport, in a file layout and format specified by the City. A sample layout is attached (Attachment 4.2).

7. TRUST AND AGENCY ACCOUNTS: Please provide monthly service charge information.

SERVICE ENHANCEMENTS

1. **Credit Services:** Please describe the credit services, both short term and long term that your Bank can provide.
2. **Service Enhancements:** Based upon information presented in this RFP and your Bank's knowledge of the public sector, please describe any enhancements, technological or otherwise, that we should consider to improve operational or cash management efficiencies.
3. **Additional Information:** Describe any other information, not previously mentioned; that the Bank believes should be given consideration.

TRANSITION PLAN

Please describe the overall plan your Bank would coordinate to ensure a smooth transition from the current provider. Requested services include:

1. A project manager provided by the Bank who will be responsible for all phases of the conversion, including a complete analysis identifying all of the City's specific processing requirements as well as managing all aspects of each product setup, including confirmation of the processing, and coordinating the timing of requirements with other departments within the Bank.
2. On-site training to our personnel for the operation and use of the Bank's services, and automated systems for all areas of service.
3. Please provide a sample of the detailed schedule of lead time required for each specific banking product we have discussed in this RFP.

COST PROPOSAL

Please provide information about how your bank charges for services:

- a) **Fees:** Attachment 1 provides a sample Client Analysis Statement for the City of Petaluma for two typical months. Please provide your bank's fees by populating the spreadsheet provided in Attachment 5. Explain how your Bank ensures that clients are billed accurately.
- b) **Earning credits:** Attachment 1 provides a sample Client Analysis Statement for the City of Petaluma for two typical months. Please provide your bank's earnings by populating the spreadsheet provided in Attachment 5. Also discuss whether any excess or shortages of earning credits for one period are rolled to subsequent periods.

- c) **Deposit errors:** Please confirm that all debit and credit memos required to adjust errors caused by the bank will not be charged to the City. All deposit errors must be accompanied by a copy of the particular deposit slip. All bank errors must be corrected within five business days of notification by the City.

REQUESTED SAMPLES

1. Monthly Bank Statements and Reconciliation Reports
2. Daily Banking Report
3. Monthly Client Analysis Statement (for accounts subject to transaction volume charges). Statement should include definitions of any terms not self-explanatory.
4. Fee Schedule
5. Bank Availability Schedule
6. Monthly Credit Card Transaction Report
7. Also, please provide samples of your Banking Services Contract, Funds Transfer Agreement, and Merchant Services Statement

PROPOSAL PROCESS / RFP TIMELINE

The following table outlines the proposal process, listing key dates up to the date a contract can be expected to be awarded. Dates may change if needed.

RFP Distribution	November 1, 2017
Proposer's Written questions to clarify RFP	November 8, 2017
Release of addendum to RFP, if necessary	November 13, 2017
Proposals Due	November 27, 2017 (9 a.m.)
Selection / Notifications	December 14, 2017
Execute Contract	December 21, 2017
Begin Contract	January 1, 2018

SELECTION CRITERIA AND SCORING

CATEGORY	DESCRIPTION AND CRITERIA	POINT VALUE
BANK EXPERIENCE, AND FINANCIAL STRENGTH	Bank demonstrates high level of public sector experience. Public sector references are positive. Ratings are adequate.	10 points
BANK STAFFING	Bank staff is experienced, qualified. Bank provides single staff contact for banking services.	10 points
REQUIRED SERVICES	Can provide all required services. Did the Bank suggest new, beneficial services?	25 points
REPORTING SERVICES	Bank offers useful reports in city's format or format easily used by city staff. All requested samples were provided.	15 points
ADDITIONAL SERVICES	Bank offers additional services beyond required services. Recommends useful and beneficial services to improve banking and accounting efficiencies	10 points
FEES	Bank provided easily understood fee schedule in city's requested format. Fees are competitive	30 points
TOTAL	Total possible points	100 points

Attachment 1

**Exchange
Bank**PO Box 3788
Santa Rosa, CA 95402-378824-Hour Account Information Line: 707.524.3399
Customer Service: 707.524.3000
Outside of Local Area: 800.995.4066
Lost or Stolen ATM Cards: 800.528.2273

www.exchangebank.com

CITY OF PETALUMA
GENERAL OPERATING ACCOUNT
ATTN CONTROLLER
PO BOX 61
PETALUMA CA 94953-0061

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CONSOLIDATED STATEMENT SUMMARY

Statement Period: 03-01-17 to 03-31-17

Lead Account	1110019708
Combined Accounts	1110019716

Earnings Credit Rate	0.200%
Reserve Requirement Rate	10.000%
Borrowed Funds Rate	7.000%
Days in Statement Cycle	31

ANALYSIS SUMMARY

Average Daily Book Balance	\$10,673,004.50
Average Float	(\$218,632.04)
Average Daily Bank Collected Balance	\$10,454,372.46

SETTLEMENT SUMMARY

Earnings Credit	\$1,597.35
Net Earnings Credit	\$1,597.35
Analyzed Services	(\$3,099.15)
Analysis Charge	\$1,501.80

ANALYZED SERVICES

Description	Unit Prices	Units Used	Total Price	Balance Equivalent
ACH Chg Notification	\$5.000	1	\$5.00	\$32,706
ACH Credits Fee	\$0.120	4557	\$546.84	\$3,577,000
ACH Debits Fee	\$0.120	61	\$7.32	\$47,881
ACH Process File Fee	\$12.500	4	\$50.00	\$327,060
ACH Rtn Items	\$5.000	1	\$5.00	\$32,706
Coin & Currency	\$1.300	83.611	\$108.69	\$710,965
Credits Processed	\$1.250	400	\$500.00	\$3,270,609
Debits Processed	\$0.150	461	\$69.15	\$452,325
EB Online ACH File	\$5.000	3	\$15.00	\$98,118
EB Online ACH Item	\$0.100	11	\$1.10	\$7,195
EB Online ACH/Wre/TX	\$35.000	1	\$35.00	\$228,942
FastCheck - primary	\$40.000	1	\$40.00	\$261,648
Maintenance Fee	\$17.000	2	\$34.00	\$222,401
On Us Items Fee	\$0.150	675	\$101.25	\$662,298
Other Chks Deposited	\$0.150	9272	\$1,390.80	\$9,097,526
Report Services	\$100.000	1	\$100.00	\$654,121
Rtn Deposit Item Fee	\$10.000	9	\$90.00	\$588,709
Total			\$3,099.15	

ANALYSIS CHARGE

Your Account Number 1110019708 will be charged \$1,501.80 on 04-15-2017.

Attachment 2

PROFESSIONAL SERVICES AGREEMENT

(Title of Project)

FY _____ Fund # _____ Cost Center _____ Object Code _____ Project # _____ Amount \$ _____

For multi-year contracts or contracts with multiple accounts:

FY _____ Fund # _____ Cost Center _____ Object Code _____ Project # _____ Amount \$ _____

FY _____ Fund # _____ Cost Center _____ Object Code _____ Project # _____ Amount \$ _____

FY _____ Fund # _____ Cost Center _____ Object Code _____ Project # _____ Amount \$ _____

FY _____ Fund # _____ Cost Center _____ Object Code _____ Project # _____ Amount \$ _____

FY _____ Fund # _____ Cost Center _____ Object Code _____ Project # _____ Amount \$ _____

THIS PROFESSIONAL SERVICES AGREEMENT (“Agreement”) is entered into and effective as of _____, 20____ (“Effective Date”), by and between the City of Petaluma, a
(city use only)

municipal corporation and a charter city (“City”) and _____, a _____ (“Consultant”) (collectively, the “Parties”).

WHEREAS, the Parties enter into this Agreement for the purpose of Consultant providing professional services to City under the terms and conditions set forth herein.

THEREFORE, in consideration of the mutual covenants contained in this Agreement, the Parties agree as follows:

1. **Services.** Consultant shall provide the services as described in and in accordance with the schedule set forth in Exhibit “A” attached hereto and incorporated herein (“Services”).
2. **Compensation; Business Tax Certificate.**
 - A. For the full performance of the Services as described herein, City shall compensate Consultant in accordance with the rates specified in Exhibit A.
 - B. Consultant shall submit detailed monthly invoices reflecting all services performed during the preceding month, and including a revised schedule for performance and additional documentation requested by City, as applicable.
 - C. Consultant shall be compensated for services in addition to those described in Exhibit A, only if Consultant and City execute a written amendment to this Agreement describing the additional services to be performed and the compensation to be paid for such services. In no case shall the total compensation under this Agreement exceed \$_____ without prior written authorization of the City Manager. Further, no compensation for a section or work program component attached with a specific budget shall be exceeded without prior written authorization of the City Manager.
 - D. Notwithstanding any provision herein, Consultant shall not be paid any compensation until such time as Consultant has on file with the City Finance Department a current W-9 form available from the IRS website (www.irs.gov) and has obtained a currently valid Petaluma business tax certificate.

- E. City's obligation to pay compensation to Consultant as provided herein is contingent upon Consultant's performance of the Services pursuant to the terms and conditions of this Agreement and any amendments thereto.
3. **Term.** The term of this Agreement commences on the Effective Date, and terminates on _____, unless sooner terminated in accordance with Section 4. Upon termination, any and all of City's documents or materials provided to Consultant and any and all of the documents or materials prepared for City or relating to the performance of the Services, shall be delivered to the City as soon as possible, but not later than fourteen (14) days after termination of the Agreement.
 4. **Termination.** City may terminate this Agreement without cause upon ten (10) days' written notice. City may immediately terminate or suspend this Agreement for cause. Cause for immediate termination or suspension shall include, but not be limited to, any breach of this Agreement by Consultant or Consultant's bankruptcy or insolvency. Upon receipt of notice of termination or suspension for cause, Consultant shall immediately stop all work in progress under this Agreement. In the event of early termination of this Agreement by City, Consultant shall be entitled to payment for all Services performed to the date of termination to the extent such Services were performed to the satisfaction of City in accordance with the terms and conditions of this Agreement. If City terminates this Agreement for cause, Consultant shall be liable to City for any excess cost City incurs for completion of the Services.
 5. **Consultant's Representation; Independent Contractor.** Consultant represents that Consultant possesses distinct professional skills in performing the Services. City has relied upon said representation as a material inducement to enter into this Agreement. Consultant shall, therefore, provide properly skilled professional and technical personnel to perform all Services under this Agreement. It is expressly understood that Consultant and its agents and employees, shall act in an independent capacity and as an independent contractor and not as officers, employees or agents of City. This Agreement shall not be construed as an agreement for employment.
 6. **Facilities and Equipment.** Consultant shall, at its sole cost and expense, furnish all facilities and equipment that may be required for furnishing Services pursuant to this Agreement. City shall furnish to Consultant no facilities or equipment, unless the City otherwise agrees in writing to provide the same.
 7. **Licenses, Permits, Etc.** Consultant shall, at Consultant's sole cost and expense, keep in effect at all times during the term of this Agreement any licenses, permits or other such approvals which are legally required for performing the Services.
 8. **Time.** Consultant shall devote such time to the performance of the Services as may be reasonably necessary for satisfactory performance of Consultant's obligations pursuant to this Agreement.
 9. **Inspection.** Consultant shall provide the City every reasonable opportunity to ascertain that the Services are being performed in accordance with the requirements and intentions of this Agreement. All work done and materials furnished, if any, shall be subject to

inspection and approval by the City. The inspection of such work shall not relieve Consultant of any of its obligations pursuant to this Agreement.

10. **Progress Reports.** Upon the City's request, Consultant shall provide, in a form acceptable to City, written progress reports of all oral and written observations, opinions, recommendations, analyses, progress and conclusions related to Consultant's performance of the Services.
11. **Confidentiality.** In the course of Consultant's employment, Consultant may have access to trade secrets and confidential information, disclosure of which is protected or limited by law. Consultant shall not directly or indirectly disclose or use any such confidential information, except as required for the performance of the Services.
12. **Conflict of Interest.** Consultant represents that it presently has no interest, and covenants that it shall not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the Services hereunder. Consultant further covenants that, in the performance of this Agreement, it shall not employ any subcontractor or person having such a conflict of interest. Consultant represents that no one who has or will have any financial interest under the Agreement is an officer or employee of City. If such conflict of interest arises during this Agreement or any extension, Consultant will immediately advise City and City may, at its sole discretion, immediately terminate this Agreement. Certain Consultants are subject to the requirements, including the disclosure and reporting requirements, of the City's Conflict of Interest Code adopted pursuant to the Political Reform Act. Such Consultants subject to the City's Conflict of Interest Code include those whose work may involve: making government decisions regarding approval or adoption of rates, rules, or regulations, action on permits or other applications, authorization to enter into or modify contracts, or approval of plans, designs, reports, or studies. Consultant agrees to comply fully with all such requirements to the extent they apply to Consultant's performance of the Services.
13. **Consultant No Agent.** Except as City may specify in writing, Consultant shall have no authority, express or implied, to act on behalf of City in any capacity whatsoever as an agent. Consultant shall have no authority, express or implied, pursuant to this Agreement to bind City to any obligation whatsoever.
14. **Standard of Performance.** Consultant shall perform all the Services in a manner consistent with the standards of Consultant's profession. All instruments of service of whatsoever nature, which Consultant delivers to City pursuant to this Agreement, shall be prepared in a substantial, workmanlike manner and conform to the standards of Consultant's profession. All such instruments of service shall become the sole and exclusive property of City upon delivery of the same.
15. **Assignment/Transfer.** No assignment or transfer in whole or in part of this Agreement shall be made without the prior written consent of City.
16. **Subcontractors.** Consultant shall directly perform all Services, and shall not subcontract any portion of performance of the Services without the prior written consent of City. Any such subcontractors shall be required to comply, to the full extent applicable, with

the terms and conditions of this Agreement, including but not limited to, procuring and maintaining insurance coverage as required herein and which shall name City as an additional insured.

17. **Compliance With All Laws.** Consultant shall fully comply with all applicable local, state and federal rules, laws, regulations and ordinances pertaining to the performance of the Services required hereunder, including but not limited to, the California Building Standards Code as in effect in the City, the Americans with Disabilities Act, and any laws and regulations related to any copyright, patent, trademark or other intellectual property right involved in performance of the Services. Consultant's failure to comply with any law(s) or regulation(s) applicable to the performance of the Services hereunder shall constitute a material breach of this Agreement. To the extent that any other government agency or entity provides compensation for any Services, Consultant shall comply with all rules and regulations applicable to such fiscal assistance.
18. **Living Wage Ordinance.** Without limiting the foregoing Section 17, Consultant shall comply fully with all applicable requirements of Petaluma Municipal Code, Chapter 8.36, Living Wage (the "Living Wage Ordinance"), as the same may be amended from time to time. Upon the City's request Consultant shall promptly provide to the City documents and information verifying Consultant's compliance with the requirements of the Living Wage Ordinance, and shall within fifteen (15) calendar days of the Effective Date of this Agreement, notify each of its affected employees as to the amount of wages and time off that are required to be provided to them pursuant to the Living Wage Ordinance. The Acknowledgement and Certification Pursuant to City of Petaluma Living Wage Ordinance, attached to this Agreement as Exhibit _____, shall be a part of this Agreement for all purposes, and Consultants that are subject to Living Wage Ordinance requirements, as determined by the City, must provide a properly completed Exhibit _____ in accordance with the requirements of the Living Wage Ordinance. Consultant's noncompliance with the applicable requirements of the Living Wage Ordinance shall constitute cause for City's termination of this Agreement pursuant to Section 4 hereof.
19. **Discrimination.** During the performance of this Agreement, Consultant shall not discriminate against any employee or applicant for employment because of race, religion, creed, color, national origin, ancestry, gender, sexual orientation, age or physical or mental disability in violation of any applicable law.
20. **Notice.** Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other Party in accordance with this Section. All such notices shall be sent by:
 - (i) personal delivery, in which case notice is effective upon delivery;
 - (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt;
 - (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service; or

- (iv) facsimile transmission, in which case notice shall be deemed delivered upon transmittal, provided that (a) a duplicate copy of the notice is promptly delivered by first-class or certified mail or by overnight delivery, or (b) a transmission report is generated reflecting the accurate transmission thereof. Any notice given by facsimile shall be considered to have been received on the next business day if it is received after 5:00 p.m. recipient's time or on a nonbusiness day.

City: City Clerk
City of Petaluma
Post Office Box 61
Petaluma, California 94953
Phone: (707) 778-4360
Fax: (707) 778-4554
Email: cityclerk@ci.petaluma.ca.us

And:

Phone: _____
Fax: _____
Email: _____

Consultant: _____

Phone: _____
Fax: _____
Email: _____

21. **Ownership of Documents.** All original papers, documents or computer material on disk or microfilm, and copies thereof, produced as a result of this Agreement, shall be the property of City and may not be used by Consultant without the written consent of City. Copies of such documents or papers shall not be disclosed to others without the written consent of the City Manager or his or her designated representative.
22. **Indemnification.** To the maximum extent permitted by law, Consultant shall, at its own expense, indemnify, defend with counsel acceptable to the City, (which acceptance will not be unreasonably withheld), and hold harmless City and its officers, officials, employees, agents and volunteers ("Indemnitees") from and against any and all liability, loss, damage, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, civil penalties and fines, expenses and costs (including, without limitation, claims expenses, attorney's fees and costs and fees of litigation) (collectively, "Liability") of every nature, whether actual, alleged or threatened, arising out of or in connection with the Services or Consultant's failure to comply with any of the terms of this Agreement, regardless of any fault or alleged fault of the Indemnitees.

The Consultant's obligation to indemnify, defend and hold harmless under this provision shall not be excused because of the Consultant's inability to evaluate Liability, or because the Consultant evaluates Liability and determines that the Consultant is not or may not be liable. The Consultant must respond within 30 calendar days to any tender for defense and indemnity by the City, unless the time for responding has been extended by an authorized representative of the City in writing. If the Consultant fails to accept tender of defense and indemnity within 30 calendar days, in addition to any other remedies authorized by law, so much of the money due or that may become due the Consultant under this Agreement as shall reasonably be considered necessary by the City, may be retained by the City until disposition has been made of the matter subject to tender, or until the Consultant accepts the tender, whichever occurs first. In the event that the City must file responsive documents in a matter tendered to Consultant prior to Consultant's acceptance of tender, Consultant agrees to fully reimburse all costs, including but not limited to attorney's fees and costs and fees of litigation, incurred by the City in filing such responsive documents.

The Consultant waives any and all rights to express or implied indemnity against the Indemnitees concerning any Liability of the Consultant arising out of or in connection with the Services or Consultant's failure to comply with any of the terms of this Agreement. The defense and indemnification obligations of this Agreement shall no way be limited by, the insurance obligations that apply to this Agreement pursuant to Section 23.

Notwithstanding the foregoing, to the extent this Agreement is a "construction contract" as defined by California Civil Code Section 2783, as may be amended from time to time, Consultant's duty to indemnify under this provision shall not apply when to do so would be prohibited by California Civil Code Section 2782, as may be amended from time to time.

Notwithstanding the foregoing, to the extent that the Services include design professional services subject to California Civil Code Section 2782.8, as may be amended from time to time, Consultant's duty to indemnify shall only be to the maximum extent permitted by California Civil Code Section 2782.8.

23. **Insurance.** Consultant shall comply with the "Insurance Requirements for Consultants" in Exhibit B-_____, attached hereto and incorporated herein by reference. [Indicate attached exhibit, e.g., "B-1," "B-2," "B-3," or "B-4."]

City reserves the right to review any and all of the required insurance policies and/or endorsements, but has no obligation to do so. City's failure to demand evidence of full compliance with the insurance requirements set forth in this Agreement or City's failure to identify any insurance deficiency shall not relieve Contractor from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times during the performance of this Agreement.

24. **Amendment.** This Agreement may be amended only by a written instrument executed by both Parties.

25. **Litigation.** If litigation ensues which pertains to the subject matter of Consultant's services hereunder, Consultant, upon request from City, agrees to testify therein at a reasonable and customary fee.
26. **Construction.** This Agreement is the product of negotiation and compromise on the part of both Parties and that the Parties agree that, notwithstanding Civil Code Section 1654, any uncertainty in the Agreement shall not be construed against the drafter of the Agreement.
27. **Governing Law; Venue.** This Agreement shall be enforced and interpreted under the laws of the State of California and the City of Petaluma. Any action arising from or brought in connection with this Agreement shall be venued in a court of competent jurisdiction in the County of Sonoma, State of California.
28. **Non-Waiver.** The City's failure to enforce any provision of this Agreement or the waiver thereof in a particular instance shall not be construed as a general waiver of any part of such provision. The provision shall remain in full force and effect.
29. **Severability.** If any term or portion of this Agreement is held to be invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall continue in full force and effect.
30. **No Third Party Beneficiaries.** The Parties do not intend to create, and nothing in this Agreement shall be construed to create any benefit or right in any third party.
31. **Mediation.** The Parties agree to make a good faith attempt to resolve any dispute arising out of this Agreement through mediation prior to commencing litigation. The Parties shall mutually agree upon the mediator and shall divide the costs of mediation equally.
32. **Consultant's Books and Records.**
 - A. Consultant shall maintain any and all ledgers, books of accounts, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services, or expenditures and disbursements charged to the City for a minimum period of three (3) years or for any longer period required by law, from the date of final payment to Consultant pursuant to this Agreement.
 - B. Consultant shall maintain all documents and records which demonstrate performance under this Agreement for a minimum period of three (3) years or for any longer period required by law, from the date of termination or completion of this Agreement.
 - C. Any records or documents required to be maintained pursuant to this Agreement shall be made available for inspection or audit, at any time during regular business hours, upon written request by the City Manager, City Attorney, City Finance Director, or a designated representative of these officers. Copies of such documents shall be provided to the City for inspection at Petaluma City Hall when it is practical to do so. Otherwise, unless an alternative is mutually agreed upon, the records shall be available at Consultant's address indicated for receipt of notices in this Agreement.

D. Where City has reason to believe that such records or documents may be lost or discarded due to dissolution, disbandment or termination of Consultant's business, City may, by written request by any of the above-named officers, require that custody of the records be given to the City and that the records and documents be maintained in Petaluma City Hall. Access to such records and documents shall be granted to any party authorized by Consultant, Consultant's representatives, or Consultant's successor in interest.

33. **Headings.** The headings used in this Agreement are for convenience only and are not intended to affect the interpretation or construction of any provisions herein.

34. **Survival.** All obligations arising prior to the termination or expiration of this Agreement and all provisions of this Agreement allocating liability between City and Consultant shall survive the termination or expiration of this Agreement.

35. **Entire Agreement.** This Agreement, including the exhibits attached hereto and incorporated herein, constitutes the entire agreement between the Parties with respect to the Services, and supersedes all prior agreements or understandings, oral or written, between the Parties in this regard.

IN WITNESS WHEREOF, the parties hereto have executed this document the day, month and year first above written.

CITY OF PETALUMA

CONSULTANT

City Manager

By _____
Name

ATTEST:

Title

City Clerk

Address

APPROVED AS TO FORM:

City State Zip

City Attorney

Taxpayer I.D. Number

Petaluma Business Tax Certificate Number

file name:

INSURANCE REQUIREMENTS

EXHIBIT B-5

Consultant's performance of the Services under this Agreement shall not commence until Consultant shall have obtained all insurance required under this paragraph and such insurance shall have been approved by the City Attorney as to form and the Risk Manager as to carrier and sufficiency. All requirements herein provided shall appear either in the body of the insurance policies or as endorsements and shall specifically bind the insurance carrier.

City reserves the right to review any and all of the required insurance policies and/or endorsements, but has no obligation to do so. City's failure to demand evidence of full compliance with the insurance requirements set forth in this Agreement or City's failure to identify any insurance deficiency shall not relieve Contractor from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times during the performance of this Agreement.

Consultant shall procure and maintain for the duration of the contract all necessary insurance against claims now and in the future for injuries to persons or damages to property which may arise from or in connection with the performance of the Services by the Consultant, the Consultant's agents, representatives, employees and subcontractors. Consultant shall procure and maintain for the duration of the contract insurance claims arising out of their services and including, but not limited to loss, damage, employee dishonesty, theft or other misuse of data, infringement of intellectual property, invasion of privacy and breach of data. Required professional liability insurance shall be maintained at the level specified herein for the duration of this Agreement and any extension thereof and for twelve additional months following the Agreement termination or expiration.

A. Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage:
 - a. Personal injury;
 - b. Contractual liability.
2. Insurance Services Office form covering Automobile Liability, code 1 (any auto).
3. Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.
4. Professional Liability insurance.
5. Such other insurance coverages and limits as may be required by the City.

B. Minimum Limits of Insurance

Consultant shall maintain limits no less than:

1. Commercial General Liability: Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than \$1,000,000 per occurrence. If Commercial General Liability Insurance or other form with a general aggregate liability is used, either the

general aggregate limit shall apply separately to this Agreement or the general aggregate limit shall be twice the required occurrence limit.

2. Automobile Liability: Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if Consultant has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than \$1,000,000 per accident for bodily injury and property damage.
3. Employer's Liability: Bodily Injury by Accident - \$1,000,000 each accident.
Bodily Injury by Disease - \$1,000,000 policy limit.
Bodily Injury by Disease - \$1,000,000 each employee.
4. Cyber/Technology First Party/Liability Insurance: \$20,000,000.
5. Financial Institution Bond: \$20,000,000
6. Professional Liability (Errors and Omissions) Insurance appropriate to the Consultant's profession, with limit no less than \$20,000,000 per occurrence and \$20,000,000 aggregate for claims arising from the negligent acts, errors, or omissions for services or operations performed by the Consultant under this Agreement. The Consultant shall ensure both that (1) any policy retroactive date is on or before the date of commencement of this Agreement; and (2) any policy has a reporting period of at least two (2) years after the date of completion or termination of this Agreement. The Consultant agrees that, for the time period defined herewith, any changes that reduce coverage will be presented to the City for review.
7. Such other insurance coverages and limits as may be required by the City.

C. Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees, and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

D. Other Insurance Provisions

The required general liability and automobile policies are to contain, or be endorsed to contain the following provisions:

1. The City, its officers, officials, employees, agents and volunteers are to be covered as Additional Insureds as respects: liability arising out of activities performed by or on behalf of the Consultant; products and completed operations of the Consultant; premises owned, occupied or used by the Consultant; or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officers, officials, employees, agents or volunteers.
2. For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees, agents and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, agents or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

3. Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the City, its officers, officials, employees, agents or volunteers.
4. The Consultant'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.
5. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled 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 the City.
6. Consultant agrees to waive subrogation rights for commercial general liability, automobile liability and worker's compensation against City regardless of the applicability of any insurance proceeds, and to require all contractors, subcontractors or others involved in any way with the Services to do likewise.
7. It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirement and/or limits shall be available to the additional insured. Furthermore, the requirement for coverage and limits shall be (1) the minimum coverage and limits specified in this Agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured; whichever is greater.
8. The limits of insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of the City of Petaluma before the City of Petaluma's own insurance or self-insurance shall be called upon to protect it as a named insured.
9. Certificate of Insurance for Financial Institution Bond showing the City of Petaluma as the named insured and coverage is on a discovery basis.

E. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.

F. Verification of Coverage

Consultant shall furnish the City with Certificates of Insurance and original endorsements effecting coverage required by this clause. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. All endorsements are to be received and approved by the City before the Services commence.

Attachment 3

CITY OF PETALUMA, CALIFORNIA
STATEMENT OF INVESTMENT POLICY
For Fiscal Year 2017-2018

William Mushallo
Finance Director/City Treasurer

CITY OF PETALUMA, CALIFORNIA
STATEMENT OF INVESTMENT POLICY FOR FISCAL YEAR 2017-2018

POLICY

It is the policy of the City of Petaluma, CA (the “City”) to manage public funds in a manner consistent with the following objectives: comply with all laws of the State of California pertaining to the investment of public funds; safeguard the principal of funds under its control, meet the daily cash flow requirements and to achieve a reasonable rate of return with the maximum security.

SCOPE

This investment policy applies to all financial assets of the City. These funds are accounted for in the City Comprehensive Annual Financial Report and include:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Enterprise Funds
- Internal Service Funds
- Permanent and Private Purpose Trust Funds

This Policy shall also apply to funds of the Petaluma Community Development Commission (PCDC), City acting in its capacity as Successor Agency, Petaluma Public Financing Authority, City of Petaluma Public Financing Corporation and any other fund under the control of the City Treasurer.

PRUDENCE

Investments shall be made with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the City, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the City.

The City Treasurer and authorized individuals acting in accordance with written procedures and the 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 appropriate action is taken to control adverse developments.

OBJECTIVE

The primary objective in priority order, of the City's investment activities shall be:

1. **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
2. **Liquidity:** The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.
3. **Return on Investments:** The City's investments shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio.

DELEGATION OF AUTHORITY

Under the City Charter Section 24, the City Treasurer is appointed by the City Manager with the approval of the City Council. The City Treasurer is also the City's Finance Director. Pursuant to the Government Code, the City Council delegates the authority to invest or to reinvest funds, or to sell or exchange securities so purchased, to the City Treasurer for a one-year period. The City Treasurer is charged with the responsibility for carrying out the policies of the City Council and shall assume full responsibility for investment transactions until the delegation of authority is revoked or expires. No person may engage in an investment transaction except as provided under the limits of this Investment Policy.

The daily cash management, investment transactions and account reconciliations are the primary responsibilities of the City Treasurer. These activities are also carried out by other members of the Finance Department under the direction of the City Treasurer. The City Treasurer shall establish procedures for the operation consistent with this investment policy.

ETHICS AND CONFLICT OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program or which could impair their ability to make impartial decisions. Officers and employees involved in the investment process shall abide by the Conflict of Interest Code, (California Government Code Section 1090 et seq.) and the California Political Reform Act (California Government Code Section 81000 et seq.).

SOCIALLY RESPONSIBLE INVESTING

The City strives to make socially responsible investments and monitors issuers' business activity. Investments are encouraged in entities that support community well-being through safe and

environmentally sound practices and fair labor practices. Investments are encouraged in entities that support equality of rights regardless of sex, race, age, disability or sexual orientation. Investments are discouraged in entities that manufacture tobacco products. In addition, investments are encouraged in entities that offer banking products to serve all members of the local community, and investments are discouraged in entities that have had past criminal or regulatory violations.

PERMITTED INVESTMENTS

California Government Code Sections 53601 et. seq., and 53635 govern the investments permitted for purchase by the City. Within the investments permitted by the Code, the City seeks to further restrict eligible investments to the investments listed below.

Percentage limitations, where indicated, apply at the time of the purchase. Rating requirements where indicated apply at the time of purchase. In the event a security held by the City is subject to a rating change that brings it below the minimum specified rating requirement, the City Treasurer shall notify the City Council of the change. The course of action to be followed will then be decided on a case-by-case basis, considering such factors as the reason for the rate drop, prognosis for recovery or further rate drops, and the market price of the security. Investment maturities shall be based on review of cash flow forecasts. Maturities will be scheduled so as to permit the City to meet all projected obligations.

No investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement, that at the time of the investment has a term remaining to maturity in excess of five years (except for bond proceeds), unless the City Council has granted express authority to make that investment no less than three months prior to the investment.

ELIGIBLE INVESTMENTS

- A. **State of California Local Agency Investment Fund (LAIF).** The City may invest in LAIF up to statutory limits.
- B. **Sonoma County Investment Pool.** The City may invest in the Sonoma County Investment Pool. A maximum of \$10 million may be invested in this category.
- C. **California Asset Management Program Trust (CAMP).** The City may invest in the shares in the California Asset Management Trust, so long as the portfolio is rated among the top two rating categories by one of the nationally recognized rating agencies. A maximum of \$50 million may be invested in this category.
- D. **Certificates of Deposit.** FDIC insured or fully collateralized time certificates of deposit in financial institutions located in the United States including a Placement Service such as Certificate of Deposit Account Registry Service (CDARS). Collateralized certificates of deposit shall be handled in accordance with California Government Code section 53530 et seq. The City, at its discretion, may waive the collateralization requirements for

any portion of the deposit that is covered by federal deposit insurance. As noted above the City may also invest in fully insured certificates of deposit utilizing a placement service such as CDARS, as provided under California Government Code section 53601.8. The maximum term for certificates of deposit shall be two years. Investments in certificates of deposit are further limited to 30% of surplus funds.

- E. **Banker's Acceptances.** Banker's acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System. Purchases of banker's acceptances may not exceed 180 days maturity. Eligible banker's acceptances are restricted to issuing financial institutions with short-term paper rated in the highest category by one or more nationally recognized rating services. Investments in banker's acceptances are further limited to 40% of the portfolio with no more than 30% of surplus invested in the banker's acceptances of any one commercial bank.
- F. **U.S. Government Issues.** United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- G. **Federal Agency Securities.** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- H. **Money Market Funds.** Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission (SEC) under the Investment Company Act of 1940 (15 U.S.C., Sec. 80a-1, et seq.).

The City may invest in shares of beneficial interest issued by a company which shall have met either of the following criteria:

- a. Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized rating services.

(or)

- b. Retained an investment adviser registered or exempt from registration with the SEC with not less than five years experience in managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).

The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include any commission that the companies may charge. Investments in Money Market Funds are further limited to 20% of the portfolio.

ELIGIBLE INVESTMENTS FOR BOND PROCEEDS

Bond Proceeds shall be invested in securities permitted by the applicable bond documents. If the bond documents are silent as to the permitted investments, bond proceeds will be invested in securities permitted by this Policy.

With respect to maximum maturities, the Policy authorizes investing bond reserve fund proceeds beyond the five years if prudent in the opinion of the City Treasurer.

INELIGIBLE INVESTMENTS

As provided in California Government Code section 53601.6 and this policy, the City shall not invest any funds in:

- Inverse Floaters
- Range Notes
- Mortgage Derived Interest-Only Strips
- Any security that could result in zero interest accrual if held to maturity.

The purchase of any security not listed above, but permitted by the California Government Code, is prohibited unless the City Council approves the investment either specifically or as a part of an investment program approved by the Board. Exclusion of these investment vehicles is consistent with the City's overall objectives of achieving reasonable returns on public funds while minimizing risk and capital losses. Although the potential exists for greater yields with these vehicles, there is the potential level of risk that can exceed their benefits.

BROKERS

To provide for the optimum yield in the City's portfolio, the City's procedures shall be designed to encourage competitive bidding on transactions from an approved list of broker/dealers.

The City Treasurer, or the City's investment advisor, shall maintain a list of authorized broker/dealers and financial institutions that are approved for investment purposes. This list will be developed after a comprehensive credit and capitalization analysis indicates the firm is adequately financed to conduct business with public entities. It shall be the policy of the City to purchase securities only from those authorized institutions or firms.

If the City has engaged the services of a registered investment advisory firm, the firm is authorized to conduct investment transactions on the City's behalf with their own list of approved broker/dealers and financial institutions. The investment advisor's approved list must be made available to the City.

SAFEKEEPING AND CUSTODY

All security transactions entered into by the City of Petaluma, CA shall be conducted on a delivery-versus-payment (DVP) basis. This procedure ensures that securities are deposited with the third-party custodian prior to the release of funds. A third party custodian designated by the City Treasurer and evidenced by safekeeping receipts will hold securities.

The only exceptions to the foregoing are Local Agency Investment Pools, Certificates of Deposit, and money market funds since the purchased securities are not deliverable. In all cases, purchased securities shall be held in the City's name.

INTERNAL CONTROL

The City Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with the Statement of Investment Policy and procedures.

PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a reasonable rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

The City will measure the portfolio's performance against a market benchmark that is commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio.

REPORTING

The City Treasurer shall provide a quarterly investment report to the City Council, which provides a clear picture of the status of the current investment portfolio, including transactions. This report will be formally submitted to the City Council after each quarter at a public meeting.

Schedules in the quarterly Treasurer's Report will include the following:

- Listing of individual securities held at the end of the reporting period.
- Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration that are not intended to be held until maturity (in accordance with Governmental Accounting Standards Board (GASB) requirements).
- Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks.
- Listing of investment by maturity date.
- Percentage of the total portfolio which each type of investment represents.

The quarterly report shall state compliance of the portfolio to the investment policy, or manner in which the portfolio is not in compliance. The quarterly report shall also include a statement certifying the ability of the City to meet its expenditure requirements for the next six months.

POLICY REVIEW

The investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity and yield, and its relevance to current law and financial and economic trends. The investment policy shall be adopted by resolution of the City Council on an annual basis. Any amendments to the policy shall be forwarded to the City Council for approval.

CITY OF PETALUMA
STATEMENT OF INVESTMENT POLICY FOR FISCAL YEAR 2017-2018

GLOSSARY OF TYPES OF INVESTMENTS
AVAILABLE TO LOCAL GOVERNMENTS

STATE INVESTMENT POOL (LAIF)

The Local Agency Investment Fund (LAIF), a voluntary program created by statute, began in 1977 as an investment alternative for California's local governments and special districts and continues today under the State of California Treasurer's office. The enabling legislation for the LAIF is Section 16429.1,2,3 of the California Government Code.

This program offers participating agencies the opportunity to participate in a major portfolio which daily invests hundreds of millions of dollars, using the investment expertise of the Treasurer's Office Investment staff at no additional cost to the taxpayer. This in-house management team is comprised of civil servants who have individually worked for the State Treasurer's Office for over 20 years.

The LAIF is part of the Pooled Money Investment Account (PMIA). The PMIA began in 1955 and has oversight provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. The PMIB Board members are the State Treasurer, Director of Finance, and State Controller.

The LAIF has oversight by the Local Investment Advisory Board (LIAB). The Board consists of five members as designated by Statute. The Chairman is the State Treasurer, or his designated representative. Two members qualified by training and experience in the field of investment or finance, and the State Treasurer appoints two members who are Treasurers, finance or fiscal officers or business managers employed by any County, City or local district or Municipal Corporation of this state. The term of each appointment is two years or at the pleasure of the appointing authority.

All securities are purchased under the authority of the Government Code Section 16430 and 16480.4. The State Treasurer's Office takes delivery of all securities purchased on a delivery versus payment basis using a third party custodian. All investments are purchased at market, and market valuation is conducted monthly.

Additionally, the PMIA has Policies, Goals, and Objectives for the portfolio to make certain that our goals of Safety, Liquidity and Yield are not jeopardized and that prudent management prevails. These policies are formulated by investment staff and reviewed by both the PMIB and the LIAB on an annual basis.

The Bureau of State Audits on an annual basis audits the State Treasurer's Office. The resulting opinion is posted to the State Treasurer's Office website following its publication. The Bureau of State Audits also has a continuing audit process throughout the year. The State Controller's Office as well as an in-house audit process involving three separate divisions audit all investment and LAIF claims on a daily basis.

There is a limitation of \$65 million per legal entity within an agency. There is also a maximum of fifteen transactions, deposits or withdrawals per month.

SONOMA COUNTY INVESTMENT POOL

The Sonoma County Treasurer maintains an investment pool in which the County, Schools, Special Districts and Cities can participate. This investment pool operates in the same manner as the State pool. The County Treasurer is subject to the same State Government Code regarding investments as the City. As with the State investment fund, City funds can be withdrawn at any time and are protected by State Law from seizure or impoundment by any County Officer. The City does not participate in this pool but retains the option to do so.

CALIFORNIA ASSET MANAGEMENT PROGRAM (CAMP)

CAMP provides California public agencies, together with any bond trustee acting on behalf of such public agency, assistance with the investment of and accounting for bond proceeds and surplus funds. For bond proceeds, the objective of CAMP is to invest and account of such proceeds in compliance with arbitrage management and rebate requirements of the Internal Revenue Service. The program includes the California Asset Management Trust, a California common law trust organized in 1989. The Trust currently offers a professionally managed money market investment portfolio, the Cash Reserve Portfolio, to provide public agencies with a convenient method of pooling funds for temporary investment pending their expenditure. The Trust also provides record keeping, custodial and arbitrage rebate calculation services for bond proceeds. As part of the program, public agencies may also establish individual, professionally managed investment accounts.

The Pool seeks to attain as high a level of current income as is consistent with the preservation of principal. The Pool purchases only investments of the type in which public agencies are permitted by statute to invest surplus funds and proceeds of their own bonds.

CERTIFICATES OF DEPOSITS (CD)

Certificates of Deposits, sometimes known as "Jumbo Accounts" or "Fixed CD's" are savings accounts with Banks or Savings and Loans. These accounts are for a specific amount, have a set interest rate, and set maturity date. There is a substantial interest penalty if the CD is withdrawn prior to the maturity date.

The State law requires Public Fund CD's to be collateralized by the financial institution at 110% with US Government notes/bonds or at 150% with quality First Trust Deeds. This collateral can be waived if Federal Insurance (FDIC) is available. These federal agencies will insure each account up to \$250,000.

The City generally waives the collateralization requirements for the FDIC insurance. The waiver of collateral is a wide spread practice and will generally generate higher interest rates and provide the greatest security for the funds from the Federal Insurance Agencies. For deposits in excess of \$250,000, the collateralization requirements are not waived. A Placement Service such as Certificate of Deposit Account Registry Service (CDARS) is a combination of Certificates of Deposits managed by a single bank that can access multi-million dollars in FDIC coverage on

CD investments made through a single bank relationship. The single bank relationship means avoiding tracking collateral on an ongoing basis, requiring surety bonds, or working directly with multiple banks.

BANKER'S ACCEPTANCES (BA)

A Banker's Acceptance is a time draft of invested funds, which has been drawn on and accepted for repayment by a bank. This financial instrument is generally used for short term (30 and 180 days) financing of export, import, or storage of goods. By accepting the draft (investment of City funds), the bank is liable for the payment at maturity. This bank liability makes the Banker's Acceptance a marketable investment. The State Code limits BA's to not more than 180 days to maturity and 40% of the local agency's portfolio. In addition, not more than 30% of the local agency's portfolio may be placed in any one bank.

US TREASURY BILLS

Commonly referred to as T-Bills, these are short-term marketable securities sold as obligations of the US Government. They are offered in three month, six month, nine month and one-year maturities. T-Bills do not accrue interest but are sold at a discount, and pay the face value at maturity.

US TREASURY NOTES

These are marketable, interest-bearing securities sold as obligations of the US Government with original maturities of one to ten years. Interest is paid semi-annually.

US TREASURY BONDS

These are the same as US Treasury Notes except they have original maturities of ten years or longer.

FEDERAL AGENCY ISSUES

Many Federal Government Agencies are authorized to issue short term and long term obligations that are used to finance various programs such as home loans, business loans, farm loans, etc. These Agencies were created by the Federal Government in the 1930's and have since become independent quasi-public agencies. The security for their issues is the guarantee of the Agency to pay. The Federal Government has only an implied liability to the extent that the Agency has an open credit line to borrow from the U.S. Treasury. It is widely accepted that Federal Agency issues are almost as secure as U.S. Government notes.

There is an active secondary market available to sell these issues prior to maturity. The issues are fairly liquid depending on the prevailing market interest rates at the time of sale. Some of the more common agency notes are issued by the Federal National Mortgage Association (Fannie

Mae), Federal Home Loan Banks, Federal Home Loan Mortgage Corporation (Freddie Mac), and the Federal Farm Credit Banks.

Attachment 4

Attachment 4.1 – Daily Checks Cleared File-Operating Account

2017/09/11	1110019708	00000324.44	00000151912
2017/09/11	1110019708	00000090.65	00000152146
2017/09/11	1110019708	00025983.40	00000153302
2017/09/11	1110019708	00000120.48	00000153404
2017/09/11	1110019708	00000038.25	00000153517
2017/09/11	1110019708	00000240.00	00000153523
2017/09/11	1110019708	00000342.10	00000153528
2017/09/11	1110019708	00002319.26	00000153537
2017/09/11	1110019708	00001568.00	00000153547
2017/09/11	1110019708	00000320.00	00000153555
2017/09/11	1110019708	00000256.00	00000153561
2017/09/11	1110019708	00002181.10	00000153570
2017/09/11	1110019708	00000255.34	00000153589
2017/09/11	1110019708	00001240.16	00000153592
2017/09/11	1110019708	00000198.68	00000153606
2017/09/11	1110019708	00000166.90	00000153616

Attachment 4.2 – Checks Cleared File – Payroll (monthly)

20170807	1110019716	0000157116	0000143366
20170807	1110019716	0000157117	0000045454
20170807	1110019716	0000157118	0000061709
20170807	1110019716	0000157119	0000056711
20170807	1110019716	0000157120	0000071154
20170807	1110019716	0000157121	0000061299
20170807	1110019716	0000157122	0000023884
20170807	1110019716	0000157123	0000060653
20170807	1110019716	0000157124	0000160210
20170807	1110019716	0000157139	0000010500
20170808	1110019716	0000157092	0000000804
20170808	1110019716	0000157125	0000043896
20170808	1110019716	0000157128	0000000804
20170808	1110019716	0000157133	0000001183
20170808	1110019716	0000157134	0000009235
20170809	1110019716	0000157132	0000013797
20170811	1110019716	0000157130	0000000804
20170811	1110019716	0000157136	0000013797
20170814	1110019716	0000157129	0000001930
20170814	1110019716	0000157131	0000001930
20170814	1110019716	0000157137	0000001183
20170816	1110019716	0000157138	0000000804
20170818	1110019716	0000157140	0000134616
20170821	1110019716	0000157141	0000061345
20170821	1110019716	0000157147	0000039927
20170822	1110019716	0000157126	0000009373
20170822	1110019716	0000157143	0000074780
20170822	1110019716	0000157145	0000048157
20170822	1110019716	0000157146	0000051116
20170823	1110019716	0000157142	0000063762
20170825	1110019716	0000157144	0000072796
20170828	1110019716	0000157148	0000056118
20170829	1110019716	0000157149	0000001405
20170829	1110019716	0000157150	0000001405
20170829	1110019716	0000157151	0000001004
20170829	1110019716	0000157152	0000000804
20170831	1110019716	0000157153	0000003185
20170831	1110019716	0000157154	0000002131

Attachment 4.3-Sample Web-based payment transmission file

EDEN//9			
UB029301-01	201709070000000258.03	21000023815880	Received by Exchange Bank: 20170906
UB022842-02	201709070000000252.27	21000023815881	Received by Exchange Bank: 20170906
UB015750-00	201709070000000209.46	21000023815882	Received by Exchange Bank: 20170906
UB024878-00	201709070000000203.11	21000023815883	Received by Exchange Bank: 20170906
UB011113-00	201709070000000201.36	21000023815884	Received by Exchange Bank: 20170906
UB000299-00	201709070000000201.12	21000023815885	Received by Exchange Bank: 20170906
UB014319-01	201709070000000200.00	21000023815886	Received by Exchange Bank: 20170906
UB031090-01	201709070000000200.00	21000023815887	Received by Exchange Bank: 20170906
UB012760-04	201709070000000195.37	21000023815888	Received by Exchange Bank: 20170906
UB015756-01	201709070000000192.28	21000023815889	Received by Exchange Bank: 20170906
UB022266-01	201709070000000188.08	21000023815890	Received by Exchange Bank: 20170906
UB009399-00	201709070000000187.40	21000023815891	Received by Exchange Bank: 20170906
UB000780-02	201709070000000182.78	21000023815892	Received by Exchange Bank: 20170906
UB033504-05	201709070000000179.84	21000023815893	Received by Exchange Bank: 20170906
UB010820-03	201709070000000178.65	21000023815894	Received by Exchange Bank: 20170906
UB030105-02	201709070000000172.72	21000023815895	Received by Exchange Bank: 20170906
UB012466-01	201709070000000172.00	21000023815896	Received by Exchange Bank: 20170906
UB007598-01	201709070000000162.86	21000023815897	Received by Exchange Bank: 20170906
UB033380-00	201709070000000162.72	21000023815898	Received by Exchange Bank: 20170906
UB034331-02	201709070000000146.42	21000023815899	Received by Exchange Bank: 20170906
UB009521-00	201709070000000128.91	21000023815900	Received by Exchange Bank: 20170906
UB010279-01	201709070000000127.39	21000023815901	Received by Exchange Bank: 20170906
UB017879-01	201709070000000124.15	21000023815902	Received by Exchange Bank: 20170906
UB003418-00	201709070000000117.61	21000023815903	Received by Exchange Bank: 20170906
UB028807-00	201709070000000114.92	21000023815904	Received by Exchange Bank: 20170906
UB010788-05	201709070000000114.01	21000023815905	Received by Exchange Bank: 20170906
UB024594-00	201709070000000106.09	21000023815906	Received by Exchange Bank: 20170906
UB016227-01	201709070000000105.67	21000023815907	Received by Exchange Bank: 20170906
UB034199-02	201709070000000105.15	21000023815908	Received by Exchange Bank: 20170906
UB029192-08	201709070000000098.90	21000023815909	Received by Exchange Bank: 20170906
UB017039-01	201709070000000098.42	21000023815910	Received by Exchange Bank: 20170906
UB003211-02	201709070000000095.62	21000023815911	Received by Exchange Bank: 20170906
UB031932-00	201709070000000095.46	21000023815912	Received by Exchange Bank: 20170906
UB022212-00	201709070000000090.88	21000023815913	Received by Exchange Bank: 20170906
UB032019-00	201709070000000084.92	21000023815914	Received by Exchange Bank: 20170906
UB018154-00	201709070000000082.64	21000023815915	Received by Exchange Bank: 20170906
UB010848-00	201709070000000082.35	21000023815916	Received by Exchange Bank: 20170906
UB012211-04	201709070000000079.89	21000023815917	Received by Exchange Bank: 20170906
UB016215-00	201709070000000077.47	21000023815918	Received by Exchange Bank: 20170906
UB013473-00	201709070000000077.00	21000023815919	Received by Exchange Bank: 20170906
UB023260-07	201709070000000075.05	21000023815920	Received by Exchange Bank: 20170906
UB006814-00	201709070000000075.00	21000023815921	Received by Exchange Bank: 20170906
UB020454-06	201709070000000074.18	21000023815922	Received by Exchange Bank: 20170906
UB011573-00	201709070000000073.58	21000023815923	Received by Exchange Bank: 20170906
UB027175-00	201709070000000062.82	21000023815924	Received by Exchange Bank: 20170906
UB013237-02	201709070000000056.91	21000023815925	Received by Exchange Bank: 20170906
UB020479-00	201709070000000050.00	21000023815926	Received by Exchange Bank: 20170906

Attachment 5

**City of Petaluma
Banking Services Cost Proposal/Earnings Credit**

Fee Description	Monthly Fee or Unit Price	Volume	Total
Monthly Maintenance Fee		1	
ACH Debits		60	
ACH Credits		4557	
ACH Process File Fee		4	
ACH Electronic File		3	
ACH Item		11	
ACH Change/Reject Notification		1	
Check Deposited		9272	
Deposit Correction		2	
Deposited Item Returned		5	
Currency or Coin Deposited/Supplied		83611	
Other Debits		461	
Other Credits		400	
Remote Deposit Capture Monthly Fee		1	
Remote Deposit Capture per item		9024	
Check Copy		2	
Wire Transfer Incoming		1	
Wire Transfer Outgoing Domestic		1	
Wire Transfer Outgoing International		1	
Reporting Services		1	
Zero Balance Fee		1	
Other Fees not listed			
Totals			

Earnings Credit	Earnings credit percent		Total
Based on Avg Balance of \$3,000,000			
Based on Avg Balance of \$5,000,000			
Based on Avg Balance of \$7,000,000			
Totals			