



PURCHASING DEPARTMENT
REQUEST FOR PROPOSAL

21-010

DISCRETIONARY INVESTMENT
MANAGEMENT AND
CONSULTING SERVICES

BIDS DUE THURSDAY, JUNE 03, 2021

BY 2:00 P.M.

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INVITATION TO BID

The City of North Richland Hills is accepting sealed bids from all interested parties for:

- Bid Number: 21-010
- Bid Type: REQUEST FOR PROPOSAL
- Bid Name: Discretionary Investment Management and Consulting Services
- Bid Due Date: Thursday, June 03, 2021
- Bid Due Time: 2:00 P.M. Central Standard Time
- Pre Bid Conference: Not Applicable
- Location: Not Applicable
- Deadline for questions:
 - Date: Thursday, May 27, 2021
 - Time: 12:00 P.M. Central Standard Time

DOCUMENTS MUST BE SUBMITTED ELECTRONICALLY VIA:

www.publicpurchase.com

No oral explanation in regards to the meaning of the specifications will be made, and no oral instructions will be given after the pre-bid meeting and before the award of the contract. Requests from interested vendors for additional information or interpretation of the information included in the specifications should be directed in writing as a question related to this bid on Public Purchase and the question will be answered on Public Purchase. All addendums will also be posted to Public Purchase. It will be the vendor's responsibility to check all information related to this bid on Public Purchase before submitting a response.

The City of North Richland Hills reserves the right to reject in part or in whole all bids submitted, and to waive any technicalities for the best interest of the City of North Richland Hills.

GENERAL CONDITIONS

In submitting this bid, the Bidder understands and agrees to be bound by the following terms and conditions. These terms and conditions shall become a part of the purchase order or contract and will consist of the invitation to bid, specifications, the responsive bid and the contract with attachments, together with any additional documents identified in the contract and any written change orders approved and signed by a city official with authority to do so. All shall have equal weight and be deemed a part of the entire contract. If there is a conflict between contract documents, the provision more favorable to the City shall prevail.

1. **BID TIME**

It shall be the responsibility of each Bidder to ensure his/her bid are submitted to the Public Purchase website on or before **2:00 P.M. Thursday, June 03, 2021**. The official time shall be determined by the Public Purchase Website. The Public Purchase Website will NOT allow bid responses to be uploaded after the closing time.

All attached bid documents are to be returned completely filled out, totaled, and signed. The City of North Richland Hills will not accept any bid documents other than the attached.

2. **WITHDRAWING BIDS/PROPOSALS/QUOTES**

Bids may be withdrawn at any time prior to the official opening; request for non-consideration of bids must be made in writing to the Purchasing Manager and received prior to the time set for opening bids. The bidder warrants and guarantees that his/her bid has been carefully reviewed and checked and that it is in all things true and accurate and free of mistakes. Bidder agrees that a bid price may not be withdrawn or canceled by the bidder for a period of ninety (90) days following the date designated for the receipt of bids.

3. **IRREGULAR BIDS/PROPOSALS/QUOTES**

Bids will be considered irregular if they show any omissions, alterations of form, additions, or conditions not called for, unauthorized alternate bids, or irregularities of any kind. However, the City of North Richland Hills reserves the right to waive any irregularities and to make the award in the best interest of the City.

4. **REJECTION/DISQUALIFICATION**

Bidders will be disqualified and/or their bids rejected, among other reasons, for any of the specific reasons listed below:

- a) Bid received after the time set for receiving bids as stated in the advertisement;
- b) Reason for believing collusion exists among the Bidders;
- c) Bid containing unbalanced value of any item; bid offering used or reconditioned equipment;
- d) Where the bidder, sub-contractor or supplier is in litigation with the City of North Richland Hills or where such litigation is contemplated or imminent;
- e) Uncompleted work which in the judgment of the City will prevent or hinder the prompt completion of additional work, or having defaulted on a previous contract;
- f) Lack of competency as revealed by reference checks, financial statement, experience and equipment, questionnaires, or qualification statement;
- g) Bid containing special conditions, clauses, alterations, items not called for or irregularities of any kind, which in the Owner's opinion may disqualify the Bidder.

However, the City of North Richland Hills reserves the right to waive any irregularities and to make the award in the best interest of the City of North Richland Hills.

5. BID EVALUATION

Award of bid, if it be awarded, will be made to the lowest responsible bidder or may be awarded to the bidder that offers the goods and/or services at the *best value* for the City (Texas Local Government Code, 252.043). In determining the best value the City will consider the following:

- a) The purchase price; terms and discounts; delivery schedule;
- b) The reputation of the bidder and of the bidder's goods or services;
- c) The quality of the bidders' goods or services;
- d) The extent to which the bidder's goods or services meet the City specifications and needs;
- e) The bidder's past relationship with the City;
- f) Total long term cost to the city to acquire the bidder's goods or services;
- g) Any relevant criteria specifically listed in the specifications;
- h) Compliance with all State and local laws, General Conditions and Specifications;
- i) Results of testing, if required;
- j) Warranty and/or guarantee, maintenance requirements and performance data of the product requested;
- k) City's evaluation of the bidder's ability to perform to specifications.

6. AWARD OF BID

The bid award will be made within sixty (60) days after the opening of bids. No award will be made until after investigations are made as to the responsibilities of the best bidder.

The City of North Richland Hills reserves the right to award bids whole or in part when deemed to be in the best interest of the City. Bidder shall state on bid form if their bid is "all or none", otherwise it shall be considered as agreeing to this section.

Information contained in submitted bid documents shall not be available for inspection until after the award has been made by the City Council. Requests for this information must be submitted in writing.

7. ASSIGNMENT

The successful bidder may not assign his/her rights and duties under an award without the written consent of the North Richland Hills City Manager. Such consent shall not relieve the assignor of liability in the event of default by his assignee.

8. SUBSTITUTIONS/EXCEPTIONS

Exceptions/variations from the specifications may be acceptable provided such variations, in each instance, is noted and fully explained in writing and submitted with bid. NO substitutions or changes in the specifications shall be permitted after award of bid without prior written approval by the Purchasing Manager.

9. DELIVERY/ACCEPTANCE

The delivery date is an important factor of this bid and shall be considered during the evaluation process. The City considers delivery time the period elapsing from the time the

order is placed until the City receives the order at the specified delivery location. All material shall be delivered F.O.B. City of North Richland Hills to the address specified at the time of order. Acceptance by the City of North Richland Hills of any delivery shall not relieve the Contractor of any guarantee or warranty, expressed or implied, nor shall it be considered an acceptance of material not in accordance with the specifications thereby waiving the City of North Richland Hills right to request replacement of defective material or material not meeting specifications.

10. NOTICE OF DELAYS

Whenever the contractor encounters any difficulty which is delaying or threatens to delay timely performance, written notice shall immediately be given to the Purchasing Manager, stating all relevant information. Such notice shall not in any way be construed as a waiver by the City of any rights or remedies to which it is entitled by law. Delays in performance and/or completion may result in cancellation of agreement.

11. SALES TAX

The City of North Richland Hills is exempt from Federal Excise and State sales tax; therefore tax must not be added to bid.

12. TIE BIDS

In the event of a tie bid, State Law provides the bid or contract shall be awarded to the local bidder. In cases where a local bidder is not involved, tie bids shall be awarded by drawing lots at the City Council meeting, or as otherwise directed by the Mayor.

13. BRAND NAME OR EQUAL

If items are identified by a "brand name" description, such identification is intended to be descriptive, not restrictive, and is to indicate the quality and characteristics of products that will be satisfactory. As used in this clause, the term "brand name" includes identification of products by make and model.

Such products must be clearly identified in the bid as an equal product and published specifications of the equal products offered must be included with the bid reply.

Bids offering equal products will be considered for award if determined by the Purchasing Manager and the user department to be equal in all material respects to the brand name products referenced. The decision of acceptable "equal" items or variations in the specifications will solely be the City of North Richland Hills. Unless the bidder clearly indicates in his/her bid that he is offering an "equal" product, his bid shall be considered as offering the brand name product referenced in the invitation for bids.

14. REFERENCES

A minimum of three (3) references, preferably located within the Dallas/Fort Worth Metroplex, must be submitted with each bid. Company name, contact and phone number must be included with each reference.

15. PROHIBITION AGAINST PERSONAL FINANCIAL INTEREST IN CONTRACTS

No employee of the City of North Richland Hills shall have a direct or indirect financial interest in any proposed or existing contract, purchase, work, sale or service to or by the City (CMA-074, Standards of Conduct, Section IV).

16. TERMINATION/NON PERFORMANCE

Continuing non-performance of the vendor in terms of Specifications shall be a basis for the termination of the contract by the City. The City of North Richland Hills reserves the right to enforce the performance of this contract in any manner prescribed by law or deemed to be in the best interest of the City in the event of breach or default of this contract. The City reserves the right to terminate the contract immediately in the event the successful bidder fails to 1.) Meet delivery schedules or, 2.) Otherwise not perform in accordance with these specifications.

Breach of contract or default authorizes the City to award to another bidder, and/or purchase elsewhere and charge the full increase in cost and handling to the defaulting successful bidder.

The contract may be terminated by either party upon written thirty (30) days' notice prior to cancellation without cause.

17. ATTORNEYS FEES

Neither party to this contract shall be entitled to attorney fees for any matter arising under this contract, whether for additional work, breach of contract, or other claim for goods, services, or compensation. All claims for attorney's fees are hereby WAIVED.

18. INDEMNITY

City shall not be liable or responsible for, and shall be saved and held harmless by Contractor from and against any and all suits, actions, losses, damages, claims, or liability of any character, type, or description, including claims for copyright and patent infringement, and including all expenses of litigation, court costs, and attorney's fees for injury or death to any person, or injury to any property, received or sustained by any person or persons or property, arising out of, or occasioned by, directly or indirectly, the performance of Contractor under this agreement, including claims and damages arising in part from the negligence of City, without; however, waiving any governmental immunity available to the CITY under Texas law and without waiving any defenses of the parties under Texas law. The provisions of this indemnification are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity.

It is the expressed intent of the parties to this Agreement that the indemnity provided for in this section is an indemnity extended by Contractor to indemnify and protect City from the consequences of City's own negligence, provided, however, that the indemnity provided for in this section shall apply only when the negligent act of City is a contributory cause of the resultant injury, death, or damage, and shall have no application when the negligent act of City is the sole cause of the resultant injury, death, or damage, unmixed with the legal fault of another person or entity. Contractor

further agrees to defend, at its own expense, and on behalf of City and in the name of City, any claim or litigation brought in connection with any such injury, death, or damage.

The Contractor will secure and maintain Contractual Liability insurance to cover this indemnification agreement that will be primary and noncontributory as to any insurance maintained by the City for its own benefit, including self-insurance.

19. PERFORMANCE AND PAYMENT BONDS

In the event the total contract amount exceeds \$100,000, the Contractor shall be required to execute a performance bond in the amount of one hundred (100) percent of the total contract price; if the total contract amount exceeds \$50,000 the contractor shall be required to execute a payment bond in the amount of one hundred (100) percent of the total contract price, each in standard forms for this purpose, guaranteeing faithful performance of work and guaranteeing payment to all persons supply labor and materials or furnishing any equipment in the execution of the contract. It is agreed that this contract shall not be in effect until such performance and payment bonds are furnished and approved by the City of North Richland Hills. No exceptions to this provision allowed.

Unless otherwise approved in writing by the City of North Richland Hills, the surety company underwriting the bonds shall be acceptable according to the latest list of companies holding certificates of authority from the Secretary of the Treasury of the United States.

Attorneys-in-fact who sign bid bonds or contract bonds must file with each bond a certified and current copy of their power of attorney.

20. INTERLOCAL AGREEMENT

Successful bidder agrees to extend prices and terms to all entities who have entered into or will enter into joint purchasing interlocal cooperation agreements with the City of North Richland Hills.

☐ Yes, we agree ☐ No, we do not agree

21. ELECTRONIC PROCUREMENT

The City of North Richland Hills has adopted policies and procedures complying with Local Government Code Section 252.0415, Section 271.906 and Section 2155.062. The City of North Richland Hills may receive submittals in electronic form in response to procurement requests. However, a bid that is submitted non-electronically by the due date and time will be accepted and then entered electronically by Purchasing after the bid opening.

22. COMPLIANCE WITH SB 89:

Vendor agrees per HB 89 of the 85th Texas Legislative Session, and in accordance with Chapter 2270 of the Texas Government Code, vendor has not and shall not boycott Israel at any time while providing products or services to the City of North Richland Hills.

☐ Yes, we agree ☐ No, we do not agree

23. COMPLIANCE WITH SB 252:

Vendor agrees per SB 252 of the 85th Texas Legislative Session, and in accordance with Chapter 2252 of the Texas Government Code, vendor shall not do business with Iran, Sudan or a foreign terrorist organization while providing products or services to the City of North Richland Hills.

☐ Yes, we agree

☐ No, we do not agree *

* By selecting no, vendor certifies that it is affirmatively excluded from the federal sanctions regime by the United States government and is not subject to the contract prohibition under Section 2252.154 of the Texas Government Code. Vendor shall provide sufficient documentation to the City of such exclusion prior to award of any contract for goods or services.

24. ETHICS AND COMPLIANCE POLICY

The City's Ethics and Compliance Policy can be found at The City of North Richland Hills Purchasing Division webpage - Or you may request a copy from the Purchasing Division. Acknowledgment - The City of North Richland Hills' Internal Ethics and Compliance Policy has been made available to me. I understand the expectations of ethical behavior and compliance with the law, and agree to adhere to the City's ethics policies.

<https://www.nrhtx.com/DocumentCenter/View/389/Code-of-Ethics---PDF?bidId>

☐ I agree

☐ I do not agree

25. DEPARTMENT OF TRANSPORTATION (TXDOT) RELATED BIDS

"The City of North Richland Hills, in accordance with the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C. §§ 2000d to 2000d-4) and the Regulations, hereby notifies all bidders that it will affirmatively ensure that any contract entered into pursuant to this advertisement, disadvantaged business enterprises will be afforded full and fair opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for an award." Due care and diligence has been used in preparation of this information, and it is believed to be substantially correct. However, the responsibility for determining the full extent of the exposure and the verification of all information presented herein shall rest solely with the bidder. The City of North Richland Hills and its representatives will not be responsible for any errors or omissions in these specifications, nor for the failure on the part of the proposer to determine the full extent of the exposures.

INSURANCE REQUIREMENTS

Contractors performing work on City property or public right-of-way for the City of North Richland Hills shall provide the City a certificate of insurance evidencing the coverages and coverage provisions identified herein. Contractors shall provide the City evidence that all subcontractors performing work on the project have the same types and amounts of coverages as required herein or that the subcontractors are included under the contractor's policy. The City, at its own discretion, may require a certified copy of the policy.

All insurance companies and coverages must be authorized by the Texas Department of Insurance to transact business in the State of Texas and must be acceptable to the City of North Richland Hills.

The following guidelines are designed to show the most common minimum insurance requirements for standard contracts and agreements with the City. Non-standard agreements may require additional coverage and/or higher limits. Coverage Amounts required for non-standard agreements to be determined by the department and the City Manager.

General Contracts for Services:

Service work, and general maintenance agreements, etc.

- ☐ Commercial General Liability
- ☐ Automobile Liability
- ☐ Workers' Compensation & Employer's Liability
- ☐ Payment and Maintenance Bond (if applicable)

See Exhibit A for insurance language to include in general contracts for services

Professional Services:

Consultants or other professionals including: accountants, attorneys, architects, engineers, medical professionals, medical services, etc.

- ☐ Commercial General Liability
- ☐ Automobile Liability
- ☐ Workers' Compensation & Employer's Liability
- ☐ Professional Liability or equivalent Errors & Omissions (appropriate to Contractor's profession)

See Exhibit B for insurance language to include in professional services contracts

Construction:

Building contractors for construction projects.

- ☐ Commercial General Liability
- ☐ Automobile Liability
- ☐ Workers' Compensation & Employer's Liability
- ☐ Professional Liability (if applicable for design function)

- ☐ Builder's Risk (required for new or existing property under construction)
- ☐ Payment and Maintenance Bond (if applicable)

See Exhibit C for insurance language to include in construction contracts

Information Technology/Network Access Services:

For the purchasing and installation of technology-related software and equipment or contracting services that support, maintain or interact with the CITY'S technology systems.

- ☐ Commercial General Liability
- ☐ Automobile Liability
- ☐ Workers' Compensation & Employer's Liability
- ☐ Professional Liability (if applicable)
- ☐ Cyber Liability

See Exhibit D for insurance language to include in IT/network access services agreements

Standard Minimum Required Insurance Coverage

Insurance Type	Limit	Provision
Commercial General Liability	\$1,000,000 Each Occurrence \$2,000,000 Aggregate	City to be listed as additional insured and provided 30-day notice of cancellation or material change in coverage
	For Construction Projects: \$2,000,000 Each Occurrence \$4,000,000 Aggregate	
Automobile Liability	\$1,000,000 Combined Single Limit	
Workers' Compensation	Texas Statutory Requirements	Waiver of subrogation in favor of City
Employer's Liability	\$500,000 injury - each accident \$500,000 disease - each employee \$500,000 disease - policy limit	
Professional Liability (or equivalent Errors & Omissions coverage appropriate to the Contractor's profession)	\$1,000,000 Each Occurrence	
Builder's Risk (required for new or existing property under construction)	100% Value	
Cyber Liability	\$1,000,000 Each Occurrence	
Payment/Maintenance Bonds	In accordance with Chapter 2253 of the Texas Government Code	

EXHIBIT A

GENERAL CONTRACTS FOR SERVICES

For the duration of this Agreement, CONTRACTOR shall maintain the following minimum insurance which shall protect CONTRACTOR, its subcontractors, its sub-consultants and CITY from claims for injuries, including accidental death, as well as from claims for property damage which may arise from the performance of work under this Agreement.

A. Workers' Compensation and Employer's Liability Insurance:

Workers' Compensation	Texas Statutory
Employer's Liability	\$500,000 injury - each accident
	\$500,000 disease - each employee
	\$500,000 disease - policy limit

B. Commercial General Liability:

On an "occurrence" basis, including, property damage, bodily injury, products and completed operations and personal & advertising injury with limits no less than \$1,000,000 per occurrence and \$2,000,000 aggregate.

C. Automobile Liability:

Covering any auto, or if CONTRACTOR has no owned autos, covering hired and non-owned autos with a Combined Single Limit no less than \$1,000,000 per accident for bodily injury and property damage.

Insurance limits can be met with a combination of primary and excess/umbrella coverage.

The CITY, its officers, officials and employees are to be covered as "Additional Insured" on the commercial general liability and automobile liability policies as respects liability arising out of activities performed by or on behalf of the CONTRACTOR.

A waiver of subrogation in favor of the CITY, its officers, officials and employees shall be contained in the Workers' Compensation insurance policy.

Policies of insurance shall not be cancelled non-renewed, terminated, or materially changed unless and until thirty (30) days' notice has been given to CITY.

All insurance shall be issued by responsible insurance companies eligible to do business in the State of Texas and having an A.M. Best Financial rating of A- VI or better.

CONTRACTOR shall furnish the CITY certificates of insurance affecting coverage required. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. Certificates of Insurance must be submitted on a form approved by the Texas Department of Insurance.

Payment and Maintenance Bonds (if applicable): CONTRACTOR shall procure Payment and Maintenance Bonds as applicable and in accordance with Chapter 2253 of the Texas Government Code.

EXHIBIT B

PROFESSIONAL SERVICES

For the duration of this Agreement, CONTRACTOR shall maintain the following minimum insurance which shall protect CONTRACTOR, its subcontractors, its sub-consultants and CITY from claims for injuries, including accidental death, as well as from claims for property damage which may arise from the performance of work under this Agreement.

A. Workers' Compensation and Employer's Liability Insurance:

Workers' Compensation	Texas Statutory
Employer's Liability	\$500,000 injury - each accident
	\$500,000 disease - each employee
	\$500,000 disease - policy limit

B. Commercial General Liability:

On an "occurrence" basis, including, property damage, bodily injury, products and completed operations and personal & advertising injury with limits no less than \$1,000,000 per occurrence and \$2,000,000 aggregate.

C. Automobile Liability:

Covering any auto, or if CONTRACTOR has no owned autos, covering hired and non-owned autos with a Combined Single Limit no less than \$1,000,000 per accident for bodily injury and property damage.

D. Professional Liability (Errors and Omissions)

CONTRACTOR shall maintain Professional Liability (or equivalent) errors and omissions insurance appropriate to the CONTRACTOR'S profession, discretionary investment management and consulting, with a limit no less than \$1,000,000 per occurrence or claim.

Insurance limits can be met with a combination of primary and excess/umbrella coverage.

The CITY, its officers, officials and employees are to be covered as "Additional Insured" on the commercial general liability and automobile liability policies as respects liability arising out of activities performed by or on behalf of the CONTRACTOR.

A waiver of subrogation in favor of the CITY, its officers, officials and employees shall be contained in the Workers' Compensation insurance policy.

Policies of insurance shall not be cancelled non-renewed, terminated, or materially changed unless and until thirty (30) days' notice has been given to CITY.

All insurance shall be issued by responsible insurance companies eligible to do business in the State of Texas and having an A.M. Best Financial rating of A- VI or better.

CONTRACTOR shall furnish the CITY certificates of insurance affecting coverage required. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. Certificates of Insurance must be submitted on a form approved by the Texas Department of Insurance.

EXHIBIT C

CONSTRUCTION

For the duration of this Agreement, CONTRACTOR shall maintain the following minimum insurance which shall protect CONTRACTOR, its subcontractors, its sub-consultants and CITY from claims for injuries, including accidental death, as well as from claims for property damage which may arise from the performance of work under this Agreement.

A. Workers' Compensation and Employer's Liability Insurance:

Workers' Compensation	Texas Statutory
Employer's Liability	\$500,000 injury - each accident
	\$500,000 disease - each employee
	\$500,000 disease - policy limit

B. Commercial General Liability:

On an "occurrence" basis, including, property damage, bodily injury, products and completed operations and personal & advertising injury with limits no less than \$2,000,000 per occurrence and \$4,000,000 aggregate.

C. Automobile Liability:

Covering any auto, or if CONTRACTOR has no owned autos, covering hired and non-owned autos with a Combined Single Limit no less than \$1,000,000 per accident for bodily injury and property damage.

D. Professional Liability (if contract involves design work)

CONTRACTOR shall maintain Professional Liability (or equivalent) errors and omissions insurance appropriate to the CONTRACTOR'S profession, with a limit no less than \$1,000,000 per occurrence or claim

E. Builder's Risk

CONTRACTOR shall maintain Builder's Risk Insurance providing All-Risk (Special Perils) coverage in an amount equal to one hundred percent (100%) of the completed value of the project in question and no coinsurance penalty provisions. The policy shall list the CITY as loss payee as their interests may appear.

Insurance limits can be met with a combination of primary and excess/umbrella coverage.

The CITY, its officers, officials and employees are to be covered as "Additional Insured" on the commercial general liability and automobile liability policies as respects liability arising out of activities performed by or on behalf of the CONTRACTOR.

A waiver of subrogation in favor of the CITY, its officers, officials and employees shall be contained in the Workers' Compensation insurance policy.

Policies of insurance shall not be cancelled non-renewed, terminated, or materially changed unless and until thirty (30) days' notice has been given to CITY.

All insurance shall be issued by responsible insurance companies eligible to do business in the State of Texas and having an A.M. Best Financial rating of A- VI or better.

CONTRACTOR shall furnish the CITY certificates of insurance affecting coverage required. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. Certificates of Insurance must be submitted on a form approved by the Texas Department of Insurance.

Payment and Maintenance Bonds (if applicable): CONTRACTOR shall procure Payment and Maintenance Bonds as applicable and in accordance with Chapter 2253 of the Texas Government Code.

EXHIBIT D

INFORMATION TECHNOLOGY/NETWORK ACCESS SERVICES

For the duration of this Agreement, CONTRACTOR shall maintain the following minimum insurance which shall protect CONTRACTOR, its subcontractors, its sub-consultants and CITY from claims for injuries, including accidental death, as well as from claims for property damage which may arise from the performance of work under this Agreement.

A. Workers' Compensation and Employer's Liability Insurance:

Workers' Compensation	Texas Statutory
Employer's Liability	\$500,000 injury - each accident
	\$500,000 disease - each employee
	\$500,000 disease - policy limit

B. Commercial General Liability:

On an "occurrence" basis, including, property damage, bodily injury, products and completed operations and personal & advertising injury with limits no less than \$1,000,000 per occurrence and \$2,000,000 aggregate.

C. Automobile Liability:

Covering any auto, or if CONTRACTOR has no owned autos, covering hired and non-owned autos with a Combined Single Limit no less than \$1,000,000 per accident for bodily injury and property damage.

D. Professional Liability (Errors and Omissions)

If appropriate for CONTRACTOR'S work, CONTRACTOR shall maintain Professional Liability (or equivalent) errors and omissions insurance appropriate to the CONTRACTOR'S profession, with a limit no less than \$1,000,000 per occurrence or claim.

E. Cyber Liability

CONTRACTOR shall maintain cyber liability (or equivalent) insurance. Such insurance shall provide limits of no less than \$1,000,000 per occurrence. Coverage shall be sufficiently broad to respond to the duties and obligations as undertaken by the CONTRACTOR.

Insurance limits can be met with a combination of primary and excess/umbrella coverage.

The CITY, its officers, officials and employees are to be covered as "Additional Insured" on the commercial general liability and automobile liability policies as respects liability arising out of activities performed by or on behalf of the CONTRACTOR.

A waiver of subrogation in favor of the CITY, its officers, officials and employees shall be contained in the Workers' Compensation insurance policy.

Policies of insurance shall not be cancelled non-renewed, terminated, or materially changed unless and until thirty (30) days' notice has been given to CITY.

All insurance shall be issued by responsible insurance companies eligible to do business in the State of Texas and having an A.M. Best Financial rating of A- VI or better.

CONTRACTOR shall furnish the CITY certificates of insurance affecting coverage required. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. Certificates of Insurance must be submitted on a form approved by the Texas Department of Insurance.

Other Insurance Requirements - To Be Included As Applicable

CONTRACTORS who serve or distribute liquor:

Liquor Legal Liability - CONTRACTOR shall maintain Liquor Legal Liability coverage covering the selling, serving, or furnishing of any alcoholic beverage performed by CONTRACTOR, or on its behalf. Such insurance shall provide limits of no less than \$1,000,000.00 per occurrence.

CONTRACTORS who hold long-term leases:

Property Insurance – LESSEE shall maintain Property Insurance against all risks of loss to any improvements or betterments, at full replacement cost with no coinsurance penalty provision. The CITY shall be added as a Loss Payee to the policy as interests may appear.

CONTRACTOR's whose work involves chemicals or otherwise has a pollution exposure:

Contractors' Pollution Liability (or equivalent) – CONTRACTOR shall maintain Contractors' Pollution Liability with limits no less than \$1,000,000.00 per occurrence or claim and \$2,000,000 policy aggregate.

CONTRACTORS who take possession of City or public vehicles (e.g., parking lots operators, auto repair shops):

Garage Keepers Liability (or equivalent) – CONTRACTOR shall maintain Garage Keepers Liability or equivalent coverage for applicable property while in the CONTRACTOR'S care, custody or control. Coverage must include Comprehensive and Collision coverage. Such insurance shall provide limits equal to no less than the total value of CITY or public property in the CONTRACTOR'S care, custody and control at any one time.

CONTRACTORS who own and operate unmanned aircraft (drones):

UAS Liability (or equivalent) - CONTRACTOR shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damage to property which may arise from or in connection with the ownership, maintenance or use of Unmanned Aerial Systems (Drones). Coverage must include limits no less than \$1,000,000 per occurrence and \$2,000,000 aggregate.

A PURCHASE ORDER WILL NOT BE ISSUED WITHOUT EVIDENCE OF INSURANCE.

NON-COLLUSION AFFIDAVIT OF BIDDER

State of _____ County of _____

_____ verifies that:
(Name)

- (1) He/She is owner, partner, officer, representative, or agent of
_____, has submitted the attached
bid: (Company Name)
- (2) He/She is fully informed in respect to the preparation, contents and circumstances in regard to attached bid;
- (3) Neither said bidder nor any of its officers, partners, agents or employees has in any way colluded, conspired or agreed, directly or indirectly with any other bidder, firm or person to submit a collusive or sham bid in connection with attached bid and the price or prices quoted herein are fair and proper.

SIGNATURE

PRINTED NAME

Subscribed and sworn to before me this
_____ Day of _____ 2021.

NOTARY PUBLIC in and for

_____ County, Texas.

My commission expires: _____

THIS FORM MUST BE COMPLETED, NOTARIZED AND SUBMITTED WITH BID

BID CERTIFICATION

The Undersigned, in submitting this bid, represents and certifies:

- a. He/she is fully informed regarding the preparation, contents and circumstances of the attached bid;
- b. He/she proposes to furnish all equipment/service at the prices quoted herein and bid is in strict accordance with the conditions and specifications stated herein;
- c. There will be at no time a misunderstanding as to the intent of the specifications or conditions to be overcome or pleaded after the bids are opened;
- d. He/she is an equal opportunity employer, and will not discriminate with regard to race, color, national origin, age or sex in the performance of this contract.
- e. The undersigned hereby certifies that he/she has read, understands and agrees that acceptance by the City of North Richland Hills of the bidder's offer by issuance of a purchase order will create a binding contract. Further, he/she agrees to fully comply with documentary forms herewith made a part of this specific procurement.

COMPANY: _____

ADDRESS: _____

CITY, STATE & ZIP: _____

TELEPHONE: _____

FAX _____

EMAIL: _____

SIGNATURE: _____

PRINTED NAME: _____

DATE: _____

COMPLIANCE WITH HOUSE BILL 1295

In 2015, the Texas Legislature adopted [House Bill 1295](#), which added section 2252.908 of the Government Code. The law states that a governmental entity may not enter into certain contracts with a business entity unless the business entity submits a disclosure of interested parties to the governmental entity at the time the business entity submits the signed contract to the governmental entity.

The law applies only to a contract of a governmental entity that either (1) requires an action or vote by the governing body of the entity or agency before the contract may be signed or (2) has a value of at least \$1 million. The disclosure requirement applies to a contract entered into on or after January 1, 2016.

The Texas Ethics Commission has adopted rules necessary to implement the law, prescribed the disclosure of interested parties form, and posted a copy of the form on the commission's website.

Filing Process:

The commission has made available on its website a new filing application that must be used to file Form 1295. A business entity must:

- 1) Use the application to enter the required information on Form 1295,
- 2) Print a copy of the completed form, which will include a certification of filing that will contain a unique certification number.
- 3) Contract Number should be the Bid/RFP Number and Bid Title.
- 4) Sign the printed copy of the form (an authorized agent of the business entity must sign),
- 5) Either include your personal information or have the form notarized,
- 6) File the completed Form 1295 with the certification of filing with the governmental body with which the business entity is entering into the contract.

The governmental entity must notify the commission, using the commission's filing application, of the receipt of the filed Form 1295 with the certification of filing not later than the 30th day after the date the contract binds all parties to the contract. The commission will post the completed Form 1295 to its website within seven business days after receiving notice from the governmental entity.

Information regarding how to use the filing application may be found at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm.

FOR DISADVANTAGED BUSINESS ENTERPRISES ONLY

Disadvantaged Business Enterprises (DBE) are encouraged to participate in the City of North Richland Hills bid process. Representatives from DBE Companies should identify themselves as such and submit a copy of their Certification.

The City of North Richland Hills recognizes the certifications of both the State of Texas Building and Procurement Commission HUB Program and the North Central Texas Regional Certification Agency. All companies seeking information concerning DBE certification are urged to contact:

**Texas Building and Procurement Commission
Statewide HUB Program**

1711 San Jacinto Blvd., Austin TX 78701-1416

P O Box 13186, Austin, TX 78711-3186

(512) 463-5872

<http://www.window.state.tx.us/procurement/prog/hub/hub-certification/>

North Central Texas

Regional Certification Agency

624 Six Flags Drive, Suite 216

Arlington, Texas 76011

(817) 640-0606

<http://www.nctrca.org/certification.html>

If your company is already certified, attach a copy of your certification to this form and return as part of your packet.

Company Names: _____

Representative: _____

Address: _____

City, State, Zip: _____

Telephone No. _____ **Fax No.** _____

Email address: _____

INDICATE ALL THAT APPLY:

_____ **Minority-Owned Business Enterprise**
_____ **Women-Owned Business Enterprise**
_____ **Disadvantaged Business Enterprise**

CONFLICT OF INTEREST QUESTIONNAIRE

Pursuant to Chapter 176 of the Texas Local Government Code, a person, or agent of a person, who contracts or seeks to contract for the sale or purchase of property, goods, or services with the City of North Richland Hills must file a completed conflict of interest questionnaire. The conflict of interest questionnaire must be filed with the City Secretary of the City of North Richland Hills no later than the seventh business day after the person or agent begins contract discussions or negotiations with the City of North Richland Hills or submits to the City of North Richland Hills an application, response to a request for proposal or bid, correspondence, or another writing related to a potential agreement with the City of North Richland Hills. An updated conflict of interest questionnaire must be filed in accordance with Chapter 176 of the Local Government Code. An offense under Chapter 176 is a Class C misdemeanor.

The Conflict of Interest Questionnaire is included as part of this document and can be found at:

<https://www.ethics.state.tx.us/data/forms/conflict/CIQ.pdf>

CONFLICT OF INTEREST QUESTIONNAIRE
For vendor doing business with local governmental entity

FORM CIQ

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.

This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.

A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

OFFICE USE ONLY

Date Received

1 Name of vendor who has a business relationship with local governmental entity.

2 ☐ **Check this box if you are filing an update to a previously filed questionnaire.** (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

3 Name of local government officer about whom the information is being disclosed.

Name of Officer

4 Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?

☐

Yes

☐

No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?

☐

Yes

☐

No

5 Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.

6 ☐ Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).

7

Signature of vendor doing business with the governmental entity

Date

CONFLICT OF INTEREST QUESTIONNAIRE

For vendor doing business with local governmental entity

A complete copy of Chapter 176 of the Local Government Code may be found at <http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.176.htm>. For easy reference, below are some of the sections cited on this form.

Local Government Code § 176.001(1-a): "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:

- (A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;
- (B) a transaction conducted at a price and subject to terms available to the public; or
- (C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

Local Government Code § 176.003(a)(2)(A) and (B):

- (a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

- (2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that

- (i) a contract between the local governmental entity and vendor has been executed;
- or
- (ii) the local governmental entity is considering entering into a contract with the vendor;

(B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:

- (i) a contract between the local governmental entity and vendor has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor.

Local Government Code § 176.006(a) and (a-1)

- (a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:

- (1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A);
- (2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or
- (3) has a family relationship with a local government officer of that local governmental entity.

- (a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

- (1) the date that the vendor:

- (A) begins discussions or negotiations to enter into a contract with the local governmental entity; or
- (B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or

- (2) the date the vendor becomes aware:

- (A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);
- (B) that the vendor has given one or more gifts described by Subsection (a); or
- (C) of a family relationship with a local government officer.

CONTRACT CHANGES GRID

The Contractor has the obligation to review all documents that make up the contract documents in their entirety and include any objections or requests for modifications to the Terms and Conditions, or any of the Contract Documents, in the Contract Changes Grid included with the Notice to Bidders. No changes or modifications will be made to the contract documents unless such changes are set forth in the Contract Changes Grid, submitted to the City along with the Contractor's proposal, and agreed to by the City.

CONTRACT CHANGES GRID

Proposed Contractor/Bidder _____ ("Contractor" or "Bidder"), submits the following modifications to the City's Standard _____ ("Agreement") requesting changes to such provisions be accepted by the City and incorporated into the Agreement. Contractor understands and acknowledges that the City is under no obligation to accept the modification(s) proposed by Contractor; however, the City agrees to negotiate in good faith in consideration of Contractor's request, subject to legal requirements, City policies and advice of the City Attorney.

Section / Page	Term, Condition or Specification	Exception/Proposed Modification	Disposition (For City of NRH Use Only)
			City Response: ____ Accepted ____ Not Accepted ____ Modified

SPECIFICATIONS

INTRODUCTION

The City of North Richland Hills is seeking interested and qualified firms to provide Discretionary Investment Management and Consulting Services.

BACKGROUND

The City of North Richland Hills is a home rule municipality operating under the laws of the State of Texas. The City maintains a portfolio that is largely comprised of U.S. Treasury and Agency obligations and Local Government Investment Pools. As of the quarter ending March 31, 2021, the funds are invested as indicated below:

Type	% of Portfolio	Amount (in millions)
Managed Portfolio	40.9%	\$57.2 million
Pools	53.2%	\$74.4 million
Depository Bank	5.9%	\$8.2 million
Total Investments	100.0%	\$139.8 million

The Sector Allocation for the Managed Portfolio as of March 31, 2021 was:

Type	% of Portfolio	Amount (in millions)
Managed Portfolio Sector Allocation		
U.S. Treasury	38.4%	\$22.0 million
Federal Agency / GSE	56.6%	\$32.4 million
Federal Agency / CMO	0.5%	\$0.3 million
Commercial Paper ⁽¹⁾	0.0%	\$0.0 million
Municipal	4.3%	\$2.4 million
Accrued Interest	0.2%	\$0.1million
Total Sector Allocation ⁽²⁾	100.0%	\$57.2 million

(1) It is not uncommon for the managed portfolio to include some level of commercial paper.

(2) Total Sector Allocation excludes accrued interest.

INVESTMENT POLICY AND INVESTMENT STRATEGY

The City has adopted a written Investment Policy and Investment Strategy, which regulates the standards and procedures used in its cash management activities. A copy of the most recent Investment Policy and Investment Strategy are attached as Appendix A and Appendix B, respectively.

SCOPE OF SERVICES

The City is issuing a Request for Proposal (“RFP”) for the purpose of selecting a qualified firm to provide Discretionary Investment Management and Consulting Services. The components below reflect the scope of services.

1. Provide discretionary management of the City’s investment portfolio by acting within the guidelines of the City’s Investment Policy and Investment Strategies.
2. Explain the selection process for portfolio changes and execute investment changes.
3. Manage approximately \$60 million of investable Operating Core Reserve Funds (“Managed Portfolio”) in a portfolio consisting of securities rated at the minimum approved Standard & Poor’s and Moody’s Investor Services credit rating according to the City’s investment parameters.
4. Execute the purchase of securities and/or sales with approved broker/dealers in accordance with the City’s approved investment policy.
5. Provide strategies for enhancing portfolio performance while adhering to the City’s Investment Policy and cash flow needs.
6. Monitor the creditworthiness of financial institutions and investments in the City’s portfolio.
7. Establish procedures for assuring and documenting competitive prices for security transactions.
8. Provide monthly reports detailing activity of the portfolio. These reports should include detailed portfolio holdings including accrued interest, amortized cost security ratings and market values, transaction details, principal and interest payments, earnings and portfolio summary statistics. These reports should include mark-to-market valuation and other information for the City to report investment holdings under GASB 31.
9. Provide quarterly and year-end investment reports to comply with Texas state law. These reports should contain a description of market conditions, investment strategies employed, performance, and suggested changes to investment strategy.
10. Attend⁽¹⁾ the City’s quarterly Investment Committee meetings and present the quarterly investment report, review investment strategies, and review performance with the committee.
11. Meet⁽¹⁾ with the City’s Investment Committee, or other City officials, on additional occasions as required.

12. Assist in developing and/or revising the City's investment policy and investment strategies. At a minimum, this includes an annual review of the investment policy followed by written comments and recommended changes. The investment policy and investment strategy are reviewed and approved by the City Council at the first meeting in November each year. Any recommended modifications must be provided to and discussed with the City's Investment Committee at the quarterly meeting related to performance through September 30.
13. At a minimum, conduct an annual review and evaluate safekeeping and custodial procedures and proposed improvements as necessary.
14. Review cash and short-term investment management procedures and propose improvements to the current program.
15. Annually, perform cash flow analysis to identify core operating funds.

Note:

- (1) The terms "attend" and "meet" can be accomplished through a variety of means. While the preference for attendance at these committee meetings is in-person, the City will consider a teleconference or other alternate means with visual capabilities (e.g., WebEx, GoTo Meeting, etc.) acceptable in cases where health considerations – i.e., COVID – and travel distance are a significant factor.

REQUIREMENTS

MINIMUM REQUIREMENTS

To be considered by the City of North Richland Hills, responding investment advisors must meet the following minimum requirements:

1. Must be registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940 and be properly registered to provide investment advisory services in the State of Texas.
2. Must have a minimum of ten (10) years of experience managing fixed income assets for state/local governments and other political subdivisions in Texas.
3. Must have experience managing portfolios of fixed income assets in excess of \$75 million.
4. Must have assets under management (“AUM”) of at least \$10 billion.
5. Must assign a portfolio manager to the City account with a minimum of ten (10) years of experience in providing investment and cash management services to public entities.
6. Must be familiar with all applicable Texas state statutes with regard to qualified investments for public entities, inclusive of the Public Funds Investment Act (Texas Govt Code 2256).
7. In addition to the insurance requirements established in this RFP, the investment advisor must have errors & omissions and fidelity (crime) insurance coverage of at least \$5 million.

PROPOSAL FORMAT AND RESPONSE REQUIREMENTS

The City requires comprehensive responses to every section within this RFP. To facilitate the review of responses, firms shall follow the described format. The intent of the format requirement is to expedite review and evaluation. It is not the intent to constrain firms with regard to content, but to assure that the specific requirements set forth in this RFP are addressed in a uniform manner amenable to review and evaluation. All responses and associated materials should be clearly labeled with the firm’s contact information.

Section 1 - Letter of Interest

A signed cover letter from the firm’s principal expressing interest in providing the services outlined in this RFP and certifying that sufficient resources in personnel, equipment, and time are available and can be committed on behalf of the City for Discretionary Investment Management and Consulting Services. The cover letter must also certify that the firm meets all minimum requirements, as outlined in the General Conditions section of this RFP, as well as the Minimum Requirements outlined on page 19.

Section 2 - Firm Background:

- a. History of the firm.
- b. A breakdown of the staff focused on providing discretionary investment management services. This should include the number of staff (i.e., investment related staff only).
- c. The number of offices providing discretionary investment management services and what offices will provide service under this agreement.
- d. A description of any related organizations that are not involved in providing services to public funds investors.
- e. A description of the ownership structure of the firm.
- f. A description of any other business affiliations.
- g. The number of clients for which the firm provides investment advisory services. Provide the number of clients for which the firm provides discretionary investment management services.
- h. Type of clientele (defined by industry and size of portfolio: less than \$25 million, \$25 - \$50 million, \$50 - \$100 million, \$100 - \$200 million, and over \$200 million).
- i. Information about public funds assets under discretionary management for the past five (5) years.
- j. A composite performance history versus benchmark such as a 1 year treasury index, a 1-3 year treasury index, and a 1-5 year treasury index over the past ten (10) years.

Section 3 – Key Personnel

- a. Identify the primary contact person and provide their contact information, including address, telephone number and e-mail address.
- b. Provide summary biographical information on all key people assigned to this designation, describing the role of each key person and their years of experience in investment management.
- c. Provide detailed resumes for all key investment professionals who will be directly responsible for the investment of the City's funds. Include the following information; title, number of years at your firm, total number of years of experience, professional designations or licenses.
- d. Describe your client service model and expected interaction with the City.

Section 4 – Investment Management Process

- a. Briefly describe your firm's investment philosophy.
- b. What are the primary strategies employed by your firm for adding value to portfolios?
- c. Describe the in-house technical and research support services you have available. What other sources are used by the firm on a regular basis?
- d. What distinguishing features of your firms' research methodology differentiate it from the competition?
- e. Describe the investment strategy you are proposing for the City, including the type of securities you propose to purchase and how the funds will be managed after the initial investments.
- f. What recommendations, if any, would you make to the City Council regarding changes to the investment policies and procedures?
- g. Provide recommendations regarding performance benchmarks.
- h. Describe whether your approach would be considered active, passive, buy/hold and why you believe your approach would provide the most value to the City.
- i. Describe your trade execution process and the number of broker/dealers that your firm will typically contact in order to competitively bid each security trade.
- j. Please include your total return composite performance for the past 1 year, 3 years and 5 years.
- k. Describe the process by which you assure compliance with the City's Investment Policy.
- l. Have you ever been sanctioned or fined by the SEC, FINRA or any other regulatory body? If so, describe.
- m. In the past fifteen (15) years have you ever purchased or owned a security which defaulted or downgraded below investment grade? If so, describe.
- n. Other than policy review and cash flow analysis, provide additional services offered or available that may benefit the City. Provide a detailed description of each service.
- o. Briefly describe any additional feature, attributes or conditions that the City should consider in selecting your firm.

Section 5 – Monitoring and Reporting

- a. Describe the frequency of the reports you would make to the City.
- b. Are reports available online?
- c. Provide sample reports.
- d. Describe how your firm identifies performance benchmarks and how you report performance in relation to the benchmarks.
- e. Please confirm your firm calculates performance in accordance with the Global Investment Performance Standards (“GIPS”).

Section 6 – Experience

- a. Describe the firm’s experience in managing individual portfolios for public funds and governmental entities.
- b. Summarize the breakdown of total AUM by public institutional, private institutional, high net worth, etc.
- c. Do(es) the parent company, partners, subsidiaries, or affiliates act as a broker/dealer? If so, provide details, including the role that broker/dealer will play under an agreement between the City and the firm.
- d. Do you receive other forms of compensation, such as commission, mark-ups, referral fees, or soft dollars?
- e. Provide no less than three (3) client references, accompanied by the following information, at minimum:
 1. Client Name
 2. Contact Name
 3. Contact Number
 4. Contact E-mail
 5. AUM
 6. Length of Engagement
 7. Services Provided

Section 7 – Pricing

It is the City’s desire that a fixed price model be used, however, other pricing models will be considered for evaluation. The pricing model should include a base price that is inclusive of all services related to this RFP. The proposed pricing structure should be organized in a manner that the City can easily estimate its projected annual costs for each year of the contract, inclusive of any optional extensions, as well as total cost. Any price increases or escalators should be clearly defined and identified as part of the pricing model provided.

BID EVALUATION AND AWARD

EVALUATION PROCESS

All RFP responses submitted shall be evaluated by a City staff review committee in order to determine the best value for the City of North Richland Hills. During the evaluation process, the City may request additional information or clarification from firms or to allow corrections of errors or omissions. The City staff review committee reserves the right to interview the top firms as rated by the staff review committee. If interviews are held, they will be conducted either in-person or by virtual means (e.g., WebEx, GoTo Meeting, etc.), at the City's discretion.

EVALUATION CRITERIA

Responses to this RFP will be evaluating using the following criteria, weighted in a manner deemed appropriate by the City.

- a. Overall responsiveness to the Request for Proposal.
- b. The ability to provide independent and objective investment advice.
- c. The experience, resources and qualifications of the investment advisor and individuals assigned to this account and their experience in servicing municipalities, local government and not for profits.
- d. Understanding of the scope of service required by the City of North Richland Hills and the ability to provide services that are in the best interest of the City.
- e. Ability to provide necessary portfolio accounting and reporting services.
- f. Recommendations from references.
- g. The estimated cost of service to the City based on the proposed pricing model, applied to all years of the contract, inclusive of any optional extensions.

Award of bid, if it be awarded, will be made to the bidder that offers goods and/or services that provide the *best value* for the City (Texas Local Government Code, 252.043).

TERMS OF AGREEMENT

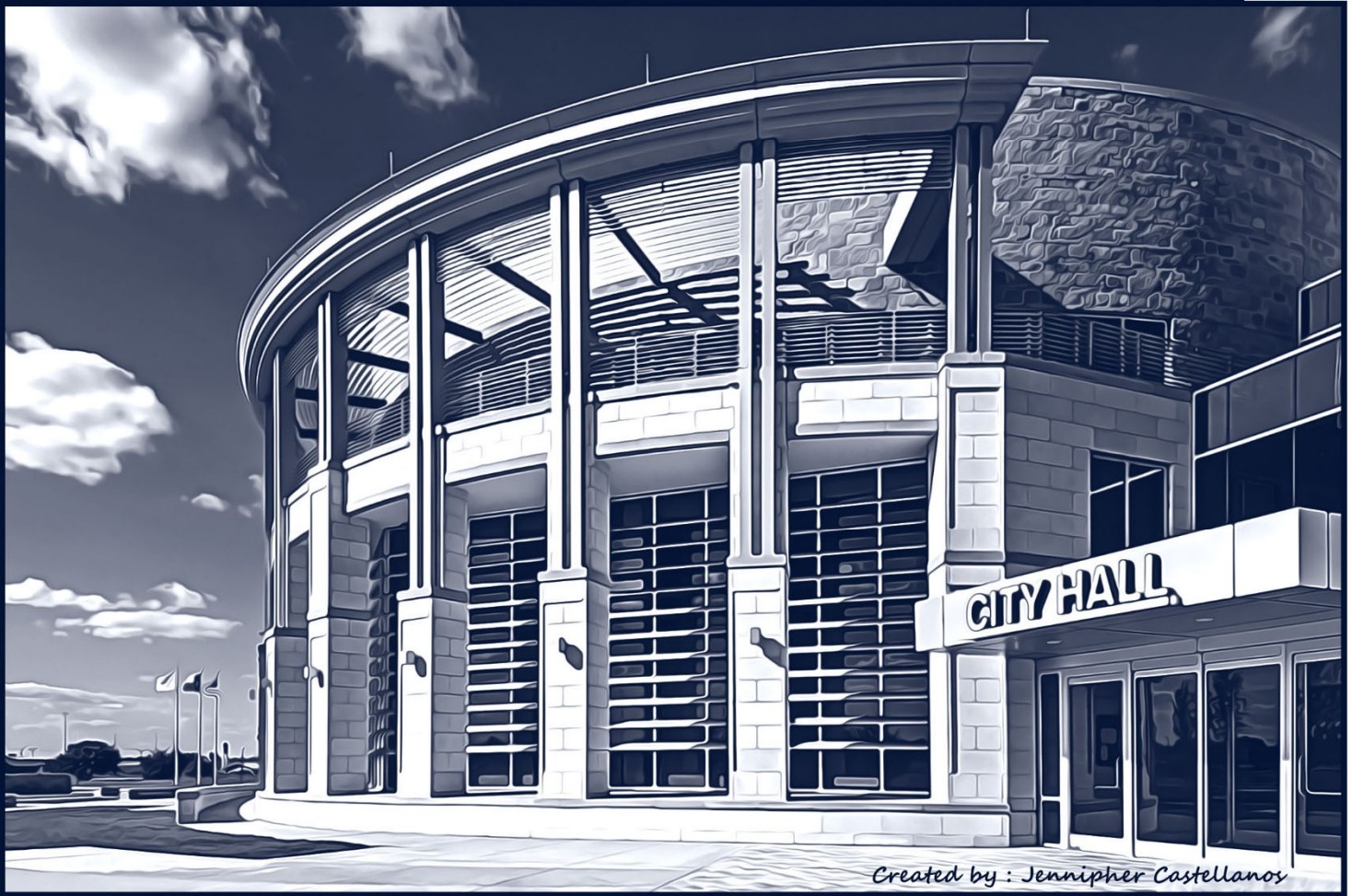
The initial contract period will be for two (2) years with the two (2) optional one (1) year renewals. By mutual agreement, the optional renewals can be exercised, renewing the contract one (1) year at a time, not to exceed the two optional extensions. Service will begin October 2021 and continue through the presentation of the September 30 quarterly report of the final year of the agreement or through the presentation of the September 30 quarterly report of each subsequent renewal.

APPENDICES

Appendix A: NRH Investment Policy (November 2020)

Appendix B: NRH Investment Strategy (November 2020)

Appendix C: Investment Advisory Agreement



Investment Policy

Last Update: November 10, 2020

City of North Richland Hills

Email: Finance@nrhtx.com

Website: www.nrhtx.com

Tel: 817.427.6166

4301 City Point Dr.

North Richland Hills, TX 76180



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PREFACE

"A public office is a public trust."
Charles Sumner, 1872

If a public office is a public trust, then the trust must be administered properly. Public funds are acquired by governments largely through involuntary payments, particularly through taxation. In a modern democratic society, public officials are obligated to manage these funds in a disciplined manner.

In most cases, laws govern the investment process. Laws alone however cannot compel public officials to a series of actions that assure the public's best interests. The actions of public officials responsible for investing public funds must be guided by knowledge, skills, systems, policies, procedures and confidence that can be described only as professional discipline.

It is the policy of the City of North Richland Hills that, giving due regard to safety and risk of investments, all available funds shall be invested in conformance with these legal and administrative guidelines, and, to the maximum extent possible, at the highest rates obtainable at the time of the investment.

Effective cash management is recognized as essential to good fiscal management. An aggressive cash management and investment policy will be pursued to take advantage of investment interest as viable and material revenue to all operating and capital funds. Investment income will be used in a manner that will best serve the interest of the City of North Richland Hills.

The City's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with state and local law.

I. PURPOSE AND OBJECTIVES

A. Purpose

The purpose of this document is to set forth the specific investment policy and strategy guidelines for the City of North Richland Hills. All investment activity shall be consistent with Texas law as defined in Government Code 10, Chapter 2256, known as the Public Funds Investment Act (the Act), and local law.

- safety of investments and City funds
- preservation of capital and protection of principal
- maintenance of sufficient liquidity to meet operating needs
- diversification of investments to avoid unreasonable risks
- public trust from prudent investment activities
- optimization of investment income for the City's portfolio

The City is required under the Public Funds Investment Act, Section 5, to adopt a formal written Investment Policy regarding the investment of its funds and funds under its control. This policy is to be adopted annually to meet the requirements of the Act, and has been revised periodically to comply with updated state requirements. The City of North Richland Hills' Ordinance Number 2079 states that all investment activities and procedures shall be governed by a written Investment Policy. The Investment Policy addresses the methods, procedures, and practices that must be exercised to ensure the effective and judicious management of the City's funds.

B. Objectives

The City shall manage and invest its cash with four primary objectives, listed in the order of priority: safety, liquidity, public trust, and yield, expressed as optimization of investment income. The safety of the principal invested always remains the primary objective. All investments shall be designed and managed in a manner responsive to the public trust and consistent with state and local law.

An aggressive cash management program and investment policy will be pursued by the Investment Officer to take advantage of investment interest as viable and material revenue to all operating and capital funds. Cash management is defined as the process of managing monies in order to ensure maximum cash availability and maximum investment income on short-term investments of idle cash. The City's portfolio shall be designed and managed in a manner responsive to the public trust. Income from investments will be used in a manner that will best serve the interests of the City of North Richland Hills.

1. Safety

Safety of invested principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit and interest rate risk.

a. Credit Risk and Concentration of Credit Risk

The City will minimize credit risk, the risk of loss due to the failure of the issuer or backer of the investment, and concentration of credit risk, the risk of loss attributed to the magnitude of investment in a single issuer, by:

- (1) Limiting investments to the safest types of investments,
- (2) Pre-qualifying the financial institutions and broker/dealers with which the City will do business, and
- (3) Diversifying the investment portfolio to minimize potential losses on individual issuers.

b. Interest Rate Risk

The City will manage the risk that the investment income and the market value of investments in the portfolio will fall due to changes in the general interest rates by:

- (1) Structuring the investment portfolio so that investments mature to meet cash requirements for ongoing operations. From time to time, securities may be purchased at a premium or traded for other securities to improve yield, maturity or credit risk. For these transactions, a loss may be incurred for accounting purposes to achieve optimal investment return, provided any of the following occurs with respect to the replacement security:
 - A. The yield has been increased, or
 - B. The maturity has been reduced or lengthened, or
 - C. The quality of the investment has been improved.
- (2) Investing operating funds primarily in certificates of deposit, shorter-term securities, money market mutual funds, or local government investment pools functioning as money market mutual funds,
- (3) Diversifying maturities and staggering purchase dates to minimize the impact of market movements over time, and
- (4) Limiting the maximum weighted average maturity of the investment portfolio to 3 years.

2. Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that investments mature concurrent with cash needs to meet anticipated demands. Because all possible cash demands cannot be anticipated, a portion of the portfolio will be invested in shares of money market mutual funds or local government investment pools that offer same-day liquidity.

3. Public Trust

All participants in the City's investment process shall seek to act responsibly as custodians of the public trust. Investment officers shall avoid any transaction that might impair public trust in the City's ability to govern effectively.

4. Yield (Optimization of Investment Income)

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

II. SCOPE

This investment policy applies to all financial assets of the City of North Richland Hills in all current funds, any funds to be created in the future, and any other funds held in custody by the City, unless expressly prohibited by law or unless it is in contravention of any depository contract between the City and its depository bank. However, this policy does not apply to the assets administered for the benefit of the City by outside agencies. These funds are accounted for in the City's Comprehensive Annual Financial Report and include:

Operating Funds

- General Fund
- Special Investigation Fund
- Drainage Utility Fund
- Crime Control and Prevention District Fund
- Promotional Fund
- Economic Development Fund
- Donations Fund
- Parks and Recreation Facilities Development Fund
- Grant Fund
- Gas Development Fund
- Traffic Safety Fund
- Utility Fund
- Aquatic Park Fund
- Golf Course Fund
- Facilities/Construction Management Fund
- Fleet Services Fund
- Self-Insurance Fund
- Information Services Fund
- General CIP Fund

- Permanent Street Maintenance Fund
- Sidewalk Maintenance Fund
- Tax Increment Financing District 1 (TIF #1)
- Tax Increment Financing District 2 (TIF #2)

Capital Improvement Funds

Debt Service Funds

General Fund Balance Reserve

Revenue Bond Reserves

The City will consolidate cash balances from all funds with the exception of bond proceeds to optimize investment income. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

III. RESPONSIBILITY AND CONTROL

A. Delegation of Authority

This Investment Policy and the outlining of investment practices and authorities is compiled in accordance with the Public Funds Investment Act, which requires the adoption of rules governing investment policies and strategies and the designation of an Investment Officer, as well as City Ordinance Number 2079 which designates investment officers and provides prudent investment rules. Collateral requirements are created in accordance with the Public Funds Collateral Act (Texas Government Code 10, Chapter 2257).

Ultimate responsibility and authority for all investment transactions and cash management reside with the City Manager and the City's Director of Finance. The Director of Finance is also responsible for considering the quality and capability of staff to be involved in investment management and procedures. The Director of Finance may delegate responsibility for the day to day investment activities to other qualified staff members. These staff members will be termed Investment Officers of the City. One of these Investment Officers will be designated the Primary Investment Officer by the Director of Finance to conduct daily investment activity and prepare required investment reports. Investment Officers will not conduct any investment or banking activities involving City funds until a resolution or ordinance giving them authority to do so has been approved by the City Council of the City of North Richland Hills. All participants in the investment process shall seek to act responsibly as custodians of public trust.

B. Quality and Capability of Investment Management

The City shall provide periodic training in investments for the designated Investment Officers and other investment personnel through courses and seminars offered by professional organizations, associations, and other independent sources approved by

the Investment Committee in order to ensure the quality and capability of investment management in compliance with the Public Funds Investment Act.

C. Training Requirements

In accordance with the Public Funds Investment Act, all authorized Investment Officers shall attend an investment training session not less than once each state fiscal biennium and shall receive not less than eight hours of instruction relating to investment responsibilities. A newly appointed Investment Officer must attend a training session of at least ten hours of instruction within twelve months of taking over or assuming duties and attend an investment training session not less than once in a two-year period that begins on the first day of the local government's fiscal year and consists of the two consecutive fiscal years after that date. The training shall be provided by an independent source approved by the Investment Committee. For purposes of this policy, an "independent source" from which investment training shall be obtained shall include: a professional organization, an institution of higher education, or any other sponsor certified to provide such training.

D. Management and Internal Controls

The Director of Finance is responsible for establishing and maintaining an internal control structure designed to ensure the City's assets are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the Director of Finance shall establish a process for annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- Minimize risk of collusion
- Separation of transactions authority from accounting and record keeping
- Custodial safekeeping
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation for telephone (voice) transactions for investments and wire transfers
- Development of a wire transfer agreement with the depository bank or third party custodian

E. Prudence

The standard of prudence to be applied by the Investment Officer shall be the "prudent investor" rule, which states: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived." It should be noted that, in a diversified portfolio, occasional losses are inevitable and must be considered within the context of the overall portfolio's return.

In determining whether an Investment Officer has exercised prudence with respect to an investment decision, the determination shall take into consideration the investment of all funds, or funds under the City's control, over which the Investment Officer had responsibility rather than a consideration as to the prudence of a single investment, and whether the investment decision was consistent with the written investment policy of the City.

F. Indemnification

The Investment Officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported in a timely manner and appropriate action is taken to control the effects of such adverse developments.

The City shall provide for the defense and indemnification of any Investment Officer or Investment Committee member who is made party to any suit or proceeding, other than by actions of the City, or against whom a claim is asserted by reasons of their actions taken within the scope of their service as Investment Officers or appointed members of the Investment Committee. Such indemnity shall extend to judgments, fines, and amounts paid in settlement of any such claim, suit or proceeding, including any appeal thereof. This protection shall extend only to members who have acted in good faith and in a manner which they reasonably believe to be in, or not opposed to, the best interests of the City.

G. Ethics and Conflicts of Interest

City staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions. City staff should disclose to the City Manager any material personal financial investments in financial institutions that conduct business with the City and they shall further disclose positions that could be related to the performance of the City's portfolio. City staff shall subordinate their personal financial transactions to those of the City, particularly with regard to the timing of purchases and sales.

An Investment Officer of the City who has a personal business relationship, as defined by the Public Funds Investment Act of 1997, Section 2256.005 (i), with an organization seeking to sell an investment to the City shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree of affinity or consanguinity to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship. A disclosure statement required under this section must be filed with the Texas Ethics Commission and the governing body of the City.

IV. INVESTMENT COMMITTEE

An Investment Committee shall be established to assist in monitoring the performance and structure of the City's portfolio and approved brokers. Members of this committee shall include the Director of Finance (as Chairman) and the Assistant Director of Finance as permanent members. Additional members, numbering no less than three,

will be appointed at the discretion of the Director of Finance. The Primary Investment Officer will report to and make recommendations to the Investment Committee, but will have no vote concerning investment policy or suitability of investments. Any matters presented to the committee requiring a vote of the members shall be passed or denied by a simple majority.

The Investment Officer or any other member of the committee shall have the power to call meetings of the committee. The committee shall meet no less than quarterly.

The Investment Committee shall perform the following functions:

1. Approve the process of selecting authorized dealers, brokers, investment advisors, and safekeeping agents/custodians used by the City.
2. Review the City's general portfolio activity and performance for compliance to this policy and recommend any changes or amendments to this policy to the City Council.
3. Approve the Investment Strategy document, as prepared by the Investment Officer. This document is required by State law to be separate from the Investment Policy. The Investment Strategy will be a guide to the investment of all funds controlled by the City as described in Section II of the Investment Policy. The strategy is intended to adapt to changes in market conditions.
4. Advise the Investment Officer as to recommendations regarding investment strategy and portfolio performance.
5. Approve the purchase of any securities with maturities over three (3) years.
6. Immediately notify the Investment Officer of any information brought to their attention that materially affects the portfolio or the marketability of any investments purchased in accordance with the Investment Policy.
7. Oversee the activities of the persons designated to carry out investment transactions and inform the City Council of unaddressed concerns with the management of the City's investment portfolio.

V. SUITABLE AND AUTHORIZED INVESTMENTS

The City's portfolio investment strategy seeks to match investment maturities with cash flow requirements for the portion of the portfolio where maturity dates can be matched with cash flow requirements and investments are able to be purchased with the intention of being held until maturity. However, investments may be liquidated prior to maturity for the following reasons:

- An investment with declining credit may be liquidated early to minimize loss of Principal
- Cash flow needs of the City require that the investment be liquidated

- An investment can be liquidated prior to maturity in the event that the gain and, or, overall benefit from selling and reinvesting the security is greater than the benefit that would be realized if the security continued to be held to maturity. This will occur primarily in the core portion of the city's portfolio that is available for longer term investment.

City funds governed by this policy may be invested in the instruments described below, all of which are authorized by Chapter 2256 of Government Code 10 (Public Funds Investment Act), with further restrictions imposed by local ordinances. Investments of City funds in any instrument or security not authorized for investment under the Act and City ordinance is strictly prohibited. The City will not be required to liquidate an investment that becomes unauthorized, for reasons other than loss of rating, subsequent to its purchase. All prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

A. Authorized Investments

1. Obligations of the United States, its agencies, and instrumentalities
2. Direct Obligations of the State of Texas or its agencies
3. Collateralized Mortgage Obligations ("CMOs") directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States
4. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States
5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality of not less than A or its equivalent by a nationally recognized investment rating firm
6. Certificates of deposit issued by a depository institution as permitted by Texas Public Funds Investment Act section 2256.010. Certificates of deposit must be guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, and secured by obligations in a manner and amount as provided by law.
7. Fully Collateralized Repurchase Agreements that are structured in compliance with the Public Funds Investment Act. A flexible repurchase agreement can be utilized for the investment of bond proceeds to meet projected cash outflows. Repurchase agreements must be: secured by a combination of cash and obligations of the United States or its agencies and instrumentalities; pledged to the City or held in the City's name; deposited at the same time the investment is made; and have a defined termination date. Flexible repurchase agreements (Flex-Repos) must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or financial institutions doing business in this state. Flex-Repos may be utilized on new bond issues as deemed necessary and advantageous to the City. Repurchase Agreements will

only be executed with counterparties that have signed a TBMA Tri-Party Repurchase Agreement with the City.

8. Commercial Paper

- a. Commercial Paper is an authorized investment of this policy if the commercial paper:
 - (1) Has a stated maturity of 365 days or fewer from the date of issuance; and
 - (2) Is rated not less than A-1 or P-1 or an equivalent by at least:
 - (a) Two nationally recognized credit rating agencies; or
 - (b) One nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

9. Mutual Funds

- a. No-load Money Market Mutual Funds are acceptable investments provided they are registered and regulated by the Securities and Exchange Commission, comply with SEC rule 2a-7 and provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940.
- b. No-load Mutual Funds are acceptable investments provided they are registered and regulated by the Securities and Exchange Commission, provide the City with a prospectus and other information required by the Securities and Exchange Act of 1934 or the Investment Company Act of 1940, and confirm to all requirements of Section 2256.014 of the Public Funds Investment Act relating to no-load mutual funds.

10. Investment Pools

- a. Investment pools must provide the Investment Officer with an offering circular or other similar disclosure instrument that contains specific and detailed information required by the Act. Additionally, the pool shall provide transaction confirmations, detailed monthly transaction summaries, and monthly performance reports to the Investment Officer. The specific requirements for authorized investment pools are detailed in the Public Funds Investment Act, Subchapter A, Section 2256.016. Authorized pools must maintain credit ratings no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service. An investment pool shall invest the funds it receives from entities in authorized investments permitted by the Public Funds Investment Act.
- b. In order to participate in an investment pool, the City Council must approve by resolution or ordinance a Participation Agreement or Inter-local Agreement to be executed with the State or Inter-local authority responsible for the investment pool. This agreement will specify the City's authorized

representatives and the standard delivery instructions for fund transfers and information reports.

B. Unauthorized Investments

The following investment instruments are specifically not authorized:

1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal (Collateralized Mortgage Obligations (CMO) - derived Interest Only Strips),
2. Obligations whose payment represent the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest (CMO-derived Principal Only Strips),
3. Collateralized Mortgage Obligations that have a stated final maturity date of greater than ten (10) years,
4. Collateralized Mortgage Obligations whose interest rates are determined by an index that adjusts opposite to the changes in a market index (Inverse Floaters),
5. Certificates of Deposit and other investments issued by Savings and Loans,
6. Share Certificates and other investments issued by Credit Unions, and
7. Guaranteed Investment Contracts.

VI. INVESTMENT PARAMETERS

A. Diversification

Diversification of funds and investments must be accompanied by competitive bidding of all investments to assure diversification among securities dealers. Diversification is necessary to reduce the portfolio's credit and market risks, while helping the portfolio attain a market rate of return. The City shall seek to conduct its investment transactions with several competing, reputable investment security dealers and brokers to protect principal while optimizing interest opportunities. To assure diversification of financial institutions, business involving two party transactions (i.e. repurchase agreements) with any one investment broker should be limited to thirty percent (30%) of the par value of the total portfolio for any reporting period. In this way, a bankruptcy, receivership, or legal action would not immobilize the City's ability to meet payroll, operating, or other expenses.

It is the policy of the City to diversify its investment portfolio so that reliance on any one issuer or broker will not place an undue financial burden on the City.

B. Investment Type

Depositories for Municipal Funds (Chapter 105, Local Government Code), the Public Funds Investment Act (Chapter 10, Government Code), and City Ordinance

Number 2079 authorize depositories and define allowable investment programs for municipal governments.

It is the policy of the City to purchase only securities authorized by both the Public Funds Investment Act and Section V., subsection A., of the City's investment policy. Market risk shall be minimized by diversification of investment types. The following limits, by instrument, are established for the City's total portfolio:

1. Repurchase Agreements	50%
2. Certificates of Deposit	30%
3. U.S. Treasury Notes/Bonds/Bills	100%
4. U.S. Agencies and Instrumentalities	75%
5. Commercial paper	10%
6. State and Local Bonds and Notes	20%
7. Money Market Mutual Funds	80%
8. Mutual Funds	15%
9. Investment Pools	100%

The maximum maturity of any given investment in the portfolio shall not exceed a final, stated maturity of 5 years from the date of purchase and overall portfolio weighted average maturity is not to exceed 3 years.

Reductions in the size of the portfolio due to cash outflows may cause an investment type to exceed the maximum percentage allowed for that investment type. In such situations, securities will be sold to reduce the percentage to allowable levels only if no loss will be realized from the sale. If a loss will be realized, then the investment may be held to maturity.

To allow for efficient and effective placement, a singular repurchase agreement can be utilized for the investment of bond proceeds, which exceeds the 50% limitation.

Furthermore, the City is authorized to invest bond proceeds or revenue pledged to the payment of debt obligations only to the extent permitted by the Public Funds Investment Act, in accordance with the provisions governing the debt issuance and the City's approved investment policy regarding the debt issuance.

VII. INVESTMENT PROCEDURES

The City's portfolio shall be designed with the objective of obtaining a rate of return through budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow requirements. The risk-return relationship will be controlled through the investment parameters, operating requirements, and guiding policies of the City Council. Market value of all securities owned will be compared to current book value of those securities to determine portfolio performance on a quarterly basis. Safety of principal is the foremost objective of this investment policy.

The City will practice competitive bidding when purchasing all investments to guarantee the highest rate of return for the desired maturity date. The right is reserved to reject the most financially favorable bid if it is potentially disruptive to the investment strategy or portfolio composition of the City.

A. Approval of Broker/Dealers

It is the policy of the City to purchase securities only from those institutions on the City's approved list of broker/dealers and banks. The Investment Committee shall at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City. All securities dealers must be registered and certified with the Texas State Securities Commission, National Association of Security Dealers ("NASD") and Securities and Exchange Commission ("SEC").

Those firms that request to become qualified bidders for securities transactions, including financial institutions, banks, money market mutual funds, and local government investment pools, will be required to provide a completed broker/dealer questionnaire that provides information regarding creditworthiness, experience, and reputation. Additional requirements include a certification stating that the firm has received, read, understood, and agreed to comply with the City's investment policy and implemented reasonable procedures and controls to preclude investment transactions that are not authorized by the City's investment policy. This list may be revised by the Investment Committee as the City's investment needs change. The Investment Committee shall approve all broker/dealers and shall also have the ability to limit the number of authorized securities dealers/banks doing business with the City.

All banks authorized to sell securities to the City will be Federal Reserve member banks and must be approved by the Investment Committee. No investments will be placed with Savings and Loan Institutions or Credit Unions.

It is the policy of the City to purchase securities from those institutions on investment manager's approved list. The City authorizes the investment manager to engage in security transactions with broker/dealers on a carefully monitored broker/dealer list. The Investment Committee shall at least annually review the list of broker/dealers with investment manager.

B. Investment Transactions

It is the policy of the City of North Richland Hills to require competitive bidding for all individual security purchases and sales except for transactions with money market mutual funds and local government investment pools. A minimum of three bids must be obtained to ensure a competitive price for the transaction. All investment transactions must be approved by the Assistant Director of Finance, or the Director of Finance, or registered investment advisor as appointed by the City Manager to execute transactions on behalf of the City, or in their absence, an authorized Investment Officer. All securities purchased shall require delivery on the settlement date to the City or its third party accounts on a delivery versus payment ("DVP") basis, with the exception of investment pools and mutual funds. By so doing, City funds are not released until the City has received, through the Federal Reserve wire, the securities purchased.

C. Investment Reporting

The Public Funds Investment Act and City Ordinance Number 2079 require the preparation of quarterly management reports and an annual report of all investment transactions of the City be presented to the City Council. The fourth quarter report for the fiscal year will be considered as the annual report. The Primary Investment Officer will prepare the required quarterly and annual reports for evaluating investment portfolio performance. The reports will be approved and signed by all members of the Investment Committee. The reports will include the following information, as required by the Public Funds Investment Act:

1. A summary narrative of investment activity and portfolio performance over the Period
2. Size and composition of portfolio at the beginning and end of the reporting period
3. List all investments according to the fund for which they were purchased
4. Beginning and ending book and market value for all securities held
5. Beginning and ending book and market value for the total portfolio
6. All additions and changes to the market value during the period
7. State the compliance of the portfolio to the investment policy and the Public Funds Investment Act
8. Yield
9. Diversification of investments
10. Total sales, maturities, and purchases
11. Accrued interest
12. Performance compared to an established benchmark

These quarterly reports should be used along with the annual report to fully evaluate and explain market trends and adjustment of investment strategies to manage market fluctuations. The annual report will show on a fiscal year basis the results of the overall investment strategy. The quarterly reports will conform to GAAP and be reviewed annually by the City's independent auditor, with results reported to the City Council.

D. Marking to Market

Market value of all securities in the portfolio will be determined on a quarterly basis. These values will be obtained from a reputable and independent source and disclosed to the governing body in the quarterly investment report.

VIII. CUSTODIAL CREDIT RISK MANAGEMENT

A. Safekeeping and Custodial Agreements

The laws of the State of Texas and prudent treasury management require that all purchased securities shall be held in safekeeping by either the City, a City account in a third party financial institution, or the City's safekeeping account with its designated depository bank.

All securities owned by the City shall be held by a third party safekeeping agent, or in the Federal Reserve Bank, except for certificates of deposit that have FDIC insurance provided. For certificates of deposit with FDIC insurance, the City will hold the deposit receipt.

Transfers of securities in safekeeping shall be processed with written confirmations. The confirmation will be used for documentation and retention purposes. One of the City's designated Investment Officers must approve release of collateral prior to its removal from the safekeeping account.

B. Collateral Policy

Consistent with the requirements of Texas law as defined in Government Code 10, Chapter 2257, known as the Public Funds Collateral Act, it is the policy of the City to require full collateralization of all City investments other than obligations of the United States and its agencies and instrumentalities. Collateral on investments shall be maintained by an appropriate third party safekeeping agent, as designated by the City. This policy also applies to any deposits held in an approved depository in excess of the amount protected by FDIC insurance.

The City of North Richland Hills shall accept only the following securities as collateral:

1. FDIC insurance coverage
2. A bond, certificate of indebtedness, or Treasury Note of the United States, or other evidence of indebtedness of the United States that is guaranteed as to principal and interest by the United States
3. Obligations of the United States, its Agencies, and Instrumentalities
4. A bond of the State of Texas or of a county, city, or other political subdivision of the State of Texas having been rated as investment grade (investment rating no less than "A" or its equivalent) by a nationally recognized rating agency with a remaining maturity of ten (10) years or less

Certificates of deposit plus accrued interest per non-depository bank do not need to be collateralized pursuant to this policy as long as FDIC insurance is provided. Certificates of Deposit, including accrued interest must be secured by approved collateral for the amount in excess of FDIC insurance coverage.

Collateral is valued at current market plus interest accrued through the date of the valuation. Collateral shall be marked to market daily to determine if adequate collateralization is being maintained. Repurchase agreement collateral must be

maintained at the following levels, with respect to repurchase agreement par value plus accrued interest:

Maturity of	U. S. Treasury	Other
<u>Collateral</u>	<u>Securities</u>	<u>Securities</u>
1 year or less	101%	102%
1 year to 5 years	102%	105%
Over 5 years	103%	110%

Collateral levels should be maintained during an investment transaction. The amount placed in the bank to cover the cost of a security purchase should be fully collateralized in the event the security fails to be delivered to the safekeeping agent.

Collateralized investments often require substitution of collateral. Any broker or financial institution requesting substitution must contact the Primary Investment Officer, or in his absence any other authorized Investment Officer, for approval and settlement. The substituted collateral's value will be calculated and the substitution approved if its value is equal to or greater than the original collateralization level.

The Director of Finance, or an authorized designee, must give immediate notification of the decision to the bank or third party holding the collateral. Substitution is allowable for all transactions, but should be limited, if possible, to minimize potential administrative problems and transfer expense. The Director of Finance may limit substitution and assess appropriate fees if substitution becomes excessive or abusive. Collateral shall be audited at least annually by the City's independent audit firm, and may be audited by the City at any time during normal business hours of the safekeeping party.

The financial institutions with which the City invests and/or maintains other deposits shall provide, as requested by the City, a listing of the City's certificates of deposit and other deposits at the institution and a listing of collateral pledged to the City marked to current market prices. The listing shall include total pledged securities with the following information:

- Name
- Type/description
- CUSIP
- Par value
- Current market value
- Maturity date
- Moody's or Standard & Poor's rating (both if available)

Under Chapter 2257, Public Funds Collateral Act, substitution and release of collateral must be approved by the governing body. City of North Richland Hills Ordinance Number 2079 Section 3 delegates the Investment Officers' overall responsibilities to ensure that investment objectives are accomplished, and therefore, the authority to

release and substitute collateral as deemed necessary and reasonable within the guidelines of this policy.

IX. ARBITRAGE

The Tax Reform Act of 1986 (Title 26 U.S.C. Section 148) provides limitations on the City's yield from investing tax-exempt bond proceeds and debt service funds. These arbitrage rebate provisions require that the City compute earnings on investments from each issue of bonds on a periodic basis to determine if a rebate is required. To determine the City's arbitrage position, the City is required to calculate the actual yield earned on the investment of the funds and compare it to the yield that would have been earned if the funds had been invested at a rate equal to the yield on the bonds sold by the City. The rebate provisions state that periodically (not less than once every five years, and not later than sixty days after maturity of the bonds), the City is required to pay the U.S. Treasury a rebate of any excess earnings. These restrictions require extreme precision in the monitoring and record keeping of investments, particularly in computing yields to ensure compliance. Failure to comply can dictate that the bonds become taxable, retroactively from the date of issuance.

The City's investment position relative to the arbitrage restrictions is to continue pursuing the maximum yield on applicable investments while ensuring the safety of capital and liquidity. It is a fiscally sound position to continue maximization of yield and to rebate excess earnings, if necessary.

X. DEPOSITORIES

The Texas City Depository Act, Local Government Code Chapter 105, prescribes procedures for selection of a city depository designating that both general-law and home-rule cities are "authorized to receive applications (as depository) for the custody of city funds from any bank, credit union or savings association that maintains a place of business within the state of Texas." This clause indicates that cities are not required to designate one central depository.

The City of North Richland Hills will, through a request for proposals process, designate one or more banks to serve as its primary depository(ies) to maximize investment capabilities and minimize banking cost. The depository designation does not limit investment activity to one financial institution.

The consideration the City of North Richland Hills will use to execute a banking services contract will include:

- Ability of Bank to perform and provide the required and requested services
- Reputation of bidder and quality of services provided
- Cost of banking services
- Interest paid on interest bearing accounts and deposits
- Earnings credit calculation on account balances
- Completeness of proposal and agreement to points outlined in the request for proposals
- Convenience of locations
- Previous service relationship with the City

- Financial strength and stability of institution

Obtaining competitive proposals on the City's depository specifications will be the responsibility of the Director of Finance. Selection of the depository shall be based on the institutions offering the most favorable terms and conditions for the handling of City funds and the services available to the City.

The maximum term for a depository contract under State law is five years. The City's contract shall not exceed five years. A performance review will be conducted at least once every six months by the Investment Committee to evaluate the working relationship between the City and the depository bank. Special banking needs may be contracted for by the City outside the depository contract if approved by City Council. If a depository does not meet the City's requirements in the banking services contract, the bank will be required to meet the requirements within ninety days or lose the depository contract.

XI. INVESTMENT POLICY ADOPTION

The investment policy shall be adopted by ordinance or resolution of the City Council. It is the City's intent to comply with state laws and regulations. The policy shall be reviewed annually by the Investment Committee and the City Council. City Ordinance Number 2079 states that policy revisions that require enactment due to updates of applicable state or federal laws may be authorized by the City Manager; however, other significant revisions must be approved by the City Council.



Investment Strategy

Last Update: November 10, 2020

City of North Richland Hills

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PREFACE

It is the policy of the City of North Richland Hills that, giving due regard to the safety and risk of investment, all available funds shall be invested in conformance with State and Federal Regulations, applicable Bond Resolution requirements, and the adopted Investment Policy and Investment Strategy.

In accordance with the Public Funds Investment Act (Texas Government Code 10, Chapter 2256), the City of North Richland Hills' investment strategies shall address the following priorities (in order of importance):

- Understanding the suitability of the investment to the financial requirements of the City
- Preservation and safety of principal
- Liquidity
- Marketability of the investment prior to maturity
- Diversification of the investment portfolio
- Optimization of interest earnings

Effective investment strategy development coordinates the primary objectives of the City of North Richland Hills' Investment Policy and cash management procedures to enhance interest earnings and reduce investment risk. Aggressive cash management will increase the available "investment period" and subsequently interest earnings. Maturity selections shall be based on cash flow and market conditions to take advantage of various interest rate cycles. The City's investment portfolio shall be designed and managed in a manner responsive to the public trust and consistent with the Investment Policy.

The City's Funds shall be analyzed and invested according to the following major fund types:

- I. Operating Funds
- II. Capital Improvement Funds
- III. Debt Service Funds
- IV. General Fund Balance Reserve
- V. Revenue Bond Reserves

INVESTMENT STRATEGY

In order to minimize risk of loss on a sale because of fluctuating market prices, investment maturities will not exceed the anticipated cash flow requirements of the funds. In general, the City will structure the investment portfolio so that investments mature to meet cash

requirements for ongoing operations. From time to time, securities may be purchased at a premium or traded for other securities to improve yield, maturity or credit risk. For these transactions, a loss may be incurred for accounting purposes to achieve optimal investment return, provided any of the following occurs with respect to the replacement security:

- A. The yield has been increased, or
- B. The maturity has been reduced or lengthened, or
- C. The quality of the investment has been improved.

Investment guidelines by fund type are as follows:

I. Operating Funds

The City of North Richland Hills Operating Funds are as follows:

- General Fund
- Special Revenue Funds
 - Special Investigation Fund
 - Drainage Utility Fund
 - Crime Control and Prevention District Fund
 - Promotional Fund
 - Economic Development Fund
 - Donations Fund
 - Parks and Recreation Facilities Development Fund
 - Grant Fund
 - Gas Development Fund
 - Traffic Safety Fund
- Enterprise Funds
 - Utility Fund
 - Aquatic Park Fund
 - Golf Course Fund
- Internal Service Funds
 - Facilities/Construction Management Fund
 - Fleet Services Fund
 - Self-Insurance Fund
 - Information Services Fund
- Capital Projects Funds
 - General CIP Fund
 - Permanent Street Maintenance Fund
 - Sidewalk Maintenance Fund

- Component Units
 - Tax Increment Financing District 1 (TIF #1)
 - Tax Increment Financing District 2 (TIF #2)
- 1) Suitability - Any investment eligible in the Investment Policy is suitable for the Operating Funds.
 - 2) Safety of Principal - All investments shall be in high quality securities with no perceived default risk. The maximum allowable investment in commercial paper shall be limited to 10% of total Operating Fund investments. Market price fluctuations will occur. By managing the weighted average days to maturity for the operating fund portfolio to be less than 3 years and restricting the maximum allowable maturity to five years, the price volatility of the overall portfolio will be minimized.
 - 3) Marketability - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Active electronically traded markets will define an efficient secondary market.
 - 4) Liquidity - The Operating Funds require the greatest short-term liquidity of any of the fund types. Short-term investment pools and government money market mutual funds shall provide liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.
 - 5) Diversification - Investment maturities shall be staggered throughout the fiscal year to provide cash flow based on the anticipated operating needs of the City. Market cycle risk will be reduced by diversifying the appropriate maturity structure not to exceed the weighted average maturity allowed by the Investment Policy, and through diversification by market sector.
 - 6) Yield - Attaining a competitive market yield for comparable securities and portfolio restrictions is the desired objective. The City's portfolio shall be designed with the purpose of obtaining an optimized rate of return, through budgetary and economic cycles, commensurate with the investment risk, policy constraints, and cash flow requirements.

II. Capital Improvement Funds

The City of North Richland Hills Capital Improvement Funds are comprised of the monies available from the sale of debt and other sources to finance capital improvement projects. Bond proceeds are segregated from operating funds on the general ledger and in investment accounts for arbitrage compliance purposes. Capital Improvement Funds include all funding for the design and construction of capital projects, including streets, drainage facilities, utility adjustments, park

improvements, and municipal buildings as well as the acquisition of capital assets.

- 1) Suitability - Any investment eligible in the Investment Policy is suitable for Capital Improvement Funds.
- 2) Safety of Principal - All investments shall be in high quality securities with no perceived default risk. The maximum allowable investment in commercial paper shall be limited to 10% of total Capital Improvement Fund investments. Market price fluctuations will occur. By managing the various Capital Improvement accounts in anticipation of cash flow requirements, the impact of market risk for the portfolio will be minimized.
- 3) Marketability - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Active electronically traded markets will define an efficient secondary market.
- 4) Liquidity - The City's funds used for construction and capital improvement programs have reasonably predictable draw down schedules. Therefore, investment maturities shall generally follow the anticipated cash flow requirements. Investment pools and government money market mutual funds shall provide readily available funds generally equal to one month's anticipated cash flow needs, or a competitive alternative for short-term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request. This investment structure is commonly referred to as a Flexible Repurchase Agreement.
- 5) Diversification - Market conditions and arbitrage regulations influence and limit the selection and the laddering of maturities of fixed rate investments for bond proceeds and other construction and capital improvement funds. When investing these types of funds, every effort will be made to at least meet the maximum allowed yield, and to select and ladder maturities to meet the cash flow needs of the funds. Maturities should not exceed the normal life of the underlying projects supported by the fund.
- 6) Yield - Achieving a positive spread to the applicable arbitrage yield is the desired objective for bond proceeds. The City's portfolio shall be designed with the purpose of obtaining an optimized rate of return, through budgetary and economic cycles, commensurate with the investment risk, policy constraints and cash flow requirements.

III. Debt Service Funds

The City's Debt Service funds include the General Debt Service Fund and the Sales Tax Revenue Debt Service Fund. The General Debt Service Fund is funded from ad valorem tax collections and transfers from various other funds. The Sales Tax

Revenue Debt Service Fund is funded solely from transfers from the Park and Recreation Facilities Development Fund.

- 1) Suitability - Any investment listed as eligible in the Investment Policy is suitable for the Debt Service Funds.
- 2) Safety of Principal - All investments shall be in high quality securities with no perceived default risk. The maximum allowable investment in commercial paper shall be limited to 10% of total Debt Service Fund investments. Market price fluctuations will however occur. By limiting the Debt Service Funds Portfolio maturity dates to the next scheduled debt service payment, the market risk of the overall portfolio will be minimized.
- 3) Marketability - Securities with active and efficient secondary markets are not necessary as the event of an unanticipated cash requirement is not probable.
- 4) Liquidity - Debt service funds have predictable payment schedules. Therefore, investment maturities shall not exceed the anticipated cash flow requirements. Investment pools and government money market mutual funds may provide a competitive yield alternative for time deposits and short-term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request. This investment structure is commonly referred to as a Flexible Repurchase Agreement.
- 5) Diversification - Market conditions influence the attractiveness of fully extending maturities to the next unfunded payment date. At no time shall the debt service schedule be exceeded in an attempt to bolster yield.
- 6) Yield - Attaining a competitive market yield for comparable securities and portfolio restrictions is the desired objective. The City's portfolio shall be designed with the purpose of obtaining an optimized rate of return, through budgetary and economic cycles, commensurate with the investment risk, policy constraints and cash flow requirements.

IV. General Fund Balance Reserve

The City's objective regarding the General Fund Balance is to maintain a sufficient fund balance to operate the City for a period of sixty days or 15% of the following year's budgeted expenditures. The amount of funds to be invested in non-liquid investments shall be limited to not more than 50% of this amount of the General Fund Balance. Non-liquid investments are those instruments that require greater than one day to become liquid.

- 1) Suitability - Any investment eligible in the Investment Policy is suitable for General Fund Balance Reserves.
- 2) Safety of Principal – Generally, the investment quality of all securities allowed as investments in the Operating Funds will be allowable in the General Fund Balance Reserve. All investments shall be in high quality securities with no perceived default risk. The maximum allowable investment in commercial paper shall be limited to 10% of total General Fund Balance Reserve investments. Market price fluctuations will occur. Under no circumstance shall any investment from this portfolio cause the combined portfolio's weighted average maturity to exceed the three year maximum allowed by the Investment Policy. The maximum allowable individual maturity is restricted to five years.
- 3) Marketability - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Active electronically traded markets will define an efficient secondary market.
- 4) Liquidity - The Fund Balance Reserve requires the liquidity necessary to cover the City's expenditures in the event of a cash shortfall. Short-term investment pools and government money market mutual funds shall provide liquidity and may be utilized as a competitive yield alternative to time deposits and fixed maturity investments.
- 5) Diversification – Maturing investments shall be reinvested within the desired maturity to provide cash flow in the event that cash is needed for the operating needs of the City. Market cycle risk will be reduced by diversifying the appropriate maturity structure throughout three years and through diversification by market sector.
- 6) Yield - Attaining a competitive market yield for comparable securities and portfolio restrictions is the desired objective. The City's portfolio shall be designed with the purpose of obtaining an optimized rate of return, through budgetary and economic cycles, commensurate with the investment risk, policy constraints and cash flow requirements.

V. Revenue Bond Reserves

Debt service reserves are required by bond covenants for a particular revenue bond issue.

- 1) Suitability - Any investment eligible in the Investment Policy is suitable for Debt Service Fund Reserves.
- 2) Safety of Principal – Generally, the investment quality of all securities allowed as investments in the Operating Funds will be allowable in the Debt Service Fund Reserve. All investments shall be in high quality securities with no perceived default risk. The maximum allowable investment in commercial paper shall be limited to

10% of total Revenue Bond Reserve investments. Market price fluctuations will occur. Under no circumstance shall any investment from this portfolio cause the combined portfolio's weighted average maturity to exceed the maximum allowed by the Investment Policy. The maximum allowable individual maturity is restricted to five years.

- 3) Marketability - Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Active electronically traded markets will define an efficient secondary market. By utilizing the yield advantages of fixed income securities, maximum yield should be attained while meeting cash requirements.
- 4) Liquidity - The Debt Service Reserve Funds require the amount of liquidity necessary to convert securities into cash if needed for payment of debts on schedule. Short-term investment pools and government money market mutual funds shall provide liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.
- 5) Diversification - Market cycle risk will be reduced by diversifying the appropriate maturity structure throughout three years and through diversification by market sector.
- 6) Yield - Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The City's portfolio shall be designed with the purpose of obtaining an optimized rate of return, through budgetary and economic cycles, commensurate with the investment risk, policy constraints and cash flow requirements.

INVESTMENT ADVISORY AGREEMENT

THIS AGREEMENT, entered into as of the ____ day of _____, 2021, by and between the CITY OF NORTH RICHLAND HILLS, a Texas Public agency (hereinafter the “City”) and _____ (hereinafter the “Advisor”).

WHEREAS, the City has funds available for investment purposes (the “Initial Funds”) for which it intends to conduct an investment program; and

WHEREAS, the City desires to avail itself of the experience, sources of information, advice, assistance, and facilities available to the Advisor; to have the Advisor undertake certain duties and responsibilities; and to perform certain services as investment advisor on behalf of the City, as provided herein; and

WHEREAS, the Advisor is willing to provide such services on the terms and conditions hereinafter set forth;

NOW THEREFORE, for and in consideration of the mutual promises and covenants set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, agreed as follows:

1. SCOPE OF SERVICES.

The City hereby engages the Advisor to serve as investment advisor under the terms of this Agreement with respect to the Initial Funds and such other funds as the City may from time to time assigned by written notice to the Advisor (collectively the “Managed Funds”), and the Advisor accepts such engagement. In connection therewith, the Advisor will provide investment research and supervision of the Managed Funds investments and conduct a continuous program of investment, evaluation and, when appropriate, sale and reinvestment of the Managed Funds assets. The Advisor shall continuously monitor investment opportunities and evaluate investments of the Managed Funds. The Advisor shall furnish the City with statistical information and reports with respect to investments of the Managed Funds. The Advisor shall place all orders for the purchase, sale, loan, or exchange of portfolio securities for the City’s account with brokers or dealers recommended by the Advisors and/or City, and to the end the Advisor

is authorized as agent of the City to give instructions to the custodian designated by the City (the "Custodian") as to deliveries of securities and payments of cash for the account of the City. In connection with the selection of such brokers and dealers and the placing of such orders, the Advisor is directed to seek for the City 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 Advisor by such brokers and dealers. The Custodian shall have custody of cash, assets, and securities of the City. The Advisor shall not take possession of or act as custodian for the cash, securities, or other assets of the City and shall have no responsibility in connection therewith. Authorized investments shall include only those investments which are currently authorized by the state investment statutes and applicable covenants and as supplemented by such other written instructions as may from time to time be provided by the City to the Advisor. The Advisor shall be entitled to rely upon the City's written advice with respect to anticipated drawdowns of Managed Funds. The Advisor will observe the instructions of the City with respect to broker/dealers who are approved to execute transactions involving the Managed Funds and in the absence of such instructions will engage broker/dealers which the Advisor reasonable believes to be reputable, qualified, and financially sound.

2. CONTRACT DOCUMENTS

This Agreement, which contains the terms and conditions and respective obligations of the parties with respect to the Services, is comprised of the following documents, (a) this agreement, (b) the RFP, and (c) the Proposal. In the event of inconsistencies between this Agreement, the Proposal, and the RFP, the order of precedence shall be this Agreement, the Bank's Proposal for any items which the Bank has made an exception that has been accepted by the City, and the RFP.

3. COMPENSATION.

- (a) For services provided by the Advisor pursuant to this Agreement, the City shall pay the Advisor an annual fee consistent with the fee schedule provided as Exhibit A of this Agreement.
- (b) The Advisor will bill the City monthly for services performed under this Agreement, said bill to include a statement indicating the basis upon which the fee was calculated. The City shall pay to the Advisor the amount payable

pursuant to this agreement within 30 days of an approved invoice being presented to the City.

- (c) Assets invested by the Advisor under the terms of this Agreement may from time to time be invested in a money market mutual fund managed by the Advisor or local government investment pool managed by the Advisor (either, a "Pool"), or in individual securities. Average daily net assets subject to the fees described in this section shall not take into account any funds invested in a Pool. Expenses of a Pool, including compensation for the Advisor and the Pool custodian, are described in the relevant prospectus or information statement and are paid from the Pool.
- (d) If and to the extent that the City shall request the Advisor to render services other than those to be rendered by the Advisor hereunder, such additional services shall be compensated separately on terms to be agreed upon between the Advisor and the City.

4. EXPENSES

- (a) The Advisor shall furnish at its own expense all necessary administrative services, office space, equipment, clerical personnel, telephone and other communication facilities, investment advisory facilities, and executive and supervisory personnel for managing the Managed Funds.
- (b) Except as expressly provided otherwise herein, the City shall pay all of its own expenses including, without limitation, taxes, commissions, fees and expenses of the City's independent auditors and legal counsel, if any, brokerage and other expenses connected with the execution of portfolio security transactions, insurance premium, and fees and expenses of the Custodian.

5. REGISTERED ADVISOR; DUTY OF CARE

The Advisor hereby represents it is a registered investment advisor under the Investment Advisers Act of 1940, as amended. The Advisor shall immediately notify the City if at any time during the term of this Agreement it is not so registered or if its registration is suspended. The Advisor agrees to perform its duties and responsibilities under this Agreement with reasonable care and due diligence in accordance with

industry standards for other competent investment advisors. The federal securities laws impose liabilities under certain circumstance on persons who act in good faith. Nothing herein shall in any way constitute a waiver or limitation of any rights which the City may have under any federal securities laws. The City hereby authorizes the Advisor to sign I.R.S. Form W-9 on behalf of the City and to deliver such form to broker-dealers or others from time to time as required in connection with securities transactions pursuant to this Agreement.

6. ADVISOR'S OTHER CLIENTS.

The City understands that the Advisor performs investment advisory services for various other clients which may include investment companies, commingled trust funds, and/or individual portfolios. The City agrees that the Advisor, in the exercise of its professional judgement, may give advice or take action with respect to any of its other clients which may differ from advice given or the timing or nature of the action taken with respect to the Managed Funds. The Advisor shall not have any obligation to purchase, sell, or exchange any security for the Managed Funds solely by reason of the fact that the Advisor, its principals, affiliates, or employees may purchase, sell, or exchange such security for the account of any other client or for itself or its own accounts.

7. TERM.

The Initial Term of this Agreement shall have an initial term of two (2) years, beginning October 1, 2021 and ending September 30, 2023, inclusive of the presentation of the quarterly report for the period ending September 30, 2023 at a date beyond the term of the agreement. Thereafter, the City shall have the option to renew for two (2) additional one-year periods by providing notice to the Advisor no later than thirty (30) days prior to the end of the initial term or an optional term, as the case may be.

8. FORCE MAJEURE.

Neither party shall be liable for any losses arising out of the delays in performing or inability to perform the services which it renders or any other obligations under the Agreement which result from events beyond its control, including interruption of the business activities of the Advisor or other financial institutions due to acts of God, acts of governmental authority, acts of war, terrorism, civil insurrection, riots, labor strikes, epidemics, pandemics or any other event which is reasonably beyond the control of that party..

9. DISCIPLINARY ACTION.

The Advisor shall give notice to the City if the Advisor shall have been found to have violated any state or federal securities law or regulation in any final and unappealable judgement in any criminal action or civil suit in any state or federal court or in any disciplinary proceeding before the Securities and Exchange Commission ("SEC") 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 advisor.

10. INDEPENDENT CONTRACTOR / INSURANCE.

The Advisor, its employees, officers, and representatives shall not be deemed to be employees, agents (except as to the purchase or sale of securities described in Section 2), partners, servants, and/or joint ventures of the City by virtue of this Agreement or any actions or services rendered under this Agreement.

The Advisor further agrees and understands that the City shall have no obligation to provide any insurance coverage for the Advisor's activities, but may choose to do so. In the event that the City's insurance provides any coverage for Advisor's activities, the Advisor acknowledges that such coverage is for the benefit of the City, its agents, officials and employees only, and that the Advisor shall not be an insured there under.

The Advisor shall provide and maintain insurance coverage in accordance with the requirements set forth in RFP 21-010.

11. BOOKS.

The Advisor shall maintain records of all transactions in the Managed Funds. The Advisor shall provide the City with a monthly statement showing deposits, withdrawals, purchases, and sales (or maturities) of investments, earning 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 Advisor and the City.

12. THE ADVISOR'S BROCHURE AND BROCHURE SUPPLEMENT.

The Advisor warrants that it has delivered to the City prior to the execution of this Agreement the Advisor's current SEC Form ADV, Part 2A (brochure) and Part 2B

(brochure supplement). The City acknowledges receipt of such brochure and brochure supplement prior to the execution of this agreement.

13. AMENDMENT OF THIS AGREEMENT.

This Agreement shall not be modified, terminated, discharged, or amended in whole or in part, unless such modification or amendment is in writing and signed by both parties, or their respective successors or assigns.

14. SUCCESSORS AND ASSIGNMENT.

The provisions of this Agreement shall be binding on the Advisor and its successors and assigns, provided, however that the rights and obligation of the Advisor may not be assigned without the written consent of the City.

15. NOTICE.

All notices required or permitted to be sent hereunder shall be delivered in person, by courier or overnight delivery service or by depositing same in the United States mail, return receipt requested. Such notices shall be deemed delivered on the date received and shall be delivered to the following address:

If to the City:

If to the Advisor:

City of North Richland Hills

Attn: Director of Finance

4301 City Point Drive

North Richland Hills, Texas 76180

With copy to the City Manager and the
City Attorney at the same address

Either party may change their address for notice purposes by providing notice as required by this paragraph.

16. GOVERNING LAW AND VENUE.

This Agreement shall be construed under and governed by, and in accordance with the substantive laws of the State of Texas, exclusive of its choice-of-law provisions. All obligations of the parties hereto, created by this Agreement are fully performable in

Tarrant County, Texas. Venue of any suit or cause of action under this Agreement shall lie exclusively in Tarrant County, Texas. The parties waive any and all claims for attorney fees and there shall be no right to attorney fees from any action arising under this contract. The Advisor and the City agree that, should a disagreement arise as to the terms or enforcement of any provision of this Agreement, each party will in good faith attempt to resolve said disagreement prior to filing a lawsuit. If such disagreement is not resolved within sixty (60) days of such request for resolution, the parties may seek non-binding mediation or seek any other remedy available to the parties under law.

17. EXECUTION AND SEVERABILITY.

Each party to this Agreement presents and warrants that the person signing this Agreement on behalf of such party is authorized and empowered to sign and deliver this Agreement for such party. If any term or provision of this Agreement is deemed by a court of competent jurisdiction to be illegal or unenforceable, this Agreement shall survive and shall be interpreted as if such illegal or unenforceable term or provision were not contained in this Agreement.

18. PERFORMANCE REVIEW.

The Advisor's performance under this Agreement shall be subject to an annual review by the City's Investment Committee to determine compliance with the requirements of the terms of this Agreement. Upon request, the Advisor shall report to the City's Investment Committee or designee regarding the Advisor's provision of services under this Agreement. The City shall not control the means and methods of the provision of the Advisor's services except to the extent necessary to cause the Advisor to come into compliance with the requirements of the terms of this Agreement.

19. TERMINATION.

This Agreement may be terminated by the City for any reason without notice to the Advisor. The Advisor may terminate this Agreement for any reason with thirty (30) days written notice to the City. In the event of termination, the City shall pay the Advisor all sums due under this Agreement through the effective date of termination. Nothing herein shall be interpreted to alter the independent contractor status of the Advisor or to deem the Advisor an employee of the city.

20. INDEMNIFICATION.

THE ADVISOR SHALL INDEMNIFY AND HOLD HARMLESS THE CITY, ITS AGENTS, OFFICIALS AND EMPLOYEES, FROM ANY AND ALL CLAIMS FOR BODILY INJURY, ILLNESS, DEATH, ECONOMIC LOSS, PERSONAL INJURY OR PROPERTY DAMAGE ARISING, IN WHOLE OR IN PART, FROM, DUE TO OR CAUSED BY THE NEGLIGENT ACTS OR OMISSIONS OR INTENTIONAL MISCONDUCT OF THE ADVISOR UNDER THIS AGREEMENT, EXCEPT SUCH INDEMNIFICATION SHALL NOT BE REQUIRED IF SUCH CLAIMS ARISE OUT OF ANY NEGLIGENT ACT OR OMISSION COMMITTED BY ANY OFFICERS, OR EMPLOYEES OF THE CITY. THIS INDEMNIFICATION OBLIGATION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

21. NO WAIVER OF DEFENSES.

Notwithstanding any provision of this Agreement to the contrary, nothing contained in this Agreement shall be construed to limit or waive any affirmative defense of the City to any claim, including any defense based upon governmental or sovereign immunity of the City, statutory damage limits, or any immunity applicable to its officers, agents, servants or employees.

22. ADVISOR'S WARRANTIES/REPRESENTATIONS.

The Advisor hereby warrants and represents that any and all information provided to the City regarding the Advisor's background and experience is true and correct. The Advisor acknowledges that the City's execution of this Agreement is made in reliance upon such information and that if any of such information is determined by the City to be inaccurate or untrue; this Agreement shall be subject to immediate termination by the City.

23. ENTIRE AGREEMENT.

This Agreement contains the entire agreement between the parties regarding the subject matter hereof and displaces any prior or contemporary written or oral agreements.

24. RULES OF CONSTRUCTION.

This Contract shall not be construed against the drafting party, but all other rules of contract construction shall apply.

SIGNED TO BE EFFECTIVE ON THE EFFECTIVE DATE.

CITY OF NORTH RICHLAND HILLS, TEXAS:

By:

Mark Hindman, City Manager
The City of North Richland Hills

Date:

ATTEST:

By:

Alicia Richardson, City Secretary / Chief Governance Officer

APPROVED AS TO FORM AND LEGALITY:

By:

Maleshia McGinnis, City Attorney

:

Name of Investment Advisor

By:

Authorized Signature

Printed Name

Title

Date:

