



City of Kirkland

Request for Proposal

Investment Advisory Services

Job #15-24-FA

Issue Date: March 18, 2024

Due Date: April 15, 2024 – 4:00 p.m. (Pacific Time)

REQUEST FOR PROPOSALS

Notice is hereby given that proposals will be received by the City of Kirkland, Washington, for:

Investment Advisory Services Job #15-24-FA

File with Purchasing Agent, Finance Department, 123 - 5th Ave, Kirkland WA, 98033

Proposals received later than **4:00 p.m. on April 15, 2024** will not be considered.

A copy of this Request for Proposal (RFP) may be obtained from City's web site at <http://www.kirklandwa.gov/>. Click on the "Business" tab at the top of the page and then click on "Doing Business with the City" and look under the "Opportunities" tab.

The City of Kirkland reserves the right to reject any and all proposals, and to waive irregularities and informalities in the submittal and evaluation process. This RFP does not obligate the City to pay any costs incurred by respondents in the preparation and submission of a proposal. Furthermore, the RFP does not obligate the City to accept or contract for any expressed or implied services.

A Service Provider response that indicates that any of the requested information in this RFP will only be provided if and when the Service Provider is selected as the apparently successful Service Provider is not acceptable, and, at the City's sole discretion, may disqualify the proposal from consideration.

The City requires that no person shall, on the grounds of race, religion, color, national origin, sex, age, marital status, political affiliation, sexual orientation, or the presence of any sensory, mental, or physical disability be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity. The City further assures that every effort will be made to ensure non-discrimination in all of its programs and activities, whether those programs are federally funded or not.

In addition to nondiscrimination compliance requirements, the Service Provider(s) ultimately awarded a contract shall comply with federal, state and local laws, statutes and ordinances relative to the execution of the work. This requirement includes, but is not limited to, protection of public and employee safety and health; environmental protection; waste reduction and recycling; the protection of natural resources; permits; fees; taxes; and similar subjects.

Dated this March 11, 2024

Jay Gewin
Purchasing Agent
425-587-3123
City of Kirkland

Published in the Daily Journal of Commerce on March 18th and March 25th, 2024

Background Information

The City of Kirkland is located on the eastern shore of Lake Washington. It is a suburban city, surrounded by other suburban cities and pockets of unincorporated King County. The City is near several major transportation routes including Interstate 405, State Route 520, and Interstate 5. These routes connect the City economically and socially to the greater Seattle area.

At the time of incorporation in 1905, the City of Kirkland's population was approximately 530. The current estimated population is 96,920. Kirkland is the twelfth largest city in the State of Washington and the sixth largest in King County.

Since its incorporation, Kirkland has grown in geographic size to eighteen square miles - approximately twenty times its original size. This growth occurred primarily through the consolidation of the cities of Houghton and Kirkland in 1968, the annexations of Rose Hill and Juanita in 1988 and the annexation of North Juanita, Finn Hill, and Kingsgate areas in 2011.

Kirkland operates under a Council-Manager form of government. The City Council is the policy-making branch of Kirkland's government and consists of seven members elected at large to staggered, four-year terms. The Mayor is elected from within the Council. The City Council is supported by several advisory boards and commissions and the City Manager. The City Manager is appointed by the City Council and serves as the professional administrator of the organization, coordinating its day-to-day activities.

Purpose and Background

The City of Kirkland ("City") is requesting proposals from qualified investment advisory firms to provide investment advisory services based upon the scope of services contained in this Request for Proposal ("RFP"). The intent is to select one firm to provide services.

Scope of Work

The Investment Advisor will assist City staff with the management of the City's investment portfolio by providing the following services:

- 1) Provide full-time, non-discretionary advisory services for the City's investment portfolio. Presently, it is estimated that the advisory services cover managing a balance of \$225 million or more.
- 2) Be available in a timely manner, in person, by telephone or e-mail, for consultation or advice. Meet with and provide information to city staff, Council and Investment Committee members as needed. Meet periodically with staff to review and refine portfolio strategy and performance. (Both on and off-site, daytime and evening meetings are possible).
- 3) Comply with all federal laws and state of Washington laws and the ordinances, resolutions and policies of the City of Kirkland.

- 4) Provide assistance in developing and implementing investment strategies that will maintain or enhance portfolio quality and performance within the parameters of the City's established investment policies and cash flow needs, taking into consideration the objectives listed in the City's Investment Policy.
- 5) Work with the City's cash management staff to assure completion of investment trades, delivery of the securities and availability of funds, assist with trade settlements when needed, obtain and document competitive prices for securities transactions. Provide technical and fundamental market research including yield curve analysis and future interest rate movements.
- 6) Providing investment advice including breakeven analysis on recommendations made to sell low yield securities and replace them with higher yielding securities.
- 7) Assist in the annual review and update of the City's Investment Policy. Assist in the review of investment management procedures and portfolio documentation, as well as, safekeeping and custodial procedures.
- 8) Perform due diligence reviews of current and proposed broker/dealers and financial institutions as described in the City of Kirkland Investment Policy. Monitor the creditworthiness of the financial institutions with which the City does business. Assist in keeping the authorized financial institution list updated. Monitor the creditworthiness of the City's depository and custodian bank and investments in the portfolio.
- 9) Provide detailed reports of investment portfolio activity and performance at least monthly, including a report that demonstrates the benefit on the portfolio's return of using an investment advisor. Reports should include relevant benchmarks, earnings and accounting methodology. Reports shall follow Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) fair-value reporting. Provide separate semi-annual and annual portfolio performance reports based on the City's fiscal year.
- 10) Provide weekly, to City staff, statement of upcoming cash flows that includes maturities, coupons, called securities and potential callables for a period of 45 days. Upon request, have the ability to provide a statement of upcoming cash flows for a six-month period.
- 11) Provide City staff with ongoing training and technical advice as needed.
- 12) Provide itemized monthly invoices of charges and provide periodic status reports on the services provided by the firm.

Investment Advisory Service Goals

The Investment Advisor will add value to the City's investment portfolio and investment strategy by utilizing their resources, expertise and knowledge of the market.

The Investment Advisor will recommend sound investment opportunities that comply with the City's investment objectives and policy.

Term of Contract

The anticipated term of the contract is September 1, 2024 through August 31, 2027 with 2 optional one-year extensions at the discretion of the City.

Contract Requirements and Fees

If your proposal is accepted, the following fees and requirements will be due upon award, prior to issuance of a contract:

1. Compliance with Law/City of Kirkland Business License

- Contractor must obtain and provide a copy of a City of Kirkland Business License and otherwise comply with Kirkland Municipal Code Chapter 7.02.
- The Contractor shall comply with all applicable State, Federal and City laws, ordinances, regulations, and codes.

2. Insurance

- Contractor's insurance should be consistent with the requirements found in the sample agreement shown as Attachment A.

Submission Criteria

A. General Information

Proposals shall be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of this RFP. Emphasis should be on completeness and clarity of content and cost effectiveness of the proposal.

B. Letter of Transmittal

All proposals must include a cover letter addressed to the City's official point of contact and signed by a duly constituted official legally authorized to bind the proposer to both its proposal and cost schedule. The cover letter may summarize the key provisions of the proposal. The cover letter must include the name of the firm and the name, title, address, email address and telephone number, of the person authorized to represent the proposer and to whom the City should direct correspondence.

C. Table of Contents

Include a clear identification of the material by section and page number.

D. Statement of Understanding

The proposer shall include a detailed statement to demonstrate its understanding of the services to be provided, including but not limited to:

- The City's goals in obtaining an Investment Advisory Firm.
- The role of the proposer.
- Investment Policy's impact on the financial performance of investing for a public entity.

E. Investment Advisory Firm's Team and Qualifications

Proposals shall demonstrate the qualifications and experience of the personnel who will work directly with the City rather than describing the general experience and qualifications of the firm. The City will not consider promotional literature of a general nature. The focus should be on recent portfolio management experience within the last five years that is relevant to the scope of work outlined in this RFP. Include the following information:

Qualifications of the Investment Advisor Firm

- Describe the firm's capabilities and experience.
- List firm experience working with similar organizations.
- Describe how the firm is legally qualified in the State of Washington to perform the work requested.

F. *Qualifications of the Firm's Advisory Team*

- The portfolio manager is the person who will be assigned by the proposer to provide advisory services.
- List the qualifications of the portfolio manager and key personnel who on the advisory service team. Include a description of the relevant education and training, certificates and licenses, professional background, and years of experience with work relevant to the scope of this RFP.
- Describe the experience of the portfolio manager, particularly similar services with government entities. Identify the portfolio manager's specific role in relevant investment management services and include the performance of the portfolios managed; do not include services where the portfolio manager had a minor or no active role.
- Provide three (3) client references who have worked with the portfolio manager.
- If submitting a resume, only include portfolio experience relevant to the scope of service outlined in this RFP.

G. *Cost Schedule Matrix*

All proposals must contain a cost proposal matrix (Attachment F). All costs are to be contained in this matrix.

H. *Certification Statement*

All proposals must contain a signed certification statement (Attachment B).

Minimum Qualifications

Investment advisory Firms wishing to submit proposals must meet or exceed the following criteria:

- Advisor shall be a Registered Investment Advisor as defined and regulated by the Securities and Exchange Commission (SEC) and be registered in the State of Washington.
- Advisor shall be familiar with all applicable Washington statutes with regard to qualified investments for public entities.
- Advisor shall be completely independent of any financial institution or securities brokerage firm or shall fully disclose any such relationships relevant to the firm's relationship with the City.
- Advisor shall have a minimum of three years of experience in managing

government operating and bond funds.

- Advisor shall have a minimum of \$1 billion dollars in assets under ongoing management.
- Advisor must meet the insurance requirements as set forth in the Professional Services Contract.

Proposal Submittal Instructions

Please note: The following general requirements are mandatory for all proposals. Proposals submitted after the deadline date and time or lacking one or more of the following requirements will not be accepted.

1. **Proposals must be received no later than 4:00 PM on April 15, 2024 (Pacific Time).**
2. Emailed proposals should include, "Investment Advisory Services – Job #15-24-FA" in the subject line and be addressed to purchasing@kirklandwa.gov.
3. All proposals sent electronically must be in the form of a PDF or MS Word document and cannot exceed 20MB.
4. Proposals are limited to twenty (20) pages. The front cover, the back cover, all RFP Attachments and a maximum two-page cover letter may be in addition to the twenty (20) page limit.
5. All proposals must include the legal name of the organization, firm, individual or partnership submitting the RFP. Include the address of the principal place of business, mailing address, phone numbers, emails, fax number (if one exists) and primary contact person.
6. To be evaluated, a proposal must address all requirements and instructions contained within.
7. Provide all references and materials required by the RFP instructions within.

Questions: Questions regarding the scope of work or evaluation process must be submitted in writing and should be addressed to Sri Krishnan, Deputy Director of Finance and Administration, at SriKrishnan@kirklandwa.gov. Questions regarding the RFP process should be addressed to Purchasing staff, at purchasing@kirklandwa.gov. Questions must be submitted before 5:00 PM on April 1, 2024.

Submittal Deadlines

The Department's schedule for review of the RFP submittals and final selection of the Contractor is as follows:

March 18, 2024	RFP posted
April 1, 2024	Deadline for questions: 5:00 p.m.
April 5, 2024	Responses to questions posted
April 15, 2024	Request for Proposal Submittals Deadline: 4:00 p.m.
April 16-May 3, 2024	Evaluation Period (may include interviews)
May 6, 2024	Contract Awarded
May 31, 2024	Execute contract and Notice to Proceed

Selection Criteria

The City will make a selection based on the evaluation of the written proposals and interviews. The City may elect to interview some or all proposers. The City reserves the right to make a selection based only on the evaluation of the written proposals. Written proposals and interviews will be evaluated based on the following criteria:

1. Statement of Understanding - 10%

Demonstration of a full understanding of the services to be performed based on Background and scope of services described in Section IV

2. Investment Advisory Firms Financial Strength & Stability – 10%

Firm's stability and past experience working with local governments in the state of Washington

3. Experience & Qualifications of Assigned Personnel – 20%

Qualification of the Firm, Investment Advisor and Service Team members for the type of services required. Description of experience and qualifications.

4. Investment Advisory Approach – 30%

Description of your Firm's approach to fulfilling the requirements of the City's Investment Policy. The quality of the firm's standard statements and reports. The ability to ensure a smooth transition/conversion.

5. Cost Schedule – 30%

The proposed fees for services, in the judgment of the City, which will provide the most comprehensive service at the most reasonable cost to the City. The Technical Specifications and Features Matrix (Attachment E) will be considered during the evaluation of Sections 1, 2, 3 and 4 shown above Information gained during an interview will be considered during the evaluation of Sections 1, 3 and 4.

Selection Process

A selection committee will review all proposals and select finalists and may conduct interviews prior to making the final selection of the consultant. If staff decides to hold interviews, they will be scheduled April 26--30.

Prior to the commencement of work, the City and the selected consultant will meet to settle contract details. A notice to the consultant of the City's award will constitute notice to proceed. The City is not responsible for any costs incurred by the consultant in the preparation of the proposal. Once submitted to the City, all proposals will become public information.

Contract

The Consultant and the City will execute a Professional Services Agreement for Investment Advisory Services including all requirements found in the sample agreement shown as *Attachment A*.

Terms and Conditions

- A. The City reserves the right to reject any and all proposals, and to waive minor irregularities in any proposal.
- B. Proposers responding to this RFP must follow the procedures and requirements stated in the RFP document. Adherence to the procedures and requirements of this RFP will ensure a fair

and objective analysis of your proposal. Failure to comply with or complete any part of this RFP may result in rejection of your proposal.

- C. The City reserves the right to request clarification of information submitted, and to request additional information on any proposal.
- D. The City reserves the right to award any contract to the next most qualified agency, if the successful agency does not execute a contract within 30 days of being notified of selection.
- E. Any proposal may be withdrawn up until the date and time set above for opening of the proposals. Any proposal not so timely withdrawn shall constitute an irrevocable offer, for a period of one hundred and twenty (120) days to sell to the City the services described in the attached specifications, or until one or more of the proposals have been approved by the City administration, whichever occurs first.
- F. The contract resulting from acceptance of a proposal by the City shall be in a form supplied or approved by the City and shall reflect the specifications in this RFP. A copy of the City's standard Professional Services Agreement is available for review (see attachment A). The City reserves the right to reject any proposed agreement or contract that does not conform to the specifications contained in this RFP and which is not approved by the City Attorney's office.
- G. The City shall not be responsible for any costs incurred by the agency in preparing, submitting, or presenting its response to the RFP.
- H. Any material submitted by a proposer shall become the property of the City. Materials submitted after a contract is signed will be subject to the ownership provision of the executed contract.
- I. The City reserves the right not to award any portion or all of the project if it finds that none of the proposals submitted meets the specific needs of the project. The City reserves the right to modify the scope of work and award portions of this RFP to the selected vendor. The City reserves the right to award this work to multiple vendors if the scope of work would be best completed by multiple vendors and their associated experience.

Cooperative Purchasing

Chapter 39.34 RCW allows cooperative purchasing between public agencies in the State of Washington. Public agencies which have filed an Intergovernmental Cooperative Purchasing Agreement with the City may purchase from City contracts, provided that the consultant agrees to participate. The City does not accept any responsibility for contracts issued by other public agencies, however.

Public Disclosure

Once submitted to the City, proposals shall become the property of the City, and all proposals shall be deemed a public record as defined in "The Public Records Act," chapter 42 section 56 of the RCW. Any proposal containing language which copyrights the proposal, declares the entire proposal to be confidential, declares that the document is the exclusive property of the proposer, or is any way contrary to state public disclosure laws or this RFP, could be removed from consideration. The City will not accept the liability of determining what the proposer considers proprietary or not. Therefore, any information in the proposal that the proposer claims as proprietary and exempt from disclosure under the

provisions of RCW 42.56.270 must be clearly designated as described in the “Proprietary Material Submitted” section above. It must also include the exemption(s) from disclosure upon which the proposer is making the claim, and the page it is found on must be identified. With the exception of lists of prospective proposers, the City will not disclose RFP proposals until a bid selection is made. At that time, all information about the competitive procurement will be available with the exception of: proprietary/confidential portion(s) of the proposal(s), until the proposer has an adequate opportunity to seek a court order preventing disclosure. The City will consider a proposer’s request for exemption from disclosure; however, the City will make a decision predicated upon RCW 42.56.

DBE Participation

The City encourages DBE firms to submit qualifications and encourages all firms to team with DBE firms in their pursuit of this project.

Federal Debarment

The Bidder shall not currently be debarred or suspended by the Federal government. The Bidder shall not be listed as having an “active exclusion” on the U.S. government’s “System for Award Management” database (www.sam.gov).



PROFESSIONAL SERVICES AGREEMENT

PSA 6/30/2020

The City of Kirkland, Washington, a municipal corporation ("City") and _____, whose address is _____ ("Consultant"), agree and contract as follows.

In consideration of the mutual benefits and conditions set forth below, the parties agree as follows:

I. SERVICES BY CONSULTANT

- A. The Consultant agrees to perform the services described in Attachment _to_ this Agreement, which attachment is incorporated herein by reference.
- B. All services and duties shall be conducted and performed diligently, completely and in accordance with professional standards of conduct and performance.

II. COMPENSATION

- A. The total compensation to be paid to Consultant for these services shall not exceed \$_____, as detailed in Attachment _____.
- B. Payment to Consultant by the City in accordance with the payment ceiling specified above shall be the total compensation for all services performed under this Agreement and supporting documents hereto as well as all subcontractors' fees and expenses, supervision, labor, supplies, materials, equipment or the use thereof, reimbursable expenses, and other necessary incidentals.
- C. The Consultant shall be paid on the basis of invoices submitted. Invoicing will be on the basis of percentage complete or on the basis of time, whichever is applicable in accordance with the terms of this Agreement.
- D. The City shall have the right to withhold payment to Consultant for any services not completed in a satisfactory manner until such time as Consultant modifies such services to the satisfaction of the City.
- E. Unless otherwise specified in this Agreement, any payment shall be considered timely if a warrant is mailed or is available within 45 days of the date of actual receipt by the City of an invoice conforming in all respects to the terms of this Agreement.

III. TERMINATION OF AGREEMENT

The City or the Consultant may terminate or suspend this Agreement at any time, with or without cause, by giving ten (10) days' notice to the other in writing. In the event of termination, all finished or unfinished reports, or other material prepared by the Consultant pursuant to this Agreement, shall be provided to the City. In the event the City terminates prior to completion without cause, consultant may complete such analyses and records as may be necessary to place its files in order. Consultant shall be entitled to receive just and equitable compensation for any satisfactory services completed on the project prior to the date of termination, not to exceed the payment ceiling set forth above.

IV. OWNERSHIP OF WORK PRODUCT

- A. Ownership of the originals of any reports, data, studies, surveys, charts, maps, drawings, specifications, figures, photographs, memoranda, and any other documents which are developed, compiled or produced as a result of this Agreement, whether or not completed, shall be vested in the City. Any reuse of these materials by the City for projects or purposes other than those which fall within the scope of this Agreement or the project to which it relates, without written concurrence by the Consultant will be at the sole risk of the City.
- B. The City acknowledges the Consultant's plans and specifications as instruments of professional service. Nevertheless, the plans and specifications prepared under this Agreement shall become the property of the City upon completion of the services. The City agrees to hold harmless and indemnify consultant against all claims made against Consultant for damage or injury, including defense costs, arising out of any reuse of such plans and specifications by any third party without the written authorization of the Consultant.
- C. Methodology, materials, software, logic, and systems developed under this Agreement are the property of the Consultant and the City, and may be used as either the consultant or the City sees fit, including the right to revise or publish the same without limitation.
- D. The Consultant at such times and in such forms as the City may require, shall furnish to the City such statements, records, reports, data, and information as the City may request pertaining to matters covered by this Agreement. All of the reports, information, data, and other related materials, prepared or assembled by the Consultant under this Agreement and any information relating to personal, medical, and financial data will be treated as confidential only as allowed by Washington State laws regarding disclosure of public information, Chapter 42.56 RCW

The Consultant shall at any time during normal business hours and as often as the City may deem necessary, make available for examination all of its records and data with respect to all matters covered, directly or indirectly, by this Agreement and shall permit the City or its designated authorized representative to audit and inspect other data relating to all matters covered by this Agreement. The City shall receive a copy of all audit reports made by the agency or firm as to the Consultant's activities. The City may, at its discretion, conduct an audit, at its expense, using its own or outside auditors, of the Consultant's activities which relate, directly or indirectly, to the Agreement.

Consultant will provide all original operation and maintenance manuals, along with all warranties, from the manufacturer for any equipment or items installed or supplied to the City has part of this contracted project.

The Consultant shall maintain accounts and records, including personnel, property, financial, and programmatic records, which sufficiently and properly reflect all direct and indirect costs of any nature expended and services performed pursuant to this Agreement. The Consultant shall also maintain such other records as may be deemed necessary by the City to ensure proper accounting of all funds contributed by the City to the performance of this Agreement.

The foregoing records shall be maintained for a period of seven years after termination of this Agreement unless permission to destroy them is granted by the Office of the Archivist in accordance with RCW Chapter 40.14 and by the City.

V. GENERAL ADMINISTRATION AND MANAGEMENT

The Finance and Administration Department for the City of Kirkland shall review and approve the Consultant's invoices to the City under this Agreement, shall have primary responsibility for overseeing and approving services to be performed by the Consultant, and shall coordinate all communications with the Consultant from the City.

VI. COMPLETION DATE

The estimated completion date for the Consultant's performance of the services specified in Section I is _____.

Consultant will diligently proceed with the services contracted for, but consultant shall not be held responsible for delays occasioned by factors beyond its control which could not reasonably have been foreseen at the time of the execution of this Agreement. If such a delay arises, Consultant shall forthwith notify the City.

VII. SUCCESSORS AND ASSIGNS

The Consultant shall not assign, transfer, convey, pledge, or otherwise dispose of this Agreement or any part of this Agreement without prior written consent of the City.

VIII. NONDISCRIMINATION

Consultant shall, in employment made possible or resulting from this Agreement, ensure that there shall be no unlawful discrimination against any employee or applicant for employment in violation of RCW 49.60.180, as currently written or hereafter amended, or other applicable law prohibiting discrimination, unless based upon a bona fide occupational qualification as provided in RCW 49.60.180 or as otherwise permitted by other applicable law. Further, no person shall be denied or subjected to discrimination in receipt of the benefit of any services or activities made possible by or resulting from this Agreement in violation of RCW 49.60.215 or other applicable law prohibiting discrimination.

IX. HOLD HARMLESS/INDEMNIFICATION

To the greatest extent allowed by law the Contractor shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or in connection with performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Contractor and the City, its officers, officials, employees, and volunteers, the Contractor's liability hereunder shall be only to the extent of the Contractor's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Contractor's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purpose of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

X. LIABILITY INSURANCE COVERAGE

The Consultant shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees. A failure to obtain and maintain such insurance or to file required certificates and endorsements shall be a material breach of this Agreement.

Consultant's maintenance of insurance as required by the agreement shall not be construed to limit the liability of the Consultant to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

A. Minimum Scope of Insurance

Consultant shall obtain insurance of the types described below:

1. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be as least as broad as Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.
2. Commercial General Liability insurance shall be as least as broad as ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, stop-gap independent contractors and personal injury and advertising injury. The City shall be named as an additional insured under the Consultant's Commercial General Liability insurance policy with respect to the work performed for the City using an additional insured endorsement at least as broad as ISO CG 20 26.
3. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.
4. Professional Liability insurance appropriate to the Consultant's profession.

B. Minimum Amounts of Insurance

Consultant shall maintain the following insurance limits:

1. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident.
2. Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate.
3. Professional Liability insurance shall be written with limits no less than \$1,000,000 per claim and \$1,000,000 policy aggregate limit.

C. Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions for Automobile Liability and Commercial General Liability insurance:

1. The Consultant's insurance coverage shall be primary insurance as respects the City. Any insurance, self-insurance, or self-insured pool coverage maintained by

the City shall be excess of the Consultant's insurance and shall not contribute with it.

2. The Consultant shall provide the City and all Additional Insureds for this services with written notice of any policy cancellation, within two business days of their receipt of such notice.

D. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best rating of not less than A:VII.

E. Verification of Coverage

Consultant shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Consultant before commencement of the services.

F. Failure to Maintain Insurance

Failure on the part of the Consultant to maintain the insurance as required shall constitute a material breach of agreement, upon which the City may, after giving five business days' notice to the Consultant to correct the breach, immediately terminate the agreement or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due the Consultant from the City.

G. City Full Availability of Consultant Limits

If the Consultant maintains higher insurance limits than the minimums shown above, the City shall be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by the Consultant, irrespective of whether such limits maintained by the Consultant are greater than those required by this agreement or whether any certificate of insurance furnished to the City evidences limits of liability lower than those maintained by the Consultant.

XI. COMPLIANCE WITH LAWS/BUSINESS LICENSE

The Consultant shall comply with all applicable State, Federal, and City laws, ordinances, regulations, and codes. Consultant must obtain a City of Kirkland business license or otherwise comply with Kirkland Municipal Code Chapter 7.02.

XII. FUTURE SUPPORT

The City makes no commitment and assumes no obligations for the support of Consultant activities except as set forth in this Agreement.

XIII. INDEPENDENT CONTRACTOR

Consultant is and shall be at all times during the term of this Agreement an independent contractor and not an employee of the City. Consultant agrees that he or she is solely responsible for the payment of taxes applicable to the services performed under this

Agreement and agrees to comply with all federal, state, and local laws regarding the reporting of taxes, maintenance of insurance and records, and all other requirements and obligations imposed on him or her as a result of his or her status as an independent contractor. Consultant is responsible for providing the office space and clerical support necessary for the performance of services under this Agreement. The City shall not be responsible for withholding or otherwise deducting federal income tax or social security or for contributing to the state industrial insurance or unemployment compensation programs or otherwise assuming the duties of an employer with respect to the Consultant or any employee of Consultant.

XIV. EXTENT OF AGREEMENT/MODIFICATION

This Agreement, together with all attachments and addenda, represents the final and completely integrated Agreement between the parties regarding its subject matter and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement may be amended only by written instrument properly signed by both parties.

XV. ADDITIONAL WORK

The City may desire to have the Consultant perform work or render services in connection with the project other than provided for by the express intent of this Agreement. Any such work or services shall be considered as additional work, supplemental to this Agreement. This Agreement may be amended only by written instrument properly signed by both parties.

XVI. NON-ENDORSEMENT

As a result of the selection of a consultant to supply services to the City, the consultant agrees to make no reference to the City in any literature, promotional material, brochures, sales presentation or the like without the express written consent of the City.

XVII. NON-COLLUSION

By signature below, the Consultant acknowledges that the person, firm, association, co-partnership or corporation herein named, has not either directly or indirectly entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in the preparation or submission of a proposal to the City for consideration in the award of a contract on the specifications contained in this Agreement.

XVIII. WAIVER

Waiver by the City of any breach of any term or condition of this Agreement shall not be construed as a waiver of any other breach.

XIX. ASSIGNMENT AND SUBCONTRACT

The Consultant shall not assign or subcontract any portion of the services contemplated by this Agreement without the prior written consent of the City.

XX. DEBARMENT

Recipient certifies that it is not suspended, debarred, proposed for debarment, declared ineligible or otherwise excluded from contracting with the federal government, or from receiving contracts paid for with federal funds.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates written below:

CONSULTANT:

CITY OF KIRKLAND:

Signature: _____

Signature: _____

Printed Name: _____

Printed Name: _____
(Type City Staff Name)

Title: _____

Title: _____

Date: _____

Date: _____

ATTACHMENT B
CERTIFICATION STATEMENT

All proposals must include this certification statement signed by a duly constituted official legally authorized to bind the applicant to both its proposal and cost schedule.

- A. Proposal may be released in total as public information in accordance with the requirements of the laws covering the same. Any proprietary information has been clearly marked.
- B. Proposal and cost schedule shall be valid and binding for ninety (90) days following the proposal due date or any revised proposal submission date, whichever is later, and will become part of the contract that is negotiated with the City.
- C. The proposer has not and will not discriminate against a subcontractor in the awarding of a subcontract because the subcontractor is a minority, women, or emerging small business enterprise.
- D. The proposer certifies that this proposal has been arrived at independently and has been submitted without collusion designed to limit independent bidding or competition.

Proposer's Signature

Date

Print Name

Title

Proposer's Federal Taxpayer Identification number: _____

This certification statement must be signed and submitted with the proposal.

**CITY OF KIRKLAND
INVESTMENT POLICY
(ADOPTED NOVEMBER 17, 2020)**

Policy Statement

This Policy establishes standards and guidelines for the direction, management and oversight for all of the City of Kirkland's ("City") investable funds. These funds include cash for liquidity purposes, intermediate investments for ongoing operations and long-term investments for dedicated accounts. Funds must be invested prudently to assure preservation of principal, provide needed liquidity for daily cash requirements, and provide a market rate of return. For purposes of the City's Investment Policy, safety and liquidity are higher priorities than return on investment. All investments must conform to federal, state, and local statutes governing the City of Kirkland public funds investments.

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1.0 INTRODUCTION

This Investment Policy defines the parameters within which funds are to be invested by the City of Kirkland (City). This Policy also formalizes the framework to provide the investment authority and constraints for the City to maintain an effective and judicious management of funds within the scope of this Policy.

This Policy is intended to be broad enough to allow the Director of Finance and Administration, or authorized designee, to function properly within the parameters of responsibility and authority, yet specific enough to adequately safeguard the investment assets.

- Sets out guidelines for the prudent management of the City's funds;
- Describes realistic parameters and goals for safely investing those funds;
- Establishes expectations for generally acceptable returns at a suitable level of risk that matches the purpose of the City's funds;
- Provides the framework within which the Director of Finance and Administration will operate by setting out objectives, guidelines, and structure that include details on the universe of permitted investments and any restrictions of their use.

The City Council reserves the right to amend this policy as deemed necessary.

2.0 GOVERNING AUTHORITY

The City of Kirkland investment authority is derived from RCW Chapters 35, 39 and 43. The investment program shall be operated in conformance with the Revised Code of Washington and applicable Federal Law. All funds within the scope of this policy are subject to regulations established by the State of Washington.

The City Council has the direct authority to provide for the Director of Finance and Administration or his/her designee, the responsibility for the daily operations of the City's investment program and activities. (Kirkland Municipal Code (KMC) Chapter 5.24)

3.0 SCOPE OR IDENTIFICATION OF FUNDS

This policy applies to activities of the City of Kirkland with regard to investing the financial assets of all funds. The amount of funds expected to fall within the scope of this policy is \$90 million to \$120 million, which include, but not limited to, operating, capital improvement, and restricted funds.

This investment policy applies to all investment transactions involving the financial assets and related activity of all City funds.

4.0 OBJECTIVES

All funds will be invested in a manner that is in conformance with federal, state and other legal requirements. The objectives, in order of priority, of the investment activities will be as follows:

4.1 Safety: Safety of principal is the primary objective of the City. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this objective, funds will be diversified, utilizing highly rated securities, by investing in a variety of securities and financial institutions. The investment portfolio will be invested in a manner that meets RCW statutes and all legal requirements of the City.

4.2 Liquidity: The investment portfolio will provide liquidity sufficient to enable the City to meet all cash requirements that might reasonably be anticipated. Therefore, the investments shall be managed to maintain a minimum balance to meet daily obligations.

4.3 Return on Investment: The investment portfolio will be structured with the objective of attaining a market rate of return throughout economic cycles, commensurate with the investment risk parameters and the cash flow characteristics of the portfolio. Nevertheless, return on investment is a lesser objective than safety or liquidity.

5.0 STANDARDS OF CARE

5.1 Delegation of Authority:

Governing Body: The ultimate responsibility and authority for the investment of City funds resides with the City Council who has the authority to direct the management of the City investment program.

Authority: Pursuant to the KMC 5.24 and Resolution 5087, the overall management responsibility for the investment program is hereby delegated to the Director of Finance and Administration, or designee, who shall establish written procedures for the operation of the investment program, consistent with this investment policy. The Director of Finance and Administration shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

Investment Advisor: The City may contract with an external non-discretionary investment advisor (Advisor) to assist with the management of the City's investment portfolio in a manner that is consistent with the City's objectives and this policy. Such Advisors shall provide recommendations and advice regarding the City investment program including but not limited to advice related to the purchase and sale of investments by this Investment Policy.

5.2 Prudence:

The standard of prudence to be used by the Director of Finance and Administration or any designees in the context of managing the overall portfolio is the prudent person rule which states: *Investments will 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 in regard to speculation but in regard to the permanent disposition of the funds considering the probable income as well as the probable safety of the capital.*

The Director of Finance and Administration and authorized investment officers and employees who act in accordance with the Director of Finance and Administration's written procedures and the City's Investment Policy, and who exercise due diligence, shall be relieved of personal responsibility for the credit risk or market price change of an investment, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

5.3 Ethics:

5.3.1 Employees Involved in the City Investment Program Must Avoid Conflicts of Interest.

Association with the investment program in any capacity is considered employee involvement. Employees must avoid personal business activity that may:

- Conflict with the proper execution of the investment program.
- Impair their ability to make impartial investment decisions.

5.3.2 Employees Associated with the City Investment Program Must Disclose Certain Personal Information to the Director of Finance and Administration or his/her Designee. All disclosures shall be reported at each Investment Committee meeting.

The disclosure should list:

- Any material interests in financial institutions that conduct business with the City.
- Any personal financial or investment positions that could influence the performance of the City's investment portfolio, particularly with regard to the timing of purchases and sales.
- Any related interest or personal financial positions that could be perceived as conflict of interest.

6.0 SAFEKEEPING, CUSTODY, AND CONTROLS

6.1 Delivery vs. Payment:

All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the City's safekeeping institution prior to the release of funds.

6.2 Third Party Safekeeping:

Prudent treasury management requires that all purchased securities be bought on a delivery versus payment (DVP) basis and be held in safekeeping by an independent third-party financial institution or the City's designated depository.

The Director of Finance and Administration shall designate all safekeeping arrangements and an agreement of the terms shall be executed in writing. The third-party custodian shall be required to provide a statement to the City listing at a minimum each specific security, book yield, description, maturity date, market value, par value, purchase date, and CUSIP number.

All collateral securities pledged to the City for certificates of deposit or demand deposits shall be held in accordance with the State of Washington's Public Deposit Protection Commission (PDPC).

6.3 Internal Controls:

The Director of Finance and Administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. Specifics for the internal controls shall be documented in an investment procedures manual.

The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management. The internal controls shall address the following points at a minimum:

- Control of collusion;
- Separation of transaction authority from accounting and recordkeeping;
- Custodial safekeeping;
- Avoidance of physical delivery of marketable securities;
- Clear delegation of authority to subordinate staff members;
- Written confirmation of transactions for investments and wire transfers;
- Dual authorizations of wire transfers;
- Staff training; and
- Review, maintenance and monitoring of security procedures both manual and automated.

6.4 External Controls

The City will have an external review of the Investment Policy and procedures every three (3) years. The City may enter contracts with third-party investment advisory firms when their services are required.

7.0 AUTHORIZED FINANCIAL DEALERS

7.1 Broker/Dealers:

The Director of Finance and Administration shall maintain and review annually a list of all authorized financial institutions and broker/dealers that are approved to transact with the City for investment purposes. The City shall follow GFOA best practices for evaluating and selecting financial institutions and broker/dealers.

The Director of Finance and Administration or designee may utilize the investment advisor's approved broker/dealer list in lieu of the City's own approved list. The Advisor must submit the approved list to the City annually and provide updates throughout the year as they occur. The Advisor must maintain documentation of appropriate license and professional credentials of broker/dealers on the list. The annual investment advisor broker/dealer review procedures include:

- a. FINRA Certification check:
 - i. Firm profile
 - ii. Firm history
 - iii. Firm operations
 - iv. Disclosures of arbitration awards, disciplinary and regulatory events
 - v. State Registration Verification
- b. Financial review of acceptable FINRA capital or letter of credit for clearing settlements.

The Advisor may be authorized through the contracted agreement to open accounts on behalf of the City with the broker/dealers on the approved broker dealer list.

7.2 Investment Advisors:

Advisors must be registered under the Investment Advisers Act of 1940 and must act in a non-discretionary capacity, requiring approval from the City prior to all transactions.

7.3 Bank Institutions:

The City will only place funds, exceeding the current FDIC insurance limits, with banks who are currently participating in the Washington State PDPC program. Compliance/listing with the PDPC will be verified by the Advisor or designated investment officer utilizing the Washington State Treasurer's website.

7.4 Competitive Transactions:

Transactions must be executed on a competitive basis and documented. Competitive prices should be provided from at least three separate brokers, financial institutions or through a national electronic trading platform. If the purchased security is only offered by one broker, then other securities with similar structure may be used for documentation purposes. When an Advisor handles trade executions, they must provide the competitive documentation as requested.

8.0 AUTHORIZED AND SUITABLE INVESTMENTS

8.1 Authorized Investments:

Eligible investments are only those securities and deposits authorized by statute (RCW 39.58, 39.59, 43.250, and 43.84.080):

Among the authorized investments are U.S. Treasury and Agency securities (i.e., obligations of any government sponsored enterprise eligible for collateral purposes at the Federal Reserve), municipal debt, certificates of deposit with qualified public depositories within statutory limits as promulgated by the Washington State PDPC at the time of investment, foreign and domestic Bankers Acceptances, Commercial Paper and the Washington State Local Government Investment Pool.

The State of Washington Local Government Investment Pool is the only government-sponsored Pool approved for investment of funds.

- This policy recognizes S&P, Moody's and Fitch as the major Nationally Recognized Statistical Ratings Organizations (NRSRO).
- In the case of split ratings, where the major NRSROs issue different ratings, the lower rating shall apply. Minimum credit ratings and percentage limitations apply to the time of purchase.
- All securities must be purchased on the secondary market and may not be purchased directly from the issuer.

8.2 Suitable Investments:

The City is empowered to invest in the following types of securities:

US Treasury Obligations: Direct obligations of the United States Treasury.

US Agency Obligations Primary Issuers: Government Sponsored Enterprises (*GSEs*) – Federal Instrumentality Securities include, but are not limited to Federal National Mortgage Association (*FNMA*), the Federal Home Loan Mortgage Corporation (*FHLMC*), Federal Home Loan Banks (*FHLB*), and the Federal Farm Credit Banks (*FFCB*).

US Agency Obligations Secondary Issuers: Other US government sponsored enterprises that are less marketable are considered secondary *GSEs*. They include, but are not limited to: Private Export Funding Corporation (*PEFCO*), Tennessee Valley Authority (*TVA*), Financing Corporation (*FICO*) and Federal Agricultural Mortgage Corporation, (*Farmer Mac*).

Municipal Debt Obligations: Bonds of the State of Washington, any local government in the State of Washington, General Obligation bonds outside the State of Washington; at the time of investment the bonds must have must have at a minimum rating of AA- from S&P, Aa3 from Moody's or AA- from Fitch.

Commercial Paper: Unsecured debt obligations of corporate issuers that are rated at least A1+ by S&P, P1 by Moody's and F1+ by Fitch. Must be rated by two NRSROs at the time of purchase. If the commercial paper is rated by more than two NRSROs, it must have the highest rating from all of them. Commercial paper holdings may not have maturities exceeding 270 days. Any commercial paper purchased with a maturity longer than 100 days must also have an underlying long-term credit rating at the time of purchase with a minimum rating of AA- by S&P, Aa3 by Moody's or AA- by Fitch.

Certificates of Deposit: Non-negotiable Certificates of Deposit of financial institutions that are qualified public depositories as defined in RCW 39.58.010(2) and by the restrictions within.

Time Deposits and Savings Accounts Issued by Banks: Deposits in PDPC approved banks.

Banker's Acceptance: Banker's Acceptances generally are created based on a letter of credit issued to finance transactions. They are used to finance the shipment of some specific goods within the United States. They are issued by qualified financial institutions.

Local Government Investment Pool: Investment Pool managed by the Washington State Treasurer's Office.

8.3 Bank Collateralization:

The PDPC makes and enforces regulations and administers a program to ensure public funds deposited in banks and thrifts are protected if a financial institution becomes insolvent. The PDPC approves which banks and thrifts can hold state and local government deposits and monitors collateral pledged to secure uninsured public deposits. Under RCW 39.58.240, all public treasurers and other custodians of public funds are relieved of the responsibility of executing tri-party agreements, reviewing pledged securities, and authorizing additions, withdrawals, and exchanges of collateral.

9.0 INVESTMENT PARAMETERS

9.1 Diversification:

The City will diversify the investment of all funds by adhering to the constraints by issuer type in accordance with the following table:

Table of Constraints on the Portfolio

Issue Type	Maximum % Holdings	Maximum % per Issuer	Ratings S&P	Ratings Moody's	Ratings Fitch
US Treasury Obligations	100%	None	N/A	N/A	N/A
US Agency Primary Securities FHLB, FNMA, FHLMC, FFCB	100%	30%	N/A	N/A	N/A
US Agency Secondary Securities FICO, FARMER MAC etc.	20%	10%	AA-	Aa3	AA-
Municipal Bonds	20%	5%	AA-	Aa3	AA-
Commercial Paper	25%	3%	A1+ Long Term AA-	P1 Long Term Aa3	F1+ Long Term AA-
Certificates of Deposit	10%	5%	Deposits in PDPC approved banks	Deposits in PDPC approved banks	Deposits in PDPC approved banks
Bank Time Deposits/Savings Accounts	50%	None	Deposits in PDPC approved banks	Deposits in PDPC approved banks	Deposits in PDPC approved banks
Banker's Acceptance	5%	5%	A-	A3	A-
Washington LGIP	100%	None	N/A	N/A	N/A

9.2 Investment Maturity:

The City will not directly invest in securities maturing more than five (5) years from the date of purchase.

- The maximum weighted maturity of the total portfolio shall not exceed 3 years. This maximum is established to limit the portfolio to excessive price change exposure.
- Liquidity funds will be held in the State Pool, PDPC bank deposits, or cash matched securities.
- Investment funds will be defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between 1 day and 5 years and will be only invested in high quality and liquid securities.
- Total Portfolio Maturity Constraints:

Maturity Constraints	Minimum % of Total Portfolio
Under 30 days	10%
Under 1 year	25%
Under 5 years	100%
Maturity Constraints	Maximum of Total Portfolio in Years
Weighted Average Maturity	3.00
Security Structure Constraint	Maximum % of Total Portfolio
Callable Agency Securities	25%

- Exception to 5 year maturity maximum: Reserve or Capital Improvement Project monies may be invested in securities exceeding 5 years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

9.3 Strategic Allocations:

9.3.1 Funds and their Allocation

- Liquidity funds for the operating account will be allocated to LGIP, CD's, PDPC Bank Deposits, Bankers Acceptances, and Commercial Paper.
- The structure of the Investment Core Fund will be targeted to a selected market benchmark based on the risk and return objectives of the portfolio.
- Longer term restricted funds will have an identified market benchmark to manage risk and return.

9.3.2 Monitoring and Portfolio Adjustment: As a general practice, securities will be purchased with the intent to hold to maturity. However, it is acceptable for securities to be sold under the following circumstances:

- A security with a declining credit may be sold early to protect the principal value of the portfolio.
- The portfolio duration or maturity buckets should be adjusted to reflect better the structure of the underlying benchmark portfolio.
- A security exchange that would improve the quality, yield and target maturity of the portfolio based on market conditions.
- A sale of a security to provide for unforeseen liquidity needs.

9.4 Prohibited Investments:

9.4.1 The City shall not lend securities nor directly participate in a securities lending or reverse repurchase program.

9.4.2 The City shall not invest in:

- Mortgage-backed securities
- Derivative Products
- Securities that leverage the portfolio or are used for speculation of interest rates
- Mutual Funds
- Repurchase Agreements
- Reverse Agreements

10.0 REPORTING REQUIREMENTS

10.1 Reporting:

The Director of Finance and Administration shall be responsible for investment reporting. At a minimum, quarterly reporting shall be made to the City Council including but not limited to securities holdings, cash balances, and market values in the investment portfolio.

Specific Requirements:

- Book Yield
- Holdings Report including mark-to-market and security description
- Transactions Report
- Weighted Average Maturity

10.2 Performance Standards:

The portfolio shall be managed to obtain a fair rate of return and earnings rate that incorporates the primary objectives of protecting the City's capital and assuring adequate liquidity to meet cash flow needs.

The investment portfolio will be invested into a predetermined structure that will be measured against a selected benchmark portfolio. The structure will be based upon a chosen minimum and maximum duration (average maturity) and will have the objective to achieve market rates of returns over long investment horizons. The purpose of a benchmark is to appropriately manage the risk in the portfolio through interest rate cycles. The investment portfolio is expected to provide similar returns to the benchmark over interest rate cycles, but may underperform or outperform in certain periods. The portfolio will be positioned to first protect principal and then achieve market rates of return. The benchmark used will be a US treasury 0-3 year index or US treasury 0-5 year index and comparisons will be calculated monthly and reported quarterly.

The liquidity component yield will be compared quarterly to the LGIP average yield.

10.3 Compliance Report

A compliance report will be generated quarterly comparing the portfolio positions to this investment policy.

10.4 Accounting Method

The City shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP). The accounting principles are those contained in the pronouncements of authoritative bodies including but not necessarily limited to the Governmental Accounting Standards Board (GASB).

Pooling of Funds: Except for cash in certain restricted and special funds, the City will consolidate balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation in the investment program and in accordance with generally accepted accounting principles.

11.0 INVESTMENT POLICY ADOPTION

The City's Investment Policy shall be adopted by the City Council.

The Policy shall be reviewed annually by the Investment Committee. Any modifications shall be submitted and approved by City Council.

12.0 GLOSSARY OF TERMS

Accrued Interest: The interest accumulated on a bond since issue date or the last coupon payment. The buyer of the bond pays the market price and accrued interest, which is payable to the seller.

Agency: A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally Sponsored Agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. (Also see FEDERAL AGENCY SECURITIES and GOVERNMENT SECURITY)

Agency Securities: Government sponsored enterprises of the US Government.

Amortization: In portfolio accounting, periodic charges made against interest income on premium bonds in anticipation of receipt of the call price at call or of par value at maturity.

Asset: Available property, as for payment of debts

Average Maturity: A weighted average of the expiration dates for a portfolio of debt securities. An income fund's volatility can be managed by shortening or lengthening the average maturity of its portfolio.

Bankers' Acceptances: A time draft accepted (endorsed) by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer. BAs are short-term non-interest-bearing notes sold at a discount and redeemed by the accepting bank at maturity for full face value.

Bank Wire: A virtually instantaneous electronic transfer of funds between two financial institutions.

Basis Point: A measure of an interest rate, i.e., 1/100 of 1 percent, or .0001.

Bid: The indicated price at which a buyer is willing to purchase a security or commodity. When selling a security, a bid is obtained. (See Offer)

Bond: An interest-bearing security issued by a corporation, government, governmental agency, or other body. It is a form of debt with an interest rate, maturity, and face value, and specific assets sometimes secure it. Most bonds have a maturity of greater than one year and generally pay interest semiannually.

Broker: An intermediary who brings buyers and sellers together and handles their orders, generally charging a commission for this service. In contrast to a principal or a dealer, the broker does not own or take a position in securities.

Certificates of Deposit: Instruments issued by a bank specifying that a sum of money has been deposited, payable with interest to the bearer of the certificate on a certain date.

Collateral: Securities or other property that a borrower pledges as security for the repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Commercial Paper: Short-term, unsecured, negotiable promissory notes issued by corporations.

Current Maturity: The amount of time left until an obligation matures. For example, a one-year bill issued nine months ago has a current maturity of three months.

CUSIP: A CUSIP number identifies securities. CUSIP stands for Committee on Uniform Security Identification Procedures, which was established under the auspices of the American Bankers Association to develop a uniform method of identifying municipal, U.S. government, and corporate securities.

Dealer: An individual or firm that ordinarily acts as a principal in security transactions. Typically, dealers buy for their account and sell to a customer from their inventory. The dealer's profit is determined by the difference between the price paid and the price received.

Delivery: Either of two methods of delivering securities: delivery vs. payment and delivery vs. receipt (also called "free"). Delivery vs. payment is the delivery of securities with an exchange of money for the securities.

Diversification: Dividing available funds among a variety of securities and institutions to minimize market risk.

Duration: A measure used to calculate the price sensitivity of a bond or portfolio of bonds to changes in interest rates. This equals the sum of the present value of future cash flows.

Full Faith and Credit: Indicator that the unconditional guarantee of the United States government backs the repayment of debt.

General Obligation Bonds (GOs): Bonds secured by the pledge of the municipal issuer's full faith and credit, which usually includes unlimited taxing power.

Government Bonds: Securities issued by the federal government; they are obligations of the U.S. Treasury; also known as "governments."

Interest: Compensation paid or to be paid for the use of money. The rate of interest is generally expressed as an annual percentage.

Investment Core Funds: Core funds are defined as operating fund balance and other fund balances that exceeds the City's daily liquidity needs. Core funds are invested out the yield curve to diversify maturity structure in the overall portfolio. Having longer term investments in a portfolio will stabilize the overall portfolio interest earnings over interest rate cycles.

Investment Securities: Securities purchased for an investment portfolio, as opposed to those purchased for resale to customers.

Liquidity: The ease at which a security can be bought or sold (converted to cash) in the market. A large number of buyers and sellers and a high volume of trading activity are important components of liquidity.

Liquidity Component: A percentage of the total portfolio that is dedicated to providing liquidity needs for the City.

LGIP: Local Government Investment Pool run by the State of Washington Treasurer's office established to help cities with short-term investments.

Mark to Market: Adjustment of an account or portfolio to reflect actual market value rather than book price, purchase price or some other valuation.

Market Value: The market value of a security is the price at which can be sold on that date.

Maturity: The date upon which the principal or stated value of an investment becomes due.

Municipals: Securities, usually bonds, issued by a state, its agencies, by cities or other municipal entities. The interest on “munis” is usually exempt from federal income taxes and state and local income taxes in the state of issuance. Municipal securities may or may not be backed by the issuing agency’s taxation powers.

Non-Discretionary Investment Advisor: Non-discretionary investment advisor services may include investment management oversight, investment research, portfolio analysis, portfolio reporting and portfolio recommendations based upon the specific investment policy and investment objectives of each client. Clients must approve any such recommendations before the securities are purchased or sold in their accounts.

Par Value: The value of a security expressed as a specific dollar amount marked on the face of the security or the amount of money due at maturity. Par value should not be confused with market value.

Portfolio: A collection of securities held by an individual or institution.

Principal: The cost of an instrument on which interest is earned.

Prudent Person Rule: A long-standing common-law rule that requires a trustee who is investing for another to behave in the same way as a prudent individual of reasonable discretion and intelligence who is seeking a reasonable income and preservation of capital.

Quotation or Quote: A bid to buy or the lowest offer to sell a security in any market at a particular time.

Repurchase Agreement: Range in maturity from overnight to fixed time to open end. Repos involve a simultaneous sale of securities by a bank or government securities dealer to an investor with an agreement for the bank or government securities dealer to repurchase the securities at a fixed date at a specified rate of interest.

Safekeeping: An arrangement under which an organization’s securities are kept in a bank vault or in the case of book entry securities, are held and recorded in the customer’s name. Evidence of this arrangement is a safekeeping receipt.

Secondary Market: A market where certain securities may be bought and sold at prevailing market prices after their initial distribution but before their stated maturity date.

Treasury Bill (T-Bill): An obligation of the U.S. government with a maturity of one year or less. T-bills bear no interest but are sold at a discount.

Treasury Bonds and Notes: Obligations of the U.S. government that bear interest. Notes have maturities of one to ten years; bonds have longer maturities.

Yield: The annual rate of return on an investment expressed as a percentage of the investment. Income yield is obtained by dividing the current dollar income by the current market price for the security. Net yield, or yield to maturity, is the current income yield minus any premium above par or plus any discount from par in the purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

Yield to Maturity: The average annual yield on a security, assuming it is held to maturity; equals to the rate at which all principal and interest payments would be discounted to produce a present value equal to the purchase price of the bond.

**ATTACHMENT D
CITY OF KIRKLAND INVESTMENT ADVISOR CERTIFICATION**

I certify that I have received a copy of the Investment Policy of the City of Kirkland, Washington, which is dated November 17, 2020 and I understand the objectives and constraints outlined in the Investment Policy as they relate to the investment advisory services proposed to the City of Kirkland.

Signed

Title

Firm

Date

**ATTACHMENT E
TECHNICAL SPECIFICATIONS AND FEATURES MATRIX**

Please provide detailed information on the specifications and features of the proposed investment advisory services in the matrix below. In order for City staff to adequately compare and evaluate proposals objectively, all proposals MUST be submitted in accordance with this matrix format. Please note that all vendor response fields within each matrix must be completed. Responses should be prepared simply and economically, providing straightforward and concise information as requested.

A. FIRM INFORMATION
1. Briefly describe the historical evolution of your firm including the date founded, ownership, and any subsidiary relationships. Provide audited financial statements for the past two years and a current financial statement.
2. Who supplies your firm with market value figures?
3. Describe the firm's research capability and resources (e.g., Bloomberg, PMA Ratings, Highline Data Bank Ratings, etc.).
4. Contractors doing business in the City of Kirkland must have a valid City of Kirkland business license. Is firm a resident bidder? Does firm have a valid business license?
5. Is firm capable of providing the required investment advisory services identified in this request for proposal?

6. Has there been any turnover of key personnel in the firm in the past 12 months? If yes, please describe.

7. Describe any Securities and Exchange Commission (SEC) regulatory censure or litigation related to services your firm provides.

8. Provide a copy of the firm's most recent ADV, Part I and II (including Schedule I), as on file with the Securities and Exchange Commission. Is this firm registered with the State of Washington?

9. Bidder must have experience in providing investment advisory services for other large organizations in the state of Washington, preferably to other municipalities which are similar to the City's portfolio. Submit the names of five clients that may be contacted as references, two of which have been clients for at least three years. List the name of the organization, a contact person, the address, e-mail address and the telephone number.

Reference 1:

Reference 2:

Reference 3:

Reference 4:

Reference 5:

10. Provide performance statistics on investment portfolios referenced in Question 10 above for the past 3 years.

11. How many new accounts have been added by your firm in the last three years? How many have discontinued your investment management services in the last three years? Explain why these accounts discontinued service.

12. Describe how investment ideas are originated and how researched.

13. Explain how investment decisions are monitored and evaluated. Including rating changes – specifically downgrades.

14. Describe procedures used to ensure that portfolios comply with client investment objectives and policies.

15. Describe your firm's investment management process. Describe the strategies that will be used to enhance the performance of the City's investment portfolio given a low (but changing) interest rate environment while also complying with the City's investment policy.

16. Describe your firm's procedures for portfolio review, investment management and client contact.

17. How are brokers/dealers selected? What process do you have in place to monitor brokers/dealers after they have been approved?

18. Identify the types of securities held in your portfolios. Describe the types of investment research the firm utilizes and the methodology used to recommend investment decisions (including maturity and investment selection).

B. REPORTING

1. Describe the frequency and nature of the reports you provide and enclose examples. Include methods and formulas used to calculate return and performance.

2. Describe the benchmarks included in the performance reports.

3. Describe the type and frequency of credit analysis that would be provided on security issuers and financial institutions (e.g. Highline Data Bank Ratings and PMA Ratings).

4. How often would the representative from your firm meet with City staff to review portfolio performance and revise investment strategies?

5. Does firm offer reconciliation services for third party safekeeping? If yes, please describe and include a sample of your standard reports.

C. TRAINING

1. Describe the training for City staff that the firm would provide.

D. OTHER SERVICES

1. Based upon information about the City's investment advisory needs and goals learned during the course of this proposal process, describe any enhancements, technological or otherwise, that the City should consider improving efficiencies and portfolio performance.

2. What new services or features does the firm plan to offer in the future?

E. DISASTER RECOVERY PLAN

1. Briefly describe the firm's disaster recovery plan. Can a copy of this plan be provided upon request?

2. What disaster recovery services can the firm provide to the City if the firm cannot operate from its own facilities?

3. Is there a "hot" back-up processing site? How quickly can the site be implemented and accessed in the event of an emergency? Would the City be required to purchase anything additional to access this site?

**ATTACHMENT F
COST PROPOSAL MATRIX**

Because the responsibility for safety and liquidity of governmental funds cannot be delegated to an investment advisor, the City is looking for an advisory firm to assist with the management and performance of the City's investment portfolio by providing non- discretionary management of the portfolio. Non-discretionary management requires that the City maintain control of investments by requiring the advisor to obtain approval for all investment transactions.

Please provide detailed information of the non-discretionary management costs in the matrix below. In order for City staff to adequately compare and evaluate proposals objectively, all proposals MUST be submitted in accordance with this matrix format.

Please note that all vendor response fields within each matrix must be completed. Responses should be prepared simply and economically, providing straightforward and concise information as requested. The objective of requesting proposals is for the City to determine which institution can offer the highest quality of service at the most reasonable cost.

A. NON-DISCRETIONARY COSTING PROPOSAL
1. Provide a non-discretionary fee schedule that would apply to the City's estimated \$175 million portfolio over the next 5 years. Describe the methodology used (e.g., flat fee, tiered, percentage of assets under management, and how it is calculated).
2. What expenses are covered under the non-discretionary fee schedule?
3. Identify any fees and expenses that would not be covered under this non-discretionary fee schedule but may be required.

4. Indicate what direct costs the City would be responsible for in the conversion. Indicate what conversion costs, if any, would be absorbed by the firm as start-up costs.

5. Include payment terms required for services rendered (e.g., monthly or quarterly).

ATTACHMENT G LIST OF MATERIALS REQUESTED

To ensure proper submission of proposal, be sure to enclose all requested materials with your proposal. Following is a list of items that should be included:

- Letter of Transmittal
- Table of Contents
- Statement of Understanding
- Investment Advisory Firm's Team and Qualifications
- Investment Advisor's Approach
- Additional Information
- Proposed Edits to Professional Services Contract (if any)
- Attachment B - Certification Statement (signed/dated)
- Attachment D - Investment Advisor Certification
- Attachment E - Technical Specifications and Features Matrix
- Attachment F - Cost Proposal Matrix
- Audited Financial Statements for past two years (if available)
- Current Financial Statement
- A copy of the firm's most recent ADV, Part I and II (including Schedule I), as on file with the Securities and Exchange Commission
- Sample of standard reports
- Sample(s) of reconciliation services standard reports

Please note that this list is not intended to list all required materials. It is just an itemization of key items to assist firms in assembling proposals.