



Tammy Rowe, Clerk to the Board, 400 South Street • P.O. Box 999, Titusville, Florida 32781-0999

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May 24, 2017

MEMORANDUM

TO: Teresa Camarata, Central Services Director

RE: Item II.D.8., Permission to Advertise Request for Proposals (RFP) Investment Advisory Services, Appoint Selection and Negotiation Committees, Award, and Execute Contract

The Board of County Commissioners, in regular session on May 23, 2017, granted permission to advertise RFP from qualified firms to provide investment management services for the County; approved establishing a Selection and Negotiation Committee consisting of Mark Peterson, Financial Accounting Supervisor in County Finance, Jill Hayes, Budget Office Director, and Todd Starkey, Chairman of Investment Committee to review, score, rank, negotiate, and select a firm with whom to enter into a new agreement; and authorized the County Manager to execute the contract, contract renewals, and any subsequent change orders.

Your continued cooperation is greatly appreciated.

Sincerely yours,

BOARD OF COUNTY COMMISSIONERS
SCOTT ELLIS, CLERK

Tammy Rowe

Tammy Rowe, Deputy Clerk

/kp

Cc: Committee Members
Interim County Manager

SERVICE AGREEMENT

This Agreement, entered into as of the 15 day of December in the year 2017 by and between Brevard County a public agency (hereinafter "The County"), and PFM Asset Management LLC, a Delaware limited liability company with an office in Orlando, Florida (hereinafter "PFM" or the "Investment Advisor").

WITNESSETH

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

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

WHEREAS, PFM was selected as a result of a Request for Proposals for investment management services; and

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

WHEREAS, the provision of such services shall mutually benefit the parties hereto and the residents of the County.

Now, therefore, in consideration of the premises and mutual covenants herein contained, it is agreed as follows:

1. SERVICES OF THE ADVISOR.

PFM will provide investment management of the Initial Funds and such other funds as the COUNTY may from time to time designate by written notice to PFM (collectively the "Long-Term Core Funds"). In connection therewith, PFM will provide investment research and supervision of the COUNTY's Long-Term Core Funds and conduct a continuous program of investment, evaluation and, when appropriate, sale and reinvestment of the COUNTY's Long-Term Core Funds assets.

PFM shall continuously monitor investment opportunities and evaluate investments of the COUNTY's Long-Term Core Funds. PFM shall furnish the COUNTY with statistical information and reports with respect to investments of the Long-Term Core Funds. PFM shall provide the County Finance Department and the County Manager's Office monthly reports detailing the "Long Term Core Investment" activity, weighted average maturity, accrued interest by investment type, rating of investment by Standard & Poor's and Moody's. PFM shall also provide monthly reports including both

the "Short Term" and "Long Term" portfolio composition showing the diversity of investments and compliance with applicable investment policies of the County and State of Florida Statutes. PFM will prepare and present Quarterly and an Annual Investment report which shall include both the "Short Term / Bond Proceeds" and "Long Term" portfolio to the County's Investment Committee and to the County Commission.

PFM shall place all orders with brokers or dealers recommended by PFM and/or the COUNTY, and to that end PFM is authorized as agent of the COUNTY to give instructions to the depository designated by the COUNTY as its custodian (the "Custodian") as to deliveries of securities and payments of cash for the account of the County.

In connection with the selection of such brokers and dealers and the placing of such orders, PFM is directed to seek for the COUNTY the most favorable execution and price, the determination of which may take into account, subject to any applicable laws, rules and regulations, whether statistical, research and other information or services have been or will be furnished to PFM by such brokers and dealers.

The Custodian shall have custody of cash, assets and securities of the COUNTY. PFM shall not take possession of or act as custodian for the cash, securities or other assets in the Long-Term Core Funds and shall have no responsibility in connection therewith.

Authorized investments shall include only those investments, which are currently authorized by the State of Florida Statutes, bond covenants, Board policy, and County Ordinances.

PFM shall be entitled to rely upon the COUNTY's written advice with respect to anticipated draw downs of Long-Term Core Funds. PFM will observe the instructions of the COUNTY with respect to broker/dealers who are approved to execute transactions involving the COUNTY's Long-Term Core Funds and in the absence of such instructions will engage broker/dealers who PFM reasonably believes to be reputable, qualified and financially sound.

PFM shall work with County staff in developing an annual cash flow projection in determining the funds and source of funds available for Long Term Core Investments. PFM will serve as a general resource to County staff on financial market information, providing advice and training regarding fixed income securities, investments, and treasury operations.

2. COMPENSATION.

(a) For services provided by PFM pursuant to this Agreement, the COUNTY shall pay PFM an annual fee, in monthly installments, based on the daily net assets under management at an annual rate of:

Portfolio Value	Assets Under Management	Fees
Operating Funds	\$0 - \$25 million	0.10% (10.0 basis points)
	\$25 million - \$50 million	0.08% (8.0 basis points)
	\$50 million - \$100 million	0.07% (7.0 basis points)
	\$100 million - \$200 million	0.06% (6.0 basis points)
	\$200 million - \$300 million	0.05% (5.0 basis points)
	Over \$300 million	0.04% (4.0 basis points)

PFM will cap total fees with respect to the Long-Term Core Funds only, as follows:

Contract Year	Annual Cap
Year 1	\$100,000
Year 2	\$110,000
Year 3	\$120,000
Year 4	\$130,000
Years 5 - 8	\$140,000

The above referenced fees shall remain the same through the term of this Agreement.

(b) PFM will bill the COUNTY monthly for the service performed under this Agreement, said bill to indicate the month for which the payment is requested. The COUNTY shall pay to PFM the amount payable pursuant to this Agreement not later than on the 15th day of the month following the month during which PFM's statement was rendered.

(c) If and to the extent that the COUNTY shall request PFM to render services other than those to be rendered by PFM hereunder, such additional services shall be compensated separately on terms to be agreed upon between PFM and the COUNTY.

(d) Assets invested by PFM under the terms of this Agreement may from time to time be invested in (i) a money market mutual fund managed by PFM or (ii) a local government investment pool managed by PFM (either, a "Pool"), or in individual securities. Average daily net assets subject to the fees described in Subsection 2(a) hereof shall not take into account any funds invested in the Pool. Expenses of the 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.

Formal Arbitrage Rebate Computation Fee Schedule

Should the County request in writing that PFM perform arbitrage rebate services, such services will be performed in accordance with the schedule below.

Service Description / Computation Period	Calculation Fee
Initial Report Fee, per issue, per annual report – Arbitrage Rebate and/or Yield Restriction Calculation, bond issues with outstanding proceeds	\$1,500
Arbitrage Rebate and/or Yield Restriction Calculation - additional annual computation period since the previous calculation, per additional annual computation period	+\$500
Report Fee, per issue, per annual report - Bona Fide Debt Service Fund testing only (if applicable)	\$750
Bona Fide Debt Service Fund testing - additional annual computation period since the previous calculation, per additional annual computation period (if applicable)	+\$250

Should the County request in writing that PFM invest funds designated by the County in a multi-asset class management (“MACM Funds”) strategy, the County shall pay PFM an annual fee based on net assets constituting MACM Funds under management determined on a monthly basis as defined in the Investment Advisory Fee Schedule below. For purposes of this paragraph, “net assets” means, with respect to the MACM Funds, the net market value of all cash and investments assets as of the end of the most recent month.

Investment Advisory Fee Schedule – MACM Funds

Assets Under Management	Management Fee
First \$10 million	0.45% (45 basis points)
Next \$10 million	0.35% (35 basis points)
Next \$30 million	0.25% (25 basis points)
Next \$50 million	0.20% (20 basis points)
Over \$100 million	0.15% (15 basis points)

The minimum annual fee for MACM Funds is \$20,000, to be applied in equal monthly installments.

3. EXPENSES.

(a) PFM 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 investments.

(b) Except as expressly provided otherwise herein, the COUNTY shall pay all of its own expenses including, without limitation, taxes, fees and expenses of the COUNTY's independent auditors and legal counsel, if any, brokerage and other expenses connected with the execution of portfolio security transactions, insurance premiums, fees and expenses of the Custodian.

(c) The County reserves the right, upon prior written notice, to deduct from any Investment Advisor invoice an amount for defective or nonconforming work or for work not provided but invoiced. The County shall remit payment in accordance with the Florida Prompt Payment Act, Florida Statute section 218.70, et seq.

4. RESPONSIBILITY OF PFM.

PFM hereby represents it is a registered investment advisor under the Investment Advisers Act of 1940. PFM shall immediately notify the COUNTY if, at any time during the term of this Agreement it is not so registered or if its registration is suspended. PFM agrees to perform its duties and responsibilities under this Agreement with reasonable care. The federal securities laws impose liabilities under certain circumstances on persons who act in good faith. Nothing herein shall in any way constitute a waiver or limitation of any rights which the County may have under any federal securities laws. The County hereby authorizes PFM to sign I.R.S. Form W-9 on behalf of the County 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. Additionally, PFM will perform its services in compliance with Florida Statutes, Brevard County Board of County Commissioners Investment Policy, and Brevard County Code of Ordinances.

5. STANDARDS OF PRUDENCE.

PFM, as the investment advisor, shall be held to the "Prudent Expert" standard. This standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these funds, PFM shall exercise the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments of the funds, so as to minimize the risk, considering the probable income as well as the probable safety of the capital.

6. CONFLICT OF INTEREST.

The COUNTY understands that PFM performs investment advisory services for various other clients, which may include investment companies and/or commingled trust

funds. The COUNTY agrees that PFM may give advice or take action with respect to any of its other clients which may differ from advice given or the timing or nature of action taken with respect to the COUNTY's Long-Term Core Funds, so long as it is the policy of PFM, to the extent practical, to allocate investment opportunities to this account over a period of time on a fair and equitable basis relative to other clients. PFM shall not have any obligation to purchase, sell or exchange any security for the COUNTY's Long-Term Core Funds solely by reason of the fact that PFM, 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 be for five years beginning on December 15, 2017 and ending on December 14, 2022. The County shall have the option to renew this Agreement for three (3) renewals of one year each, by giving sixty (60) days prior written notice of its intention to renew to PFM. Said renewal options are at the sole option and discretion of the Board of County Commissioners.

8. INSURANCE.

The Investment Advisor, at its own expense, shall keep in force and at all times maintain during the term of this Agreement:

a. **General Liability Insurance:** General Liability Insurance issued by responsible insurance companies and in a form acceptable to the County, with combined single limits of not less than One Million Dollars (\$1,000,000) for Bodily Injury and Property Damage per occurrence.

b. **Automobile Liability Insurance:** Automobile Liability coverage shall be in the minimum amount of One Million Dollars (\$1,000,000) combined single limits for Bodily Injury and Property Damage per accident.

c. **Workers' Compensation Coverage:** Full and complete Workers' Compensation Coverage, as required by State of Florida law, shall be provided.

d. **Professional Liability Coverage:** Professional (E&O) Liability must be afforded for negligent or intentionally wrongful acts for not less than \$5,000,000 each claim, if any of the required policies provide coverage on a claims-made basis:

1. the retroactive date must be shown and must be before the date of the contract or the beginning of the contract work;
2. insurance must be maintained and evidence of insurance must be provided for at least five (5) years after the completion of the contract of work;
3. if coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, the Contractor/Vendor must purchase "extended reporting" coverage for a minimum of five (5) years after completion of contract work.

e. Cyber Liability Insurance, with limits not less than \$5,000,000 per occurrence. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by PFM in this Agreement and shall include, but not be limited to, claims involving infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of electronic information, extortion and network security. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties as well as credit monitoring expenses with limits sufficient to respond to these obligations.

f. **Insurance Certificates:** PFM shall provide the County with Certificate(s) of Insurance on all the policies of insurance and renewals thereof in a form(s) acceptable to the County. A certificate of insurance evidencing such coverage must be submitted annually and prior to the coverage expiry date. Said Liability Policies shall provide that the County be an additional insured (except with regard to workers' compensation and professional liability). The County shall be notified in writing of any cancellation of policy or policies at least thirty (30) days prior to the effective date of said action. All insurance policies shall be issued by responsible companies who are acceptable to the County and licensed and authorized under the laws of the State of Florida and prior to the coverage expiry date. PFM will not materially alter any of the insurance policies currently in force and relied on in this Agreement. Further, PFM will not reduce any coverage below the amounts specified in this Agreement.

9. TERMINATION.

If either party fails or refuses to perform any of the provisions of this Agreement or otherwise fails to timely satisfy the Agreement provisions, either may notify the other party in writing of the nonperformance and terminate the Agreement or such part of the Agreement as to which there has been delay or a failure to properly perform. Such termination is effective upon the party's receipt of the Notice of Termination. The COUNTY may terminate this Agreement, for convenience on not less than thirty (30) days written notice to PFM. PFM may terminate this Agreement for convenience on not less than thirty (30) days written notice to the COUNTY. Any work completed or services provided prior to the date of termination shall, at the option of the County, become the property of the County. The County is only responsible for payment for work completed or services provided-prior to the effective date of termination.

Termination or cancellation of this Agreement shall not relieve PFM of any obligations for any deliverables due or entered into prior to the termination of the Agreement (i.e. reports, statements of accounts, etc. required and not received).

10. DISCIPLINARY ACTIONS.

PFM shall promptly give notice to the County if PFM Advisor shall have been found to have violated any state or federal securities law or regulation in any final and unappealable judgment in any criminal action or civil suit in any state or federal court or in any disciplinary proceeding before the Securities and Exchange Commission ("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.

11. INDEPENDENT CONTRACTOR.

PFM, its employees, officers and representatives, shall not be deemed to be employees, agents (except as to the purchase and sale of portfolio securities), partners, servants, and/or joint ventures of the COUNTY by virtue of this Agreement or any actions or services rendered under this Agreement. PFM shall perform the services under this Agreement as an independent contractor.

12. FORCE MAJEURE.

The Advisor shall have no liability for any losses arising out of the delays in performing or inability to perform the services which it renders under this 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 difficulties, or any action or inaction of any carrier or utility, or mechanical or other malfunction.

13. PUBLIC RECORDS/RIGHT TO AUDIT RECORDS.

All records or documents created by PFM or provided to PFM by the County in connection with the activities or services provided by PFM under the terms of this agreement, are public records and PFM agrees to comply with any request for such public records or documents made in accordance with section 119.07 Florida Statutes.

In performance of this Agreement, the PFM shall keep books, records, and accounts of all activities related to the Agreement to assist the County to comply with generally accepted accounting procedures. All documents, papers, books, records and accounts made or received by the PFM in conjunction with the Agreement and the performance of this Agreement shall be open to inspection during regular business hours by an authorized representative of the unless such records are exempt from section 24(a) of Article I of the State Constitution and section 119.07(1) Florida Statutes.

All records shall be retained by the PFM for a period of five (5) years after the expiration (including any renewals) or termination of this Agreement.

14. BOOKS.

PFM shall maintain appropriate records of all transactions in the Long-Term Core Funds. PFM shall provide the COUNTY with a monthly statement showing deposits, withdrawals, purchases and sales (or maturities) of investments, earnings received, and the value of assets held on the last business day of the month. The statement shall be in the format and manner that is mutually agreed upon by PFM and the COUNTY.

15. BROCHURE AND BROCHURE SUPPLEMENT.

PFM warrants that it has delivered to the COUNTY prior to the execution of this Agreement, PFM's current Securities and Exchange Commission Form ADV, Part 2A (brochure) and Part 2B (brochure supplement). The COUNTY acknowledges receipt of such brochure and brochure supplement prior to execution of this Agreement.

16. MODIFICATION.

The County reserves the right at its sole discretion to increase, decrease, or delete any portion(s)/part(s) of the services covered under this Agreement at any time.

This Agreement shall not be changed, modified, terminated or discharged in whole or in part, except by an instrument in writing signed by both parties hereto, or their respective successors or assigns accept as provided for in the first sentence of this paragraph.

17. SUCCESSORS AND ASSIGNS.

The provisions of this Agreement shall be binding on PFM and its respective successors and assigns, provided, however, that the rights and obligations of PFM may not be assigned without the prior written consent of the County.

18. APPLICABLE LAW.

This Agreement shall be construed, enforced, and administered according to the laws of the State of Florida. PFM and the COUNTY 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.

19. ATTORNEY'S FEES.

In the event of any legal action to enforce the terms of this contract each party shall bear its own attorney's fees and costs.

20. VENUE.

Venue for any legal action by any party to this agreement to interpret, construe or enforce this Agreement shall be in a court of competent jurisdiction in and for Brevard County, Florida and any trial shall be non-jury.

21. UNAUTHORIZED ALIEN WORKERS.

Brevard County will not intentionally award publicly-funded contracts to any contractor who knowingly employs unauthorized alien workers, constituting a violation of the employment provisions contained in 8 U.S.C. Section 1324a(e)(Section 274A(e) of the Immigration and Nationality Act "INA"). The County shall consider a contractors intentional employment of unauthorized aliens as grounds for immediate termination of this Agreement.

22. FEDERAL TAX ID NUMBER.

The Investment Advisor shall provide to the County its Federal Tax ID Number.

23. EMPLOYMENT.

The Investment Advisor shall not engage the services of any person or persons now employed by the County, including any department, agency, board or commission thereof, to provide services relating to this contract without written consent from the County.

24. PUBLIC ENTITY CRIMES.

A person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid on a contract to provide any goods or services to a public entity, may not submit a bid on a contract with a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real property to a public entity, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with a public entity, and may not transact business with any public entity in excess of the threshold amount provided in s. 287.017 for CATEGORY TWO for a period of thirty six (36) months from the date of being placed on the convicted vendor list.

25. CONSTRUCTION OF AGREEMENT.

The parties hereby acknowledge that they fully reviewed this agreement, its attachments and had the opportunity to consult with legal counsel of their choice, and that this agreement shall not be construed against any party as if they were the drafter of this Agreement.

26. VALIDITY.

The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

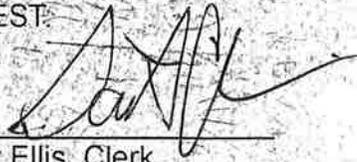
27. NOTICE.

Notice under this agreement shall be given by certified mail or hand delivery as follows: Mark Peterson, Brevard County Finance Department, 400 South Street, Titusville, FL 32780 and Notice shall be given to the PFM by certified mail or hand delivery as follows: Steven Alexander, PFM Asset Management LLC, 300 South Orange Avenue, Suite 1170, Orlando, FL 32801.

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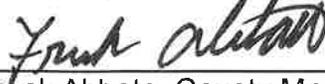
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their authorized representatives as of the date set forth in the first paragraph of this Agreement.

ATTEST:



Scott Ellis, Clerk

BOARD OF COUNTY COMMISSIONERS OF
BREVARD COUNTY, FLORIDA

By: 

Frank Abbate, County Manager

Date: 2/21/18

As approved by Board on: May 23, 2017

PFM ASSET MANAGEMENT LLC

By: 

Signature

Date: 2/20/2018

Steven Alexander, Managing Director

Name & Title, Typed or Printed

PFM Asset Management LLC

Name of Company, Corp., etc.

300 South Orange Avenue, Suite 1170

Mailing Address

Orlando, FL 32801

City, State, Zip

(407) 648-2208

Area Code/Telephone Number