



Coachella Valley Public Cemetery District Request for Proposals

Investment Advisory Services

Issued: August 26, 2024

I. BACKGROUND INFORMATION

Coachella Valley Public Cemetery District (CVPCD) currently has approximately \$16M invested in fixed income, cash alternatives and mutual funds. Approximately \$8M of this portfolio are endowment funds.

Going forward, CVPCD's objective is to maximize return on these investments with different duration investments that align with the short and long-term cash flow needs of the district. The expectation is this portfolio will have an average balance of approximately \$14 M, +/- \$2 M based on timing of revenue and expenses. Cash from interest earned and redeemed securities would be returned to the District to fund capital and operating expenses.

A copy of the CVPCD Investment Policy is attached for reference to this document as Exhibit A.

II. SCOPE OF SERVICES

CVPCD is soliciting proposals from investment advisory firms for non-discretionary portfolio advisement services including, but not limited to, the following:

- Assist with cash flow/maturity analysis
- Provide credit analysis of investment instruments in the portfolio
- Coordinate with the custodian on buy/sell transactions and reporting
- Provide monthly reporting on portfolio holdings, transactions, and performance
- Conduct quarterly portfolio status conferences with District staff
- Conduct bi-annual portfolio status conferences with District Board
- Evaluate market risk and develop strategies that minimize impact on the portfolio
- Provide assurance of portfolio compliance with applicable policies and laws
- Provide advice on an appropriate performance benchmark
- Review investment policy (attached) and recommend appropriate amendments

Investment practices and procedures must comply with state law and the CVPCD written Investment Policy. The investment advisory firm will be expected to perform to the Prudent Expert Standard.

III. SELECTION CRITERIA

The District's Investment Committee will independently interview and select an Investment Advisor based on consideration of the following factors:

- Understanding of the overall investment program and the investment objectives and constraints unique to CVPCD
- Experience managing small- to mid-sized government portfolios. In evaluating the firm's experience, past performance data will be evaluated in the context of portfolio objectives, constraints, and risks
- Experience, resources, and qualifications of the firm and the individuals assigned to this account
- Recommended approach to the management of the CVPCD portfolio
- Fees, relative to services provided

Award may not be made to the respondent submitting the lowest priced proposal. CVPCD will choose the firm submitting the best and most responsive overall proposal to satisfy its needs.

A CVPCD evaluation team will evaluate the RFP responses received from each vendor. Prior to the selection of the award to the apparent successful vendor, the CVPCD reserves the right to conduct on-site visits of any vendors' facilities and/or require any vendor to participate in a presentation to the evaluation team and/or the CVPCD Board of the items contained in the RFP response and any other items deemed appropriate by the CVPCD.

If an award is made as a result of this RFP, it shall be awarded to the vendor whose proposal will lead to the best service for the CVPCD with the quality of work, professionalism, price and other factors including, but not limited to: demonstrated technical ability and expertise; reference calls and/or recommendations; licenses, ISO Certifications or any other applicable membership or certifications; presentations to the CVPCD (if applicable); on-site visits at vendor's site (if applicable); product; any additional criteria deemed appropriate by the CVPCD which would lend itself to establishing the service provider's viability to perform the work as outlined in this RFP.

When determining whether a vendor is responsible, or when evaluating a vendor's response, the following factors will be considered, any one of which will suffice to determine whether a potential vendor is a responsible vendor or if the vendor's proposal is the most advantageous to the CVPCD:

1. The ability and skill of the vendor to perform/provide the service required.
2. The character, integrity, reputation, judgment, experience, and efficiency of the vendor.
3. The quality of performance of previous public and private contracts or services, including, but

not limited to, the vendor's ability to perform satisfactorily and complete items specified in the contract agreements.

4. The previous and existing compliance by the vendor with laws relating to the contractor services.
5. Evidence of collusion with any other vendor, in which case colluding vendors will be restricted from submitting further bids on the subject project or future tenders.
6. The vendor is not qualified for the work or to the full extent of the RFP.
7. There is uncompleted work with the CVPCD or others, or an outstanding dispute on a previous or current contract that might hinder, negatively affect, or prevent the prompt completion of the work bid upon.
8. Such other information as may be secured having a bearing on the decision to award the contract.
9. Any other reason deemed proper by the CVPCD.

Good Faith

This RFP has been compiled in good faith. The information contained within is selective and subject to the CVPCD's updating, expansion, revision, and amendment.

Right to Cancel

The CVPCD reserves the right to change any aspect of, terminate, or delay this RFP, the RFP process and/or the program, which is outlined within this RFP at any time.

Not an Award

Recipients of this RFP are advised that nothing stated herein, or any part thereof, or any communication during the evaluation and selection process, shall be construed as constituting, offering, or awarding a contract.

Property of the CVPCD

Responses to this RFP will become the property of the CVPCD and will form the basis of negotiations of an agreement between the CVPCD and the apparent successful vendor. Proposals are subject to the California Public Records Act and may be provided to anyone properly requesting same, after contract award. Proprietary or confidential information must be clearly indicated with submitted proposals.

CVPCD not Liable for Costs

The CVPCD is not liable and will not be responsible for any costs incurred by any vendor(s) for the preparation and delivery of the RFP responses, nor will the CVPCD be liable for any costs incurred prior to the execution of an agreement, including but not limited to, presentations by RFP finalists to the CVPCD.

CVPCD's Expectations

During the review of this document, please note the CVPCD's emphasis on the expectations, qualities, and requirements necessary to be positioned as an RFP finalist and successful vendor.

Proposal Rejection; No Obligation to Buy

The CVPCD reserves the right to reject any or all proposals at any time without penalty. The CVPCD reserves the right to refrain from contracting with any vendor. The release of this RFP does not compel the CVPCD to make an award. The CVPCD may elect to proceed further with this project by interviewing firm(s) well-suited to this project, conducting site visits, or proceeding with an award.

Right to Award

The CVPCD reserves the right to make an award without further discussion of the proposal submitted. Therefore, the proposal should be submitted initially with the most favorable terms the vendor can offer.

Non-Endorsement

As a result of the selection of a vendor to supply products and/or services the CVPCD is neither endorsing nor suggesting that the vendor's product is the best or only solution. The vendor agrees to make no reference to the CVPCD in any literature, promotional material, brochures, sales presentation, or the like without the express written consent of the CVPCD.

Errors in Proposal

The CVPCD will not be liable for any errors in vendor proposals. Vendors will not be allowed to alter proposal documents after the deadline for proposal submission. The CVPCD reserves the right to make corrections or amendments due to errors identified in proposals by the CVPCD or the vendor. This type of correction or amendment will only be allowed for such errors as typing, transposition, or any other obvious error. Vendors are liable for all errors or omissions contained in their proposals.

Scoring the Submissions

Each submission will be judged according to a fixed set of criteria. The criteria are:

- **40%** on the approach of the proposal, including the ability to meet the requirements of the RFP
- **30%** on the experience level and references of the contractor
- **30%** on the total cost of the proposal

The District reserves the right to negotiate material aspects of proposals received, including costs, services and scheduling, when determined to be in the best overall interest of the District.

IV. DESCRIPTION OF ORGANIZATION

The Coachella Valley Public Cemetery District was formed August 8, 1927, under Section 8890 of the California Health and Safety Code. District boundaries enclose approximately 3,444 square miles. The district since that time has performed over 24,000 interments/burials and has set over 15,000 headstones/grave markers. The Coachella Valley Cemetery is one of over 265 public cemetery districts in California which are supported, in part, by property taxes and one of many

types of special districts in California.

The cemetery estimates that the facility will meet the needs of the public through 2070. The total district property consists of sixty acres, twenty-nine of the sixty have been developed for interment purposes.

A small portion of the property tax revenue that is collected from taxpayers within the district is part of the revenue the cemetery relies on for the annual budget. Individuals who do not reside in the district do not pay property taxes in the district are required by law to pay a surcharge to the district for interment in the cemetery.

Cemetery Districts are not a department of any City or County government. Cemetery Districts are governed by a Board consisting of three to five Trustees. Trustees are usually appointed for at least one four-year term. Laws for the operation of public cemeteries are contained in the California Health and Safety Code. The Board of Trustees meet once a month for regular business meetings. Laws and rules for these meetings and others are contained in the Brown Act.

V. SELECTION PROCESS SCHEDULE

Every attempt will be made to adhere to the schedule below:

| | |
|--|--------------------|
| Request for Proposal released: | August 26, 2024 |
| Questions regarding RFP due: | September 16, 2024 |
| Written responses to questions provided: | September 23, 2024 |
| Responses to RFP due: | September 30, 2024 |
| Award of contract: | October 11, 2024 |
| Contract commencement: | December 3, 2024* |

*The District's current contract for financial services concludes December 10, 2024. The RFP has provided for a one-week warm handoff period if needed for transition.

A draft contract for this service agreement is attached as Exhibit B.

VI. SUBMISSION INSTRUCTIONS

1. Proposal Format

In order to equitably evaluate each response, a standard format for all proposals is required. A response must be given to each item in Section VII of this RFP. Responses must be in the same order as the questions presented. When applicable, state the acceptance of, modifications or additions to, or inability to provide the services listed in the RFP. Only proposals submitted in the prescribed format will be considered and evaluated for contract. Additional explanatory information may be included as part of a proposal.

2. Proposal Submission

The completed proposal must be delivered on or before 5:00 pm (PST) on September 30, 2024. Any proposal received by the District after the deadline will not be considered.

As part of your submission, an accompanying cover letter must be signed by an individual authorized to bind the firm, certify that all information is accurate, state that the proposal is valid for 90 days from the submission date, and give full contact information regarding the proposal.

Please submit an electronic copy to josh.bonner@cvpcd.org no later than 5:00 (PST) September 30, 2024.

All proposals become the property of the CVPCD and will not be returned. All costs associated with the preparation and submission of proposals are the sole responsibility of the proposer.

3. Contact for Questions

Upon release of this RFP, all questions concerning this RFP must be submitted in writing to Josh Bonner at josh.bonner@cvpcd.org by September 16, 2024, at 5:00 pm PST. Unauthorized contact regarding this RFP may result in disqualification. CVPCD responses to all submitted questions will be provided via email by September 23, 2024. All questions received and responses submitted will also be publicly available on CVPCD's website, at cvpcd.org/governance/public-notice under "District Procurement Notices".

4. Reservation of Rights

CVPCD reserves the right to:

- Waive any defect, irregularity or informality in the proposal or proposal procedures
- Accept or reject any proposal or portion thereof in whole or in part
- Request additional information or require a meeting with firm representatives for clarification
- Cancel, revise, and/or reissue this request for proposal
- Negotiate with respondents
- Modify deadlines

VII. REQUEST FOR PROPOSAL

Format your responses to each question in Sections A through H below in the order given in order to facilitate comparisons between respondents.

A. FIRM BACKGROUND AND ORGANIZATION

1. Describe your firm (e.g., date founded, ownership, organizational structure, etc.). Provide the same information for any subsidiaries or affiliates that would be relevant to CVPCD.
2. List all business affiliations (e.g., subsidiaries, joint ventures, “soft dollar” arrangements with brokers, etc.). Will you pay a finder’s fee to any third party for business related to this account?
3. Describe the firm’s sources of revenue, categorized by retail and institutional accounts.
4. Is your firm a registered investment advisor under the Investment Advisor’s Act of 1940, as amended?
5. Describe any SEC, NASD, or regulatory censure or litigation involving your firm or its employees within the past three years.
6. Describe your firm’s research capabilities and resources. Are outside sources used by the firm on a regular basis?
7. Describe your firm’s credit review process.
8. Outline the errors and omissions (professional liability) insurance and the fidelity bond coverage your firm carries. Provide a valid, current Certificate of Insurance.
9. Identify the types of accounts primarily sought by your firm.
10. What is your firm’s business continuity/disaster recovery plan? How often is it updated?

B. EXPERIENCE

1. Describe your firm’s experience managing fixed income portfolios for public funds and governmental entities.
2. What is your firm’s experience developing policies and portfolio management strategies for government portfolios?
3. Does your firm act as a broker or as a primary dealer in securities or receive any other form of additional compensation (including soft dollars) for client transactions aside from the direct fees paid by clients?
4. Provide the number and types of accounts, total asset value, and composition of portfolios currently being managed by your firm.

C. PERSONNEL

1. Identify the investment professionals (portfolio managers, analysts, and researchers) employed by

your firm, by classification, and specify the average number of accounts handled by portfolio managers.

2. Identify the key investment professionals that would be directly involved in advising the District on its portfolio and provide their credentials. Include the number of years at your firm, total years of experience, and professional licenses and designations. Include the number of accounts managed and any limits on this.
3. How does your firm keep portfolio advisors informed of developments relevant to government investment advisors?
4. Has there been any turnover of professional staff assigned to public sector clients in the last three years? If so, please explain.

D. ASSETS UNDER MANAGEMENT

1. Summarize your institutional investment assets under management by category for your latest reporting period.
2. Summarize your assets under management (institutional only) over the past five years and average assets per client.
3. How many accounts have you gained in the last 12 months? How many accounts have been lost in the last 12 months and why?

E. INVESTMENT MANAGEMENT APPROACH AND DISCIPLINE

1. Briefly describe your firm's investment philosophy, including your approach to managing governmental portfolios.
2. How frequently do you formulate and review fixed income strategy? How is that carried out and who is involved?
3. Describe the oversight provided to investment advisors.
4. On a daily/weekly/monthly basis, what activities would an investment advisor from your firm perform relative to CVPCD's portfolio?
5. How frequently would you suggest your staff meet (by phone or in person) with CVPCD? Who would attend these meetings?

F. REPORTING

1. Describe the investment accounting and reporting system used by your firm.

2. Describe the frequency and format of reports that you would provide to CVPCD. Attach samples.
3. What performance benchmarks would you suggest for this portfolio? Provide recommendations regarding performance benchmarks for a portfolio similar to that of CVPCD. What experience does the firm have in developing benchmarks for public operating portfolios?

G. FEES

1. Provide the complete fee schedule that would apply to this account. Are fees charged in arrears?
2. What additional expenses not covered through the fee structure will be expected in order to implement your investment advisory services?

H. ADDITIONAL INFORMATION

1. Provide a list of three client references, including contact information, for which your firm manages fixed income portfolios for government agencies of a similar size to CVPCD.
2. Briefly describe any additional features, attributes, or conditions which CVPCD should consider in selecting your firm. Describe any other services your firm can provide.

EXHIBIT A – INVESTMENT POLICY

COACHELLA VALLEY PUBLIC CEMETERY DISTRICT
POLICIES & STANDARD PRACTICES

| | |
|--------------------------|---------------------------|
| Title: Investment Policy | Date: December 10, 2021 |
| Adopted: Resolution #113 | Amended: December 8, 2023 |
| Signature: | Amendment: #1 (Res. 127) |

1.0 POLICY

WHEREAS; the legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern. (California Government Code Sections 53600.6, et seq.); and

WHEREAS; the governing body of a local agency may invest monies of the local agency in accordance with the provisions of California Health and Safety Code sections 9066, 9067, 9077, and 9078; and

WHEREAS; the Board of Trustees of the Coachella Valley Public Cemetery District shall annually review, update and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the legislative body at a public meeting; (Government Code section 53646 (a)(2).),

NOW, THEREFORE; it shall be the policy of the Coachella Valley Public Cemetery District to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and concurrently conforming to all the statues governing the investment of Coachella Valley Public Cemetery District (the "District") funds.

2.0 SCOPE

This investment policy applies to selected financial assets of the District. These funds are accounted for in the annual district budget and include all funds and investment activities under the direct authority of the District, as set forth in the State Government Code, Sections 53600 et seq., with the following exceptions:

- Proceeds of debt issuance shall be invested in accordance with the District's general investment philosophy as set forth in this policy; however, such proceeds are to be invested pursuant to the permitted investment provisions of their

specific bond indentures.

- Any other funds specifically exempted by Board of Trustees.
- Cash in certain restricted and special funds. The District will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

3.0 PRUDENCE

Investments shall be made with judgement and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 OBJECTIVES

As specified in Government Code section 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

Safety: Safety of the principal is the foremost objective of the investment program. Investments of the Coachella Valley Public Cemetery District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

Liquidity: The investment portfolio will remain sufficiently liquid to enable the Coachella Valley Public Cemetery District to meet all operating requirements

which might be reasonably anticipated.

Return on the Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

It is the District's policy to hold investments to maturity. However, a security may be sold prior to its maturity and a capital gain or loss recorded if liquidity needs arise, or in order to improve the quality, or rate of return of the portfolio in response to market conditions and/or District risk preferences.

5.0 DELEGATION OF AUTHORITY

Management responsibility for the investment program is vested solely in the Board of Trustees for the Coachella Valley Public Cemetery District (the Board). However, the Board at its discretion may delegate to an Investment Committee (committee) consisting of two Board Members and the District Administrator the authority to invest, reinvest, purchase, acquire, exchange and sell investments in accordance with the policy herein. The Committee shall make timely reports of their actions to the Board at its regular scheduled meetings, at which time the board shall confirm or reject the action taken by the Committee, the Board's actions taken in an Open session of the Board.

The District may engage the services of one or more external investment advisers, who are registered under the Investment Advisers Act of 1940, to assist in the management of the District's investment portfolio in a manner consistent with the District's objectives. External investment advisers may be granted discretion to purchase and sell investment securities in accordance with this investment policy.

The District's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The District recognizes that in a diversified portfolio, occasional measured losses may be inevitable and must be considered within the context of the overall portfolio's return and the cash flow requirements of the District.

6.0 ETHICS AND CONFLICTS OF INTEREST

Trustees and the employees involved in the investment process shall refrain from personal business activity that conflicts with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

7.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

For broker/dealers of government securities and other investments, the Coachella Valley Public Cemetery District shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the Board Secretary shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the Coachella Valley Public Cemetery District's account with that firm has reviewed the Coachella Valley Public Cemetery District's Investment Policy. That the individual understands the policy; and, intends to present investment recommendations and transactions to the Coachella Valley Public Cemetery District that are appropriate under the terms and conditions of the Investment Policy.

8.0 AUTHORIZED AND SUITABLE INVESTMENTS

The Coachella Valley Public Cemetery District shall invest only in those financial instruments authorized by Health and Safety Code sections 9066, 9067, and government code section 53601. A competitive process, when practical, will be used for all purchases and sales of investments.

9.0 SAFEKEEPING AND CUSTODY

All security transactions entered into by the Coachella Valley Public Cemetery District shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the Coachella Valley Public Cemetery District by book entry, physical delivery or by third party custodial agreement as

required by Government Code section 53601.

10.0 SAFETY

The Coachella Valley Public Cemetery District policy is to safeguard the principal invested and any earned or unearned income. Recognizing the risk is inherent in investing, maximizing earnings shall be secondary to preserving the principal. However, this priority of principal before return would not preclude using or collateralizing the principal, providing the Fund so allows, and debt service is not foreseen as an obstacle to the day-to-day fiscal operations of the District.

Pursuant to Government Code section 53601, the District will not invest in securities maturing more than five (5) years from the date of trade settlement, unless the Board has by resolution granted authority to make such an investment either specifically or as part of an investment program it has approved no less than three months prior to the investment, or is otherwise stated in this policy. If the security is a US Treasury, Agency, or Municipal bond, the maximum maturity is 10 years. No more than 5% of the total portfolio may be deposited with or invested in securities issued by any single issuer with the exception of U.S. Treasury, Agency and Supranational Securities.

If a security owned by the District is downgraded to a level below the requirements of this policy, making the security ineligible for additional purchases, the following steps will be taken:

- Any actions taken related to the downgrade by the investment manager will be communicated to the Treasurer in a timely manner.
- If a decision is made to retain the security, the credit situation will be monitored and reported to the Board of Trustees.

11.0 DIVERSIFICATION

It is the policy of the Coachella Valley Public Cemetery District to diversify its investment portfolio - invested assets will be diversified by security type and institution. Assets shall be diversified to eliminate the risk of loss resulting from over

concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Diversification strategies shall be determined and revised periodically.

The duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a market benchmark, an index selected by the District based on the District's investment objectives, constraints and risk tolerances.

12.0 LIQUIDITY

It shall be the policy of the Coachella Valley Public Cemetery District to ladder maturities of securities and cash reserves in order to capitalize on opportunities and facilitate debt service., cash flow needs and cash requirements in an emergency.

13.0 RETURN ON INVESTMENTS

The Coachella Valley Public Cemetery District shall strive to maximize the return, realized or unrealized on investments consistent with Government Code section 53600.5 and in concert with the objective of preserving the principal.

The Treasurer shall periodically, but no less than quarterly, review the portfolio to identify investments that do not comply with this investment policy and establish protocols for reporting major and critical incidences of noncompliance to the Board of Trustees.

The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the District's risk constraints, the cash flow characteristics of the portfolio, and state and local laws, ordinances or resolutions that restrict investments.

The Treasurer shall monitor and evaluate the portfolio's performance relative to the chosen market benchmark(s), which will be included in the Treasurer's quarterly report. The Treasurer shall select an appropriate, readily available index to use as a market benchmark.

14.0 REPORTING

In accordance with Government Code section 53646 (b) (1), the District Manager or Investment Committee shall submit to each member of the Board of Trustees a quarterly investment report within 45 days after the end of the quarter. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for Coachella Valley Public Cemetery District by third party contracted managers. The report will also include the source of the portfolio valuation.

The District administrator shall also maintain a complete and timely record of all investment transactions and a report of such transactions shall be prepared and submitted monthly to the governing body as required by Government Code section 53607.

The District administrator shall provide a statement of compliance with investment policy, including a schedule of any transactions or holdings which do not comply with this policy or with the California Government Code, including a justification for their presence in the portfolio and a timetable for resolution.

15.0 INVESTMENT POLICY ADOPTION

The Investment Policy shall be adopted by resolution of the Coachella Valley Public Cemetery District. Moreover, the Policy shall be reviewed on an annual basis within 120 days of the end of the fiscal year and the Board of Trustees must approve modifications there to.

ADOPTED AND APPROVED

Name:

Title: Chairman of the Board of Trustees

GLOSSARY OF INVESTMENT TERMS

AGENCIES. Shorthand market terminology for any obligation issued by a government-sponsored entity (GSE), or a federally related institution. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

FFCB. The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

FHLB. The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

FHLMC. Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called "FreddieMac" issues discount notes, bonds and mortgage pass-through securities.

FNMA. Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as "FannieMae," issues discount notes, bonds and mortgage pass-through securities.

GNMA. The Government National Mortgage Association, known as "GinnieMae," issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

PEFCO. The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

TVA. The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

ASSET BACKED SECURITIES. Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

AVERAGE LIFE. In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

BANKER'S ACCEPTANCE. A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which "accepts" the obligation to pay the investor.

BENCHMARK. A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

BROKER. A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from their own position.

CALLABLE. A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline, the issuer will likely call its current securities and reissue them at a lower rate of interest.

CERTIFICATE OF DEPOSIT (CD). A time deposit with a specific maturity evidenced by a certificate.

CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS). A private placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.

COLLATERAL. Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

COLLATERALIZED BANK DEPOSIT. A bank deposit that is collateralized at least 100% (principal plus interest to maturity). The deposit is collateralized using assets set aside by the issuer such as Treasury securities or other qualified collateral to secure the deposit in excess of the limit covered by the Federal Deposit Insurance Corporation.

COLLATERALIZED MORTGAGE OBLIGATIONS (CMO). Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

COLLATERALIZED TIME DEPOSIT. Time deposits that are collateralized at least 100% (principal plus interest to maturity). These instruments are collateralized using assets set aside by the issuer such as Treasury securities or other qualified collateral to secure the deposit in excess of the limit covered by the Federal Deposit Insurance Corporation.

COMMERCIAL PAPER. The short-term unsecured debt of corporations.

COUPON. The rate of return at which interest is paid on a bond.

CREDIT RISK. The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

DEALER. A dealer acts as a principal in security transactions, selling securities from and buying securities for their own position.

DEBENTURE. A bond secured only by the general credit of the issuer.

DELIVERY VS. PAYMENT (DVP). A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

DERIVATIVE. Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial

instrument the value of which is totally or partially derived from the value of another instrument, interest rate, or index.

DISCOUNT. The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DIVERSIFICATION. Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

DURATION. The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a security to changes interest rates.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC). The Federal Deposit Insurance Corporation (FDIC) is an independent federal agency insuring deposits in U.S. banks and thrifts in the event of bank failures. The FDIC was created in 1933 to maintain public confidence and encourage stability in the financial system through the promotion of sound banking practices.

FEDERALLY INSURED TIME DEPOSIT. A time deposit is an interest-bearing bank deposit account that has a specified date of maturity, such as a certificate of deposit (CD). These deposits are limited to funds insured in accordance with FDIC insurance deposit limits.

LEVERAGE. Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

LIQUIDITY. The speed and ease with which an asset can be converted to cash.

LOCAL AGENCY INVESTMENT FUND (LAIF). A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

LOCAL GOVERNMENT INVESTMENT POOL. Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

MAKE WHOLE CALL. A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

MARGIN. The difference between the market value of a security and the loan a broker makes using that security as collateral.

MARKET RISK. The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

MARKET VALUE. The price at which a security can be traded.

MATURITY. The final date upon which the principal of a security becomes due and payable. The investment's term or remaining maturity is measured from the settlement date to final maturity.

MEDIUM TERM NOTES. Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

MODIFIED DURATION. The percent change in price for a 100-basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

MONEY MARKET. The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

MONEY MARKET MUTUAL FUND. A mutual fund that invests exclusively in short-term securities. Examples of investments in money market funds are certificates of deposit and U.S. Treasury securities. Money market funds attempt to keep their net asset values at \$1 per share.

MORTGAGE PASS-THROUGH SECURITIES. A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

MUNICIPAL SECURITIES. Securities issued by state and local agencies to finance capital and operating expenses.

MUTUAL FUND. An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO).

A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

NEGOTIABLE CERTIFICATE OF DEPOSIT (CD). A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market.

PRIMARY DEALER. A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

PRUDENT PERSON (PRUDENT INVESTOR) RULE. A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, 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 to accomplish similar purposes."

REPURCHASE AGREEMENT. Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.

SAFEKEEPING. A service to bank customers whereby securities are held by the bank in the customer's name.

SECURITIES AND EXCHANGE COMMISSION (SEC). The U.S. Securities and Exchange Commission (SEC) is an independent federal government agency responsible for protecting investors, maintaining fair and orderly functioning of securities markets and facilitating capital formation. It was created by Congress in 1934 as the first federal regulator of securities markets. The SEC promotes full public disclosure, protects investors against fraudulent and manipulative practices in the market, and monitors corporate takeover actions in the United States.

SECURITIES AND EXCHANGE COMMISSION SEC) RULE 15C3-1. An SEC rule setting capital requirements for brokers and dealers. Under Rule 15c3-1, a broker or dealer must have sufficient liquidity in order to cover the most pressing obligations. This is defined as having a certain amount of liquidity as a percentage of the broker/dealer's total obligations. If the percentage falls below a certain point, the broker or dealer may not be allowed to take on new clients and may have restrictions placed on dealings with current client.

STRUCTURED NOTE. A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

SUPRANATIONAL. A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

TOTAL RATE OF RETURN. A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

U.S. TREASURY OBLIGATIONS. Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

TREASURY BILLS. All securities issued with initial maturities of one year or less are issued as discounted instruments and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

TREASURY NOTES. All securities issued with initial maturities of two to ten years are called Treasury notes and pay interest semi-annually.

TREASURY BONDS. All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

YIELD TO MATURITY. The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

EXHIBIT B – SAMPLE CONTRACT

**COACHELLA VALLEY PUBLIC CEMETERY DISTRICT
AGREEMENT FOR GENERAL SERVICES**

Parties: This Agreement (“Agreement”) regarding the Investment Advisory and Management Services described below (“Services”) to be provided by [INSERT NAME OF PERSON OR FIRM AND INDICATE IF IT IS A CORPORATION, PARTNERSHIP, SOLE PROPRIETORSHIP OR OTHER LEGAL ENTITY] (“Consultant”) as an independent contractor to the Coachella Valley Public Cemetery District, a California public cemetery district (“District”) for the District’s Investment Advisory and Management Services (“Project”). Consultant is retained as independent contractor and is not an employee of the District. District and Consultant are sometimes referred to herein as “Party” or “Parties.”

Services; Schedule of Performance: The Services to be provided are described in Exhibit “A”, attached hereto and incorporated herein by reference. Services on the Project shall begin **DATE** and continue for a period of three (3) years, completing on **DATE**. The Agreement may be extended for an additional two (2) one (1) year periods if agreed to in advance of contract expiration by both parties in writing.

Standard of Care: Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California, and consistent with all applicable laws. Consultant represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, including a Business License, and that such licenses and approvals shall be maintained throughout the term of this Agreement.

Substitution of Key Personnel: Consultant has represented to District that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of District. In the event that District and Consultant cannot agree as to the substitution of key personnel, District shall be entitled to terminate **this Agreement for cause**. The key personnel for performance of this Agreement are as follows: [***INSERT NAMES***].

Compensation: Consultant shall receive compensation, including authorized reimbursements, for all services rendered under this agreement at the rates set forth in Exhibit “B” attached hereto and incorporated herein by reference.

Payment of Compensation: Fees shall be deducted monthly in arrears from Client's custody account.

Reimbursement for Expenses: Consultant shall not be reimbursed for any expenses unless authorized in writing by the District.

Extra Work: At any time during the term of this Agreement, District may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by District to be necessary, for the proper completion of the Project, but which the parties did not reasonably anticipate would be necessary at the execution of this Agreement or intentionally set

aside for separate billing. Consultant shall not perform, nor be compensated for, extra Work without written authorization from District's Representative.

Prevailing Wages: Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., (“Prevailing Wage Laws”), which require the payment of prevailing wage rates and the performance of other requirements on “public works” and “maintenance” projects. If the Services are being performed as part of an applicable “public works” or “maintenance” project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. District shall provide Consultant with a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant’s principal place of business and at the project site. Consultant shall defend, indemnify and hold the District, its officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

If the Services are being performed as part of an applicable “public works” or “maintenance” project and the total compensation exceeds \$25,000, then pursuant to Labor Code Sections 1725.5 and 1771.1, the Consultant and all subconsultants performing such Services must be registered with the Department of Industrial Relations. Consultant shall maintain registration for the duration of the Project and require the same of any subconsultants, as applicable. This Project may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant’s sole responsibility to comply with all applicable registration and labor compliance requirements.

Insurance: Consultant shall take out and maintain: A. Commercial General Liability Insurance, of at least \$1,000,000 per occurrence/\$2,000,000 general aggregate for bodily injury, personal injury and property damage, at least as broad as Insurance Services Office Commercial General Liability most recent Occurrence Form CG 00 01; B. Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, of at least \$1,000,000 per occurrence for bodily injury and property damage, at least as broad as most recent Insurance Services Office Form Number CA 00 01 covering automobile liability, Code 1 (any auto); C. Workers' Compensation Insurance in compliance with applicable statutory requirements and Employer's Liability Coverage of at least \$1,000,000 per occurrence; and D. Professional Liability (Errors and Omissions) Insurance, if required by the District, that covers the Services to be performed, in the minimum amount of \$1,000,000 per claim and in the aggregate, with conditions and for a term acceptable to the District. Insurance carriers shall be licensed and authorized to do business in California. Such insurance carrier shall have not less than an "A:VII" rating according to the latest Best Key Rating unless otherwise approved by District. Consultant shall add District, its officers, officials, employees, agents, and volunteers as additional insureds on Consultant's Commercial General Liability and Automobile Liability. All insurance coverage maintained or procured pursuant to this Agreement shall be endorsed to waive subrogation against the District, its elected or appointed officers, agents, officials, employees and volunteers, or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Coverage provided by Consultant shall be primary and any insurance or self-insurance procured or maintained by District shall not be required to contribute with it.

Termination: The District may terminate this Agreement at any time with or without cause. If the District finds it necessary to terminate this Agreement without cause before Project completion, Consultant shall be entitled to be paid in full for those Services adequately completed prior to the notification of termination. Consultant may terminate this Agreement only upon 30 calendar days' written notice to the District only in the event of District's failure to perform in accordance with the terms of this Agreement through no fault of Consultant.

Indemnification: To the fullest extent permitted by law, Consultant shall defend (with counsel of District's choosing), indemnify and hold the District, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's Services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, the District, its officials, officers, employees, agents, or volunteers. If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance as a "design professional" (as that term is defined under Civil Code section 2782.8), then, and only to the extent required by Civil Code section 2782.8, which is fully incorporated herein, Consultant's indemnification

obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

Laws & Regulations; Employee/Labor Certifications: Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services. By executing this Agreement, Consultant verifies that it fully complies with all requirements and restrictions of state and federal law respecting the employment of undocumented aliens, including, but not limited to, the Immigration Reform and Control Act of 1986, as may be amended from time to time. Consultant shall maintain records of its compliance, including its verification of each employee, and shall make them available to the District or its representatives for inspection and copy at any time during normal business hours. The District shall not be responsible for any costs or expenses related to Consultant's compliance with the requirements. To the same extent and under the same conditions as Consultant, Consultant shall require all of its subconsultants, sub-subconsultants and consultants performing any work relating to the Project or this Agreement to make the same verifications and comply with all requirements and restrictions provided herein. Consultant's failure to comply or any material misrepresentations or omissions relating thereto shall be grounds for terminating this Agreement for cause. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment in violation of state or federal law. As provided for in the indemnity obligations of this Agreement, Consultant shall indemnify District against any alleged violations of this paragraph, including, but not limited to, any fines or penalties imposed by any governmental agency.

Governing Law; Venue; Government Code Claim Compliance: This Agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court situated in Riverside County, State of California. In addition to any and all contract requirements pertaining to notices of and requests for compensation or payment for extra work, disputed work, claims and/or changed conditions, Consultant must comply with the claim procedures set forth in Government Code sections 900 *et seq.* prior to filing any lawsuit against the District. If no such Government Code claim is submitted, or if any prerequisite contractual requirements are not otherwise satisfied as specified herein, Consultant shall be barred from bringing and maintaining a valid lawsuit against the District.

Assignment; Amendment: Consultant shall not assign, sublet, or transfer this Agreement or any rights under or interest in this Agreement without the written consent of the District. This Agreement may not be modified or altered except in writing signed by both Parties. There are no intended third party beneficiaries of any right or obligation of the Parties.

Miscellaneous Terms: This is an integrated Agreement representing the entire understanding of the Parties as to those matters contained herein, and supersedes and cancels any prior oral or written understanding or representations with respect to matters covered hereunder. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. The captions of the various paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content or intent of this Agreement. The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the other provisions unenforceable, invalid or illegal. Notice may be given or delivered by depositing the same in any United States Post Office, certified mail, return receipt requested, postage prepaid, addressed to the Parties to the addresses set forth in this Agreement.

Consultant warrants that the individual who has signed this Agreement has the legal power, right and authority to make this Agreement and bind the Consultant hereto. If you agree with the terms of this Agreement, please indicate by signing and dating where indicated below.

**COACHELLA VALLEY PUBLIC
CEMETERY DISTRICT**

*****INSERT NAME OF
CONSULTANT*****

Approved By:

Signature

INSERT NAME
INSERT TITLE

Name

Title

Attest:

Date

INSERT NAME
Board Clerk

APPROVED AS TO FORM:

By: _____
INSERT NAME
General Counsel

EXHIBIT “A”

SCOPE OF SERVICES

[*INSERT SCOPE OF SERVICES BY LISTING SERVICES OR ATTACHING SCOPE FROM CONSULTANT; IF ATTACHING SCOPE, DO NOT INCLUDE TERMS AND CONDITIONS FROM THE CONSULTANT***]**

EXHIBIT “B”

COMPENSATION

*****INSERT CONSULTANT RATE SCHEDULE*****