

**AGREEMENT NO. \_\_ - \_\_**

(Agreement for Investment Advisory Services between County of Yolo and PFM Asset Management LLC)

THIS AGREEMENT (“Agreement”) is made and entered into this 25th day of June, 2024, by and between the County of Yolo, a political subdivision of the State of California (“County”) and PFM Asset Management LLC, a Delaware limited liability company (“PFM” or the “Contractor”).

**W I T N E S S E T H**

**WHEREAS**, the County is authorized by Government Code Section 23004 to make contracts as necessary for the exercise of its powers; and

**WHEREAS**, the County is authorized by Government Code Section 31000 to contract with persons specially trained, experienced, expert and competent to perform special services such as investment advisory services; and

**WHEREAS**, the County circulated and distributed a request for proposals, an excerpt of which is attached as **Exhibit A**; and

**WHEREAS**, the County desires to obtain investment advisory services relating to the investment funds in the County Treasury Pool and other funds (all of the funds for investment are referred to herein as the “Investment Funds”), which are specified in **Exhibit A**; and

**WHEREAS**, the Contractor submitted a proposal to provide investment advisory services with respect to such Investment Funds, an excerpt of which is attached as **Exhibit B**; and

**WHEREAS**, Contractor has represented and warrants to the County that it has the necessary training, experience, expertise and competency to provide the services, goods and materials that are described in this Agreement, at a cost to the County as herein specified; that it will be able to perform the herein described services at minimum cost to the County by virtue of its current and specialized knowledge of relevant data, issues, and conditions; and that it will do so in a manner consistent with and furthering of the Values of Yolo County, a copy of which is hereto attached as **Exhibit C**; and

**WHEREAS**, Contractor represents and warrants that neither Contractor, nor any of its officers or employees, nor, to the best of its knowledge, any of its agents, contractors, subcontractors, volunteers, or five percent owners, is excluded or debarred from participating in or being paid for participation in any Federal or State program; and

**WHEREAS**, Contractor further represents and warrants that no conditions or events now exist which give rise to Contractor or any of its officers or employees, or, to the best of its knowledge, any of its agents, contractors, subcontractors, volunteers or five percent owners being excluded or debarred from any Federal or State program; and

**WHEREAS**, Contractor understands that the County is relying upon these representations in entering into this Agreement.

**NOW, THEREFORE**, the County and the Contractor agree as follows:

**I. BASIC SERVICES**

**A.** Contractor shall furnish and perform the following services in accordance with Exhibits A-C, and in a manner satisfactory to the County's Chief Financial Officer or his/her written designee ("CFO"). These services include the following:

Task 1 – Provide investment management of the Investment Funds and other such funds ("Managed Funds") as the County may from time-to-time assign by written notice to PFM.

Task 2 – Provide investment research and supervision of the Managed Funds investments and conduct a continuous program of investment and evaluation.

Task 3 – When appropriate, sell and reinvest Managed Funds assets in accordance with the County's Investment Policy approved by the County Board of Supervisors (the "Investment Policy").

Task 4 – Furnish the County with statistical information and reports with respect to the investments of Managed Funds and as described in Exhibit B.

Task 5 – Place all orders for the purchase, sale, loan, or exchange of portfolio securities for the County's account with brokers or dealers recommended by PFM.

Task 6 – As agent of the County, give instructions to the depository designated by the County as "Custodian" to deliver securities and payments of cash for the account of the County.

Task 7 – In connection with selection of brokers, dealers and placement of order, PFM is directed to seek for the County, the most favorable execution and price which may consider, subject to 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.

Task 8 – PFM shall not take possession of or act as custodian for the cash, securities, or other assets in the Managed Funds and shall have no responsibility in connection therewith.

Task 9 – Comply with authorized investments requirements including those currently authorized by the California Government Code, bond covenants, and as supplemented by the Investment Policy and other written instructions that may from

time to time be provided from the County to PFM.

Task 10 – Observe instructions of the County with respect to broker/dealers who are approved to execute transactions involving the Managed Funds and in the absence of such instructions will engage broker/dealers that PFM reasonably believes to be reputable, qualified, and financially sound.

Task 11 – Invest the Tobacco Securitization Revenue (“TSR”) Bond Proceeds in a manner that complies with the investment limitations contained in the Tax Covenants, any future guidance received by bond counsel, and instruction from the County. As required by Tax Covenants, PFM will (i) include only investments which qualify by reason that their income is excludable from gross income for federal tax purposes under section 103(a) of the Internal Revenue Code (“Tax Exempt Investments”) and (ii) monitor the investments to ascertain whether this exclusion is maintained.

Task 12 – Create and maintain records of investment transactions that contain information required by the Tax Covenants and furnish them to the County and its agents to assist with tax compliance, as requested by the County.

Task 13 – Provide investment, statistical and other reports and valuation including cashflow projections as needed monthly or at other reasonable times.

Task 14 – As requested by the County, provide a forecast of the interest earnings and cashflow for each TSR Bond Proceeds account and other accounts related to the tobacco securitization program.

Task 15 – At the request of the County but no less than annually, provide a forecast of amounts available over the period remaining until all the tax-exempt bonds are retired through the application of the TSR Bond Proceeds of the Universal Cap applicable to the Federal Treasury Regulations Section 1.148.

Task 16 – Periodically review the County Investment Policy and recommend appropriate modifications.

Task 17 – Furnish quarterly reports and presentations of investment performance to the County’s Finance Oversight Committee.

**B.** The complete contract shall include the following Exhibits attached hereto and incorporated herein:

Exhibit A	RFP Excerpt
Exhibit B	Proposal Excerpt
Exhibit C	County Values Statement
Exhibit D	Workers’ Compensation Certificate

In the event of any conflict between any of the provisions of this Agreement (including Exhibits), the provision that requires the highest level of performance from Contractor for the County's benefit shall prevail.

## **II. COMPENSATION AND REIMBURSEMENT OF EXPENSES**

A. For the services described in Paragraph I above, and subject to the condition that the services have been completed in a manner satisfactory to the CFO or his/her designee, Contractor shall be compensated as follows:

The County shall pay PFM an annual fee, in monthly installments, based on the average daily net assets for each monthly period under management at an annual rate of 3 basis points (0.03%) for all assets under management from July 1, 2024 through June 30, 2025. The annual fee starting on July 1, 2025 through the contract term will be at an annual rate of 3.5 basis points (0.035%) on the first \$500 million of assets under management and 3 basis points (0.03%) on assets over \$500 million under management. Fees will be capped at \$250,000 per year. With the County's approval, the fee cap may be reevaluated should assets under management as of July 1, 2024 grow by more than 40%. These fees cover all normal costs including travel and out of pocket expenses. No fee will be charged hereunder for assets in LAIF (Local Agency Investment Fund) or, as further described in Section III.B below, CAMP (California Asset Management Program).

B. Assets invested by PFM under the terms of the Agreement may from time to time be invested in a money market mutual fund or local government investment pool managed by PFM ("Pool") or individual securities. Average daily net assets subject to the fee described in this section shall not take into account any funds invested in the Pool. Expenses of the Pool, including compensation for PFM and the Pool custodian, are described in the relevant prospectus or information statement, and are paid from the Pool.

C. In 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. 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 supervisor personnel for managing the investments and providing the services described herein.

Except as expressly provided otherwise herein, the County shall pay all of its own expenses including, without limitation, taxes, commissions, 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 of the Managed Funds including safekeeping of funds and securities and the keeping of books and accounts.

### **III. METHOD OF PAYMENT**

**A.** Within thirty (30) days of the completion of each subtask identified in Paragraph I in a manner that is satisfactory to the CFO, the Contractor shall submit an invoice detailing the services provided, including a statement indicating the basis upon which the fee was calculated. If requested by the County, Contractor shall provide any further documentation to verify the compensation and reimbursement sought by Contractor.

**B.** Within fifteen (15) calendar days of the receipt of Contractor's detailed invoice, the CFO shall either authorize payment or advise Contractor in writing of any concerns that the CFO has with the invoice and any need for further documentation.

**C.** Within thirty (30) calendar days of the CFO's authorization for payment of an invoice, the County Auditor-Controller shall either issue the payment or advise Contractor in writing of any concerns that the County Auditor-Controller has with the request and any need for further documentation.

### **IV. REPORTS**

**A.** Contractor shall provide such reports as are required elsewhere by this Agreement, and such additional information and reports relating to the services otherwise required by this Agreement as are reasonably requested by the CFO, at the times and in the manner specified by this Agreement, or by the CFO if not so specified. Any other provision of this Agreement notwithstanding, should Contractor fail to provide any report required by this Agreement in a timely manner and as otherwise set forth in this Agreement, County may withhold any payments otherwise due Contractor pursuant to this Agreement, and any other agreement between Contractor and County, until such report is properly submitted as determined by the CFO.

**B.** County shall provide Contractor with all information pertinent to the services required of Contractor by this Agreement which is requested by Contractor and which is within County's possession. No charge will be made for these materials.

### **V. OWNERSHIP OF DOCUMENTS AND WORK PRODUCTS**

All professional and technical documents and information developed under this Agreement, and all work products, including writings, work sheets, reports, and related data, materials, copyrights and all other rights and interests therein, shall become the property of the County, and Contractor agrees to deliver and assign the foregoing to the County, upon completion of the services hereunder or upon any earlier termination of this Agreement. Contractor assigns the work products, as and when the same shall arise, for the full terms of protection available throughout the world. In addition, basic data prepared or obtained under this Agreement shall be made available to the

County without restriction or limitation on their use.

No additional charge will be made for any of the foregoing.

## **VI. RECORDS; ACCESS, RETENTION**

Contractor shall retain and make available for review by the County and its designees all records, documents, and general correspondence relating to this Agreement and the services required hereunder for a period of not less than five (5) years after receipt of final payment or until all pending audits and proceedings are completed, whichever is later. Contractor shall make such records available for inspection and copying by the County and its designees at any reasonable time upon reasonable notice.

## **VII. DISPUTES**

Any dispute arising under this Agreement shall be decided by the County Administrative Officer who shall put his or her decision in writing and mail a copy thereof to the address for the notice to Contractor. The decision of the County Administrative Officer shall be final unless, within thirty (30) days from the date such copy is mailed to Contractor, Contractor appeals the decision in writing to the County Board of Supervisors. Any such written appeal shall detail the reasons for the appeal and contain copies of all documentation supporting Contractor's position. In connection with any appeal proceeding under this paragraph, Contractor shall be afforded the opportunity to be heard and offer evidence in support of its appeal to the County Board of Supervisors at a regular Board meeting. Pending a final decision of the dispute, Contractor shall proceed diligently with the performance of this Agreement and in accordance with the County Administrative Officer's decision. The decision of the County Board of Supervisors on the appeal shall be final for purposes of exhaustion of administrative remedies. Notwithstanding the foregoing, nothing in this provision shall restrict the Contractor or County from seeking judicial relief in the appropriate venue and jurisdiction following the exhaustion of administrative remedies.

## **VIII. TERM AND TERMINATION**

**A.** The term of this Agreement shall be from July 1, 2024 through June 30, 2027 unless sooner terminated as hereinafter provided. The term may be extended annually by mutual consent for two (2) twelve-month (12) time periods each time but shall not be extended beyond June 30, 2029. The CFO is authorized to execute any such extension on behalf of the County.

**B.** Should either party fail to substantially perform its obligations in accordance with this Agreement, the other party may notify the defaulting party of such default in writing and provide not less than thirty (30) days to cure the default. Such notice shall describe the default, and shall not be deemed a forfeiture or termination of this Agreement. If such default is not cured within said thirty-day period (or such longer period as is specified in the notice or agreed to by the parties), the party that gave notice of default may terminate this Agreement upon not less than fifteen (15) days advance written notice. In the event of

such termination based upon Contractor default, the County reserves the right to purchase or obtain the supplies or services elsewhere. The foregoing notwithstanding, neither party waives the right to recover damages against the other for breach of this Agreement.

**C.** This Agreement is subject to the County, the State of California and the United States appropriating and approving sufficient funds for the activities required of the Contractor pursuant to this Agreement. If the County's adopted budget and/or its receipts from the State of California and the United States do not contain sufficient funds for this Agreement, the County may terminate this Agreement by giving ten (10) days advance written notice thereof to the Contractor, in which event the County shall have no obligation to pay the Contractor any further funds or provide other consideration and the Contractor shall have no obligation to provide any further services pursuant this Agreement. If the County terminates the Agreement pursuant to this subparagraph, the County will pay Contractor in accordance with this Agreement for all services performed to the satisfaction of the CFO before such termination and for which funds have appropriated as required by law.

**D.** This Agreement may be terminated for any reason by either party at any time during its term, by giving sixty (60) days written notice to the other party.

**E.** If Contractor, or any of its officers, agents, employees, contractors, subcontractors, volunteers or five percent owners, becomes excluded, debarred or suspended from participation in Federally or State funded programs, the County may terminate this Agreement by giving ten (10) days advance written notice thereof to the Contractor.

**F.** Upon termination of this Agreement or suspension of work by either County or Contractor, Contractor shall furnish to County all documents and drawings prepared under this Agreement, whether complete or incomplete. In the event of termination for any reason, reproducible copies of all finished or unfinished documents, drawings, maps, models, photographs, and reports prepared by Contractor shall become the sole and exclusive property of Yolo County and Contractor shall be entitled to receive compensation for any work completed on such documents and other materials determined by the CFO to be of satisfactory quality and within the terms and conditions of this Agreement. All creative work undertaken by Contractor such as sketches, copy, dummies and all preparatory work for which Contractor is not compensated by the County shall remain the sole and exclusive property of the Contractor.

**G.** During and following the term of this Agreement, Contractor shall not use, distribute or otherwise circulate any of the materials developed pursuant to this Agreement and for which Contractor was compensated by the County without the express written permission of the CFO. For the avoidance of doubt, nothing in this provision shall be interpreted to restrict Contractor from disclosing materials developed pursuant to this Agreement if such disclosure is required by law or judicial or regulatory process.

## **IX. APPLICABLE LAWS**

**A.** In the performance of the services required by this Agreement, Contractor shall comply with all applicable Federal, State, and County statutes, ordinances, regulations, directives and laws. This Agreement is also subject to any additional restrictions or conditions that may be imposed upon the County by the Federal or State government.

**B.** This Agreement shall be deemed to be executed within the State of California and construed in accordance with and governed by the laws of the State of California. Any action or proceeding arising out of this Agreement shall be filed and resolved in a California State court located in Woodland, California. Contractor waives any removal rights it might have under State or Federal law.

## **X. NON-DISCRIMINATION IN SERVICES AND BENEFITS**

Contractor certifies that any service provided pursuant to this Agreement shall be without discrimination based on color, race, creed, national origin, religion, sex, age, sexual preferences, or physical or mental disability in accordance with all applicable Federal and State laws. For the purpose of this Agreement, distinctions on the grounds of color, race, creed, national origin, religion, sex, age, sexual preferences, or physical or mental disability include but are not limited to the following: denying a participant any service or benefit which is different, or is provided in a different manner or at a different time from that provided to other participants under this Agreement; subjecting a participant to segregation or separate treatment in any way in the enjoyment or any advantage or privilege enjoyed by others receiving any service or benefit; treating a participant differently from others in determining whether the participant has satisfied any admission, enrollment quota, eligibility, membership, or other requirement or condition which individuals must meet in order to be provided any service or benefit; and the assignment of times or places for the provision of services.

## **XI. CONTRACTOR'S RESPONSIBILITIES**

**A.** Contractor shall exercise all of the care and judgment consistent with good practices in the performance of the services required by this Agreement.

**B.** With the exception that this section shall in no event be construed to require indemnification by Contractor to a greater extent than permitted under the public policy of the State of California, Contractor shall indemnify, defend and hold harmless the County of Yolo, officers, agents, employees and volunteers from and against any and all claims, damages, demands, losses, defense costs, expenses (including attorney fees) and liability of any kind or nature arising out of or resulting from performance of the work, provided that any such claim, damage, demand, loss, cost, expense or liability is caused in whole or in part by any negligent or intentional act or omission of the Contractor, any Subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, regardless of whether or not it is caused in part by a party indemnified hereunder. Contractor and/or Subcontractor's responsibility for such defense and indemnity obligations shall survive the termination or completion of this Agreement for

the full period of time allowed by law. The defense and indemnification obligations of this Agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Agreement.

Responsibility for such defense and indemnity obligations shall survive the termination or completion of this Agreement for the full period of time allowed by law. The defense and indemnification obligations of this agreement are undertaken in addition to, and shall not in anyway be limited by, the insurance obligations contained in this Agreement.

## **XII. PUBLIC LIABILITY AND PROPERTY DAMAGE INSURANCE**

**A.** During the term of this Agreement, Contractor shall at all times maintain, at its expense, the following coverages and requirements. The comprehensive general liability insurance shall include broad form property damage insurance.

1. Minimum Coverages (as applicable). Insurance coverage shall be with limits not less than the following:
  - a. **Comprehensive General Liability** – \$2,000,000/occurrence and \$4,000,000/aggregate
  - b. **Automobile Liability** – \$1,000,000/occurrence (general) and \$500,000/occurrence (property) (include coverage for Hired and Non-owned vehicles)
  - c. **Professional Liability/Malpractice/Errors and Omissions** – \$2,000,000/occurrence and \$2,000,000/aggregate (If any engineer, architect, attorney, accountant, medical professional, psychologist, or other licensed professional performs work under a contract, the contractor must provide this insurance. If not, then this requirement automatically does not apply.)
  - d. **Workers' Compensation** – Statutory Limits/**Employers' Liability** - \$1,000,000/accident for bodily injury or disease (If no employees, this requirement automatically does not apply.)
  
2. The County, its officers, agents, employees and volunteers shall be named as additional insured on the required Automobile Liability and General Liability coverages. It shall be a requirement under this agreement that any available insurance proceeds broader than or in excess of the specified minimum Insurance coverage requirements and/or limits shall be available to the Additional Insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in this Agreement; or (2) the broader coverage and maximum limits of coverage of any Insurance policy or proceeds available to the named Insured; whichever is greater.
  - a. The Additional Insured coverage under the Contractor's required General Liability and Automobile Liability policy shall be "primary and non-contributory" and will not seek contribution from the County's

insurance or self insurance and shall be at least as broad as CG 20 01 04 13.

b. The limits of Insurance required in this agreement may be satisfied by a combination of primary and umbrella or excess Insurance. Any umbrella or excess Insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non contributory basis for the benefit of the County of Yolo (if agreed to in a written contract or agreement) before the County's own Insurance or self insurance shall be called upon to protect it as a named insured.

3. Said policies shall remain in force through the life of this Agreement and, with the exception of professional liability coverage, shall be payable on a "per occurrence" basis unless the County Risk Manager specifically consents in writing to a "claims made" basis. For all "claims made" coverage, in the event that the Contractor changes insurance carriers Contractor shall purchase "tail" coverage covering the term of this Agreement and not less than three years thereafter. Proof of such "tail" coverage shall be required at any time that the Contractor changes to a new carrier prior to receipt of any payments due.

4. The Contractor shall provide evidence on a certificate of insurance the required aggregate limits on the coverage before commencing performance of this Agreement, and the County's Risk Manager reserves the right to require higher aggregate limits to ensure that the coverage limits required for this Agreement as set forth above are available throughout the performance of this Agreement.

5. Any deductibles or self-insured retentions is the sole responsibility of Contractor. All self-insured retentions (SIR) shall not reduce the limits of liability.

6. Each insurance policy shall be endorsed to state that coverage shall not be suspended, voided, or canceled by either party except after thirty (30) days' prior written notice has been given to the CFO (ten (10) days for delinquent insurance premium payments).

7. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A-VII, unless otherwise approved by the County Risk Manager.

8. The policies shall cover all activities of Contractor, its officers, employees, agents and volunteers arising out of or in connection with this Agreement.

9. For any claims relating to this Agreement, the Contractor's required General Liability and Automobile Liability insurance coverage shall be primary, including as respects the County, its officers, agents, employees and volunteers. Any insurance maintained by the County shall apply in excess of, and not contribute with, insurance provided by Contractor's liability insurance policy.

10. The Contractor's required General Liability, Automobile Liability, and Worker's Compensation Insurance shall waive all rights of subrogation against the County, its officers, employees, agents and volunteers.

- B.** Prior to commencing services pursuant to this Agreement, Contractor shall furnish the County certificate of insurance and endorsements reflecting coverage required by this Agreement. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. All endorsements are to be received by, and are subject to the approval of, the County Risk Manager before work commences. Upon County's request, Contractor shall provide complete, certificate of insurance, including endorsements reflecting the coverage required by these specifications.
- C.** During the term of this Agreement, Contractor shall furnish the County with original endorsements reflecting renewals, reflecting the maintenance of the required coverage throughout the entire term of this Agreement. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. Upon County's request, Contractor shall provide complete, certificate of insurance, including endorsements reflecting the coverage required by these specifications. Yolo County reserves the right to obtain a certificate of insurance and endorsements. Failure to exercise this right shall not constitute a waiver of right to exercise later.
- D.** Contractor agrees to include with all Subcontractors in their subcontract the same requirements and provisions of this agreement including the indemnity and Insurance requirements to the extent they apply to the scope of the Subcontractor's work. Subcontractors hired by Contractor agree to be bound to Contractor and the County of Yolo in the same manner and to the same extent as Contractor is bound to the County of Yolo under the Contract Documents. Subcontractor further agrees to include these same provisions with any Sub-subcontractor. A copy of the Owner Contract Document Indemnity and Insurance provisions will be furnished to the Subcontractor upon request. The General Contractor/and or Contractor shall require all Subcontractors to provide a valid certificate of insurance and the required endorsements included in the agreement prior to commencement of any work and General Contractor/and or Contractor will provide proof of compliance to the County of Yolo.
- E.** Contractor shall maintain insurance as required by this contract to the fullest amount allowed by law and shall maintain insurance for a minimum of five years following the completion of this project. In the event contractor fails to obtain or maintain completed operations coverage as required by this agreement, the County at its sole discretion terminate this agreement.

### **XIII. WORKERS' COMPENSATION**

Contractor shall provide workers' compensation coverage as required by State law, and prior to commencing services pursuant to this Agreement shall file the following statement with the County in a form substantially as set forth below.

#### **WORKERS' COMPENSATION CERTIFICATE**

I am aware of the provisions of Section 3700 of the Labor Code that 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 I will comply with such provisions before commencing any services required by this Agreement.

The person executing this certificate on behalf of Contractor affirmatively represents that she/he has the requisite legal authority to do so on behalf of Contractor, both the person executing this Agreement on behalf of Contractor and Contractor understand that the County is relying on this representation in entering into this Agreement.

### **XIV. NOTICE**

**A.** All notices shall be deemed to have been given when made in writing and delivered or mailed to the respective representatives of County and Contractor at their respective addresses as follows:

Contractor:

Attn: Monique Spyke  
PFM Asset Management LLC  
1 California Street Suite 1000  
San Francisco, CA 94111

County:

Attn: Tom Haynes  
County of Yolo  
625 Court Street Room 102  
Woodland, CA 95695

**B.** Any party may change the address to which such communications are to be given by providing the other parties with written notice of such change at least fifteen (15) calendar days prior to the effective date of the change.

**C.** All notices shall be effective upon receipt and shall be deemed received through delivery if personally served or served using facsimile machines, or on the fifth (5th) day following deposit in the mail if sent by first class mail.

## **XV. CONFLICT OF INTEREST**

**A.** Contractor shall comply with the laws and regulations of the State of California and County regarding conflicts of interest, including, but not limited to, Article 4 of Chapter 1, Division 4, Title 1 of the California Government Code, commencing with Section 1090, and Chapter 7 of Title 9 of said Code, commencing with Section 87100 including regulations promulgated by the California Fair Political Practices Commission.

**B.** To the best of its knowledge, Contractor covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of Contractor's obligations and responsibilities hereunder. Contractor further covenants that in the performance of this Agreement, no person having any such interest will provide services directly to the County under the Agreement. This covenant shall remain in force until Contractor completes performance of the services required of it under this Agreement.

**C.** Contractor agrees that if any fact comes to its attention that raises any question as to the applicability of any conflict of interest law or regulation, Contractor will immediately inform the County and provide all information needed for resolution of the question.

## **XVI. COVENANT AGAINST CONTINGENT FEES**

Contractor warrants that it has not employed or retained any company or person, other than a bona fide employee working for Contractor, to solicit or secure this Agreement, and that it has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making this agreement. For breach or violation of this warranty, the County shall have the right to annul this agreement without liability, or in its discretion to deduct from the agreement price or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift or contingent fee.

## **XVII. AUDITS**

Contractor shall be subject to examination and audit by the California State Auditor, in accordance with California Government Code Section 8546.7, and by the County, or both, throughout the term of this Agreement and thereafter for a period of three years from the date that final payment is made pursuant to this Agreement. This does not preclude access to records by County, State, the Comptroller General of the United States, or any of their authorized representatives, as otherwise provided by this Agreement, the State contract, or State or Federal laws and regulations. Contractor agrees that County and/or State has the right to review, obtain, and copy all records pertaining to the performance of this Agreement, and agrees to provide County and/or State with any and all relevant information requested.

## **XVIII. ASSIGNMENT AND SUBCONTRACTS**

The services and obligations required of Contractor under this Agreement are not assignable in whole or in part, except if the rights and obligation of the Contractor are assigned to the Contractor's parent company, U.S. Bancorp Asset Management, Inc., or any other U.S. Bancorp affiliated registered investment adviser, provided, however, that the County be provided seven (7) days' prior written notice of such assignment. In addition, Contractor shall not subcontract any portion of the services required of Contractor by this Agreement without the express written consent of the CFO. If any portion of the services required of Contractor are subcontracted, the subcontractor(s) shall maintain the same insurance as required of Contractor by this Agreement and Contractor shall be fully responsible to the County for all work undertaken by subcontractors.

#### **XIX. STATUS OF CONTRACTOR**

**A.** It is understood and agreed by all the parties hereto that Contractor is an independent contractor and that no relationship of employer-employee exists between the County and Contractor. Neither Contractor nor Contractor's assigned personnel shall be entitled to any benefits payable to employees of the County. Contractor hereby indemnifies and holds the County harmless from any and all claims that may be made against the County based upon any contention by any third party that an employer-employee relationship exists by reason of this Agreement or any services provided pursuant to this Agreement.

**B.** It is further understood and agreed by all the parties hereto that neither Contractor nor Contractor's assigned personnel shall have any right to act on behalf of the County in any capacity whatsoever as an agent or to bind the County to any obligation whatsoever (except when Contractor conducts a trade of portfolio securities on behalf of the County).

**C.** It is further understood and agreed by all the parties hereto that Contractor must issue any and all forms required by Federal and State laws for income and employment tax purposes, including W-2 and 941 forms, for all of Contractor's assigned personnel.

#### **XX. AMENDMENT**

This Agreement may be amended only by written instrument signed by the County and Contractor.

#### **XXI. WAIVER**

The waiver by the County or any of its officers, agents or employees or the failure of the County or its officers, agents or employees to take action with respect to any right conferred by, or any breach of any obligation or responsibility of this Agreement shall not be deemed to be a waiver of such obligation or responsibility, or subsequent breach of same, or of any terms, covenants or conditions of this Agreement.

#### **XXII. AUTHORIZED REPRESENTATIVE**

The person executing this Agreement on behalf of Contractor affirmatively represents that she/he has the requisite legal authority to enter into this Agreement on behalf of Contractor and to bind Contractor to the terms and conditions of this Agreement. Both the person executing this Agreement on behalf of Contractor and Contractor understand that the County is relying on this representation in entering into this Agreement.

### **XXIII. PUBLIC RECORDS ACT**

Upon its execution, this Agreement (including all exhibits and attachments) shall be subject to disclosure pursuant to the California Public Records Act.

### **XXIV. ADDITIONAL PROVISIONS**

**A.** Where there is a doubt as to whether a provision of this document is a covenant or a condition, the provision shall carry the legal effect of both. Should the County choose to excuse any given failure of Contractor to meet any given condition, covenant or obligation (whether precedent or subsequent), that decision will not be, or have the legal effect of, a waiver of the legal effect in subsequent circumstances of either that condition, covenant or obligation or any other found in this document. All conditions, covenants and obligations continue to apply no matter how often County may choose to excuse a failure to perform them.

**B.** Except where specifically stated otherwise in this document, the promises in this document benefit the County and Contractor only. They are not intended to, nor shall they be interpreted or applied to, give any enforcement rights to any other persons (including corporate) which might be affected by the performance or non-performance of this Agreement, nor do the parties hereto intend to convey to anyone any “legitimate claim of entitlement” with the meaning and rights that phrase has been given by case law.

- 1 By signing this agreement, the Contractor agrees to comply with applicable Federal suspension and debarment regulations including, but not limited to, 45 CFR 76 **and** 40 CFR 32.
2. The Contractor believes, to the best of its knowledge, it and its principals:
  - a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency;
  - b. Have not within a three-year period preceding this application/proposal/agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of

records, making false statements, or receiving stolen property;

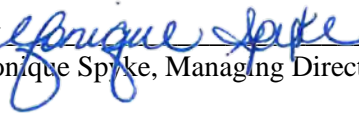
- c. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in Paragraph 2(b) herein;
  - d. Shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under federal regulations (i.e., 48 CFR part 9, subpart 9.4), debarred, suspended, declared ineligible, or voluntarily excluded from participation in such transaction, unless authorized by the State; and
3. If the Contractor is unable to certify to any of the statements in this certification, the Contractor shall submit an explanation to the County program funding this Agreement, and the County shall have the option of terminating this Agreement immediately or at any time thereafter, upon giving Contractor written notice of such termination, if the explanation is not found satisfactory by the County in its sole discretion.
  4. The terms and definitions herein have the meanings set out in the Definitions and Coverage sections of the rules implementing Federal Executive Order 12549.
  5. If the Contractor knowingly violates this certification, in addition to other remedies available to the Federal Government, the County may terminate this Agreement at any time upon giving Contractor written notice of such termination.

## **XXV. ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement between the County and Contractor and supersedes all prior negotiations, representations, or agreements, whether written or oral. In the event of a dispute between the parties as to the language of this Agreement or the construction or meaning of any term hereof, this Agreement shall be deemed to have been drafted by the parties in equal parts so that no presumptions or inferences concerning its terms or interpretation may be construed against any party to this Agreement.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the day and year first set forth above.

**CONTRACTOR**

By  \_\_\_\_\_  
Monique Spike, Managing Director

**COUNTY OF YOLO**

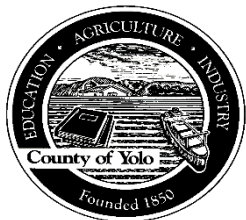
By \_\_\_\_\_  
Lucas Frerichs, Chair  
Board of Supervisors

Attest:  
Julie Dachtler, Clerk  
Board of Supervisors

By \_\_\_\_\_

Approved as to Form:

 \_\_\_\_\_  
Eric May, Senior Deputy County Counsel



# COUNTY OF YOLO

Procurement Division

---

Notice of Request for Proposals (RFP)  
For  
Investment Advisory Services  
Bid #GSDRFPKK2439

Proposal Responses Due:  
4:00 pm  
April 26, 2024

Department of Financial Services  
625 Court Street Room 102  
Woodland, CA 95695

RFP Coordinator: Keely Mendes  
(530)406-5774  
Keely.Mendes@yolocounty.org

## TABLE OF CONTENTS

<b>Section</b>	<b>Section Title</b>	<b>Pages</b>
I.	Introduction	3
II.	RFP Schedule of Events	6
III.	General Instructions & Information	7
IV.	Terms and Conditions	10
V.	Instructions for Completion of Proposal	13

### **Exhibits:**

Exhibit "A"	Proposal Transmittal Letter
Exhibit "B"	Proposal Qualification & Experience
Exhibit "C"	Cost Proposal
Exhibit "D"	Previous Customer Reference
Exhibit "E"	Signature Page (County provided)
Exhibit "F"	Non-Collusion & Conflict of Interest Statement (County provided)
Exhibit "G"	Response Content Checklist (County Provided)

### **Attachments:**

Attachment 1	County Insurance Requirements
Attachment 2	Sample County Contract
Attachment 3	Investment Summary
Attachment 4	Investment Policy 2024
Attachment 5	Special Fund Resolution 1
Attachment 6	Special Fund Resolution 2
Attachment 7	Special Fund Resolution 3

## I. INTRODUCTION

### A. STATEMENT OF PURPOSE

The County of Yolo is requesting proposals from qualified Financial Advisory Firms to provide Investment Advisory Services for the Yolo County Department of Financial Services per scope of work, as outlined in this RFP.

Proposers who submit a response to this RFP must have the ability to meet the requirements, including the terms and conditions contained in this RFP.

### B. SYNONYMOUS TERMS

As used throughout this proposal and its attachments, the following terms are synonymous:

- 1)
  - a. Supplier, Vendor, Contractor
  - b. Purchase Order, Contract, Agreement
  - c. Services, Work, Scope, and Project
  - d. Bidder, Offeror, Proposer
  - e. Bidsync, Periscope, Periscope Source
  
- 2) "The County" refers to the County of Yolo, California.

### C. SCOPE OF WORK

#### 1) GENERAL DESCRIPTION:

- a. The Yolo County Board of Supervisors has a statutory responsibility for the investment of operating funds in the county treasury pool and other special funds, referred as the County Portfolio. Currently the County has special funds that include a Landfill Closure Trust Fund, Cache Creek Maintenance & Remediation Fund, Demeter Endowment Fund, and the Ceres Endowment Account. The County may create additional portfolios for special funds, as needed. The Board has designated the County Auditor- Controller & Treasurer-Tax Collector (duties included in the role of County Chief Financial Officer) to act as its agent to discharge this responsibility. The Portfolio includes funds from the County, the school districts, and certain special districts within Yolo County.
- b. As of December 31, 2023, the market value of the County Portfolio was approximately \$1 billion (Attachment 3 – Investment Summary). Beside cash in bank (1%), about 43.1% of the portfolio is made up of short-term investments in government investment pools such as the Local Agency Investment Fund (LAIF) and the California Asset Management Program (CAMP). The remaining balance (55.9%) is in an investment portfolio that is actively managed by the investment advisor. These investments consist mostly of fixed income securities as authorized by government code, such as: securities issued by government- sponsored enterprises, corporate notes, certificates of deposits and U.S. Treasuries. The composition of the portfolio fluctuates with market conditions.
- c. In previous years, under strict guidelines approved by the Board, the County Department of Financial Services used reverse repurchase agreements facilitated by the investment advisor, in the amount of \$15 million, for purpose of short-term cash flow management. The Department of Financial Services may resume the practice, as needed, working with the Investment Advisor.
- d. The total size of the County Portfolio and the composition of maturities vary considerably throughout the year according to the receipt and distribution of property taxes. The balance of the portfolio managed by the investment advisor as of December 31, 2023, was approximately \$470 million. This balance may change based on cash flow and liquidity needs. Funds held in the County Portfolio are invested in accordance with the County Investment Policy (Attachment 4 – Investment Policy 2024), and sections 53600-53686 of the Government Code of the State of California. The investment advisor recommends an investment strategy to the Board of Supervisors and executes investment transactions

according to the approved strategy. The special funds additionally have specific resolutions authorized that allow them to exceed the 5-year duration in order to achieve specific fund objectives (Attachments 5-7 – Special Fund Resolutions).

- e. The County Chief Financial Officer provides quarterly reports of investments to the Board of Supervisors and these are available online as board agenda packets at: [www.yolocounty.org](http://www.yolocounty.org). The Financial Oversight Committee meets quarterly to review the County Portfolio performance, as presented by the investment advisor.

**2) TECHNICAL SPECIFICATIONS/MINIMUM WORK REQUIREMENTS:**

- a. The selected investment advisory firm(s), Investment Advisor, shall, on a continuous basis, help the County Chief Financial Officer manage the County Portfolio and other special fund investments. It is envisioned that a large part of the County Portfolio will be placed under management of the Investment Advisor(s), except for certain short-term investments, such as deposits in certain government investment pools such as the Local Agency Investment Fund (LAIF) and the California Asset Management Program (CAMP), which will continue to be managed by the County Department of Financial Services. In connection with this responsibility, the investment advisory firm is expected to:
  - I. Provide to the Department of Financial Services advice and recommendations with respect to investments and investment policies.
  - II. Initiate and execute appropriate transactions for the purchase, sale, or exchange of securities, in compliance with the County Investment Policy and relevant sections of the California Government Code.
  - III. Obtain the best price and terms on all transactions executed on behalf of the County. In this regard, consideration will be given not only to price and professional execution, but also to the availability of the securities, and the settlement capability and reliability of the firm handling the transaction.
  - IV. Assist in the development of investment strategies for the investment of idle funds.
  - V. Furnish statistical and other information and advice regarding economic and market factors and trends that affect the County Portfolio.
  - VI. Provide information with respect to technical and legal developments in the investment banking industry and in the securities market.
  - VII. Provide monthly investment strategy reports to the County, in detail and in summary formats, in writing and through teleconference.
  - VIII. Furnish quarterly reports and presentations of investment performance to the Financial Oversight Committee.
  - IX. Periodically review the County Investment Policy and recommend appropriate modifications to the policy.
  - X. Periodically analyze and evaluate the County Portfolio and recommend any changes necessary to achieve the stated investment objectives.

**3) VENDOR MINIMUM REQUIREMENTS:**

- a. Be an independent investment advisor, registered as such with the Securities and Exchange Commission (SEC) or the State of California, and not a broker/dealer.
- b. Have a minimum of five years' experience in providing investment advisory services to public agencies.
- c. Have no record of unsatisfactory performance as evidenced by complaints filed with the SEC, the National Association of Securities Dealers (NASD), or any other federal or state agency with jurisdiction over the services provided by the firm.
- d. Disclose in the proposal all pending or current litigations, in which the firm, or any employee has been involved within the last five years.
- e. Not have custody or possession of any pooled funds or securities. All securities and funds placed under the management of the Investment Advisor shall be held in the name of the County, and in the custody of the County's Safekeeping Agent/Third-Party Custodian.
- f. Not profit from commissions or transactions placed with any broker or dealer or through any affiliate; nor discriminate purposely against the County, either in the

recommendations and investment advice given to, or in transactions executed on behalf of, the County.

**4) PREFERRED ADDITIONAL SPECIFICATIONS**

**The Proposer may be evaluated higher if they meet the following qualifications:**

- a. Provide monthly investment strategy reports to the County with forecasted earnings, cash projections, and activity for performance management benchmarking for county treasury pool.
- b. Provide quarterly investment strategy reports to the County with forecasted earnings, cash projections, and activity for performance management benchmarking for special funds (Attachment 5-7 – Special Fund Resolutions).
- c. Annual in person presentation held at County for all pool and special fund participants for an investment town hall event.

**5) DELIVERABLE / REPORTS:**

- a. All reports and deliverables which are specified in the technical, minimal, and preferred work requirements will be required in agreement to the awarded proposal.

**6) AWARDED CONTRACTOR REQUIREMENT:**

- a. The successful Awarded contractor must supply all insurance requirements as required in Attachment 1: Yolo County Insurance Requirements.
- b. **CONTRACT TERM:** Contractor agrees to provide awarded items and/or services as specified in this RFP document for a period of three (3) years. The agreement may be extended by mutual consent for two (2) additional twelve (12) month periods. All rates shall remain firm for the initial three (3) year terms.

**D. PROPOSAL DEADLINE**

Proposals shall be submitted no later than the Proposal Deadline time and date detailed in the Section II, RFP Schedule of Events. Proposers shall respond to the written RFP and any exhibits, attachments, or amendments. A Proposer's failure to submit a proposal as required before the deadline shall cause the proposal to be disqualified. Late proposals shall not be accepted, nor shall additional time be granted to any potential Proposer.

**E. SUBMITTING PROPOSALS**

The required method of submitting your proposal is electronically through Periscope Source, formally BidSync.

It is the sole responsibility of the proposer to ensure their proposal reaches Periscope before the closing date and time. If you have any questions regarding the submittal of this proposal, please contact Periscope at 1(800) 990-9339, for vendor support.

Late proposals shall not be accepted, nor shall additional time be granted to any potential Bidder.

**F. ADDENDA**

Any additional information not included in this solicitation which the County finds necessary and material to responding to the RFP will be posted as an addendum on Periscope Source. Answers to questions submitted through Periscope shall be considered addenda to the solicitation documents.

## II. SCHEDULE OF EVENTS

The following RFP Schedule of Events represents the County's best estimate of the schedule that shall be followed. Unless otherwise specified, the time of day for the following events shall be between 8:00 a.m. and 4:00 p.m., Pacific Time.

The County reserves the right, at its sole discretion, to adjust this schedule as it deems necessary. Notification of any adjustment to the Schedule of Events shall be provided to all vendors through Periscope. The County is not responsible for failure of the prospective Bidders to check for any RFP document updates, changes, or answers to questions posted at the BidSync.com website. Failure to periodically check the website will be at the Bidder's/Offeror's sole risk.

	EVENT	DATE	TIME
1	County Issues RFP	March 28, 2024	
2	Deadline for Written Comments	April 17, 2024	4:00 PM PST
3	County Issues Responses to Written Comments	April 19, 2024	4:00 PM PST
4	Deadline Proposal Due	April 26, 2024	4:00 PM PST
5	County Completes Evaluations	May 3, 2024	
6	Interviews with Finalist (3 MAX) if necessary	May 10, 2024	
7	Notification of Successful Bidder	May 17, 2024	
8	Anticipated Contract Start Date	July 1, 2024	

### III. GENERAL INSTRUCTIONS AND INFORMATION

#### A. RFP COORDINATOR

The RFP Coordinator shall be the main point of contact for this RFP:

County of Yolo General Services Department  
Procurement  
120 W Main Street Suite G  
Woodland, CA 95695  
Phone: (530) 406-5774  
Keely.Mendes@yolocounty.org

#### B. COMMUNICATIONS REGARDING THE RFP

Upon release of this RFP, all vendor communications concerning this procurement must be directed to the RFP Coordinator named above. Unauthorized contact regarding the RFP with other County employees may result in disqualification.

Questions concerning this proposal, including specifications, requirements, terms and/or conditions of a solicitation, etc. shall be submitted solely in writing online at [www.bidsync.com](http://www.bidsync.com) in the questions and answers section of the solicitation no later than the date and time noted above in the Section II. Schedule of Events Chart, item #2 Deadline for Written Comments or per any changes to Schedule of Events as posted to Periscope.

The County is not responsible for failure of the prospective Bidders to check for any RFP document updates, changes, or answers to questions posted at the BidSync.com website. Failure to periodically check the website will be at the Bidder's/Offeror's sole risk.

Any oral communications shall be considered unofficial and nonbinding on the County.

Any irregularities or lack of clarity in the RFP should be brought to the attention of the County for correction or clarification.

#### C. PROPOSAL PREPARATION COSTS

The County shall not pay any costs associated with the preparation, submittal, or presentation of any proposal.

#### D. PROPOSAL WITHDRAWAL

To withdraw a proposal, the Vendor must submit a written request, signed by an authorized representative, to the RFP Coordinator. After withdrawing a previously submitted proposal, the vendor may submit another proposal at any time up to the deadline for submitting proposals.

#### E. PROPOSAL AMENDMENT

The County shall not accept any amendments, revisions, or alterations to proposals after the deadline for proposal submittal unless the County formally requests such in writing.

#### F. PROPOSAL ERRORS

Proposers are liable for all errors or omissions contained in their proposals. Proposers shall not be allowed to alter proposal documents after the deadline for submitting a proposal.

#### G. PROHIBITION OF PROPOSER TERMS & CONDITIONS

A Proposer may **not** submit the Proposer's own contract terms and conditions in a response to this RFP. If a proposal contains such terms and conditions, the County, at its sole discretion, may determine the proposal to be a nonresponsive counteroffer, and the proposal may be rejected.

#### H. ASSIGNMENT AND SUBCONTRACTING

The Contractor may not subcontract, transfer, or assign any portion of the contract without prior, written approval from the County. The County must approve each subcontractor in writing. The substitution of one subcontractor for another may be made only at the discretion of the County and with prior, written approval from the County.

Notwithstanding the use of approved subcontractors, the Proposer, if awarded a contract under this RFP, shall be the prime contractor and shall be responsible for all work performed.

Contractor shall require each of its subcontractors of any tier to carry the aforementioned coverage, or Contractor may insure subcontractors under its own policy.

**I. PROPOSAL OF ADDITIONAL SERVICES**

If a Proposer indicates an offer of goods or services in addition to those required by and described in this RFP, these additional goods or services may be added to the contract before contract signing at the sole discretion of the County.

**J. INDEPENDENT PRICE DETERMINATION**

A proposal shall be disqualified and rejected by the County if the price in the proposal was not arrived at independently without collusion, consultation, communication, or agreement as to any matter relating to such prices with any other Proposer, a County employee, or any Competitor.

**K. INSURANCE**

The successful Contractor will be required to provide and maintain insurance as required and listed in Attachment 1 before commencing work on the contract.

**L. LICENSURE**

Before a contract pursuant to this RFP is signed, the Proposer must hold all necessary, applicable business and professional licenses. The County may require any or all Proposers to submit evidence of proper licensure.

**M. RFP AMENDMENT AND CANCELLATION**

The County reserves the unilateral right to amend this RFP in writing at any time. The County also reserves the right to cancel or reissue the RFP at its sole discretion. If an amendment is issued it shall be provided to all proposers through BidSync. Proposers shall respond to the final written RFP and any exhibits, attachments, and amendments.

**N. RIGHT OF REJECTION**

The County reserves the right, at its sole discretion, to reject any and all proposals or to cancel this RFP in its entirety.

Any proposal received which does not meet the requirements of this RFP may be considered to be nonresponsive, and the proposal may be rejected. Proposers must comply with all of the terms of this RFP and all applicable State and County laws and regulations. The County may reject any proposal that does not comply with all of the terms, conditions, and performance requirements of this RFP.

The County reserves the right, at its sole discretion, to waive variances in proposals provided such action is in the best interest of the County. Where the County waives minor variances in proposals, such waiver does not modify the RFP requirements or excuse the proposer from full compliance with the RFP. Notwithstanding any minor variance, the County may hold any Proposer to strict compliance with the RFP.

**O. DISCLOSURE OF PROPOSAL CONTENTS**

All proposals become the property of the County, which is a public agency subject to the disclosure requirements of the California Public Records Act (CPRA, California Government Code §6250 and following). The CPRA contains limited exemptions. If you contend that any documents, as defined by the CPRA, are confidential or proprietary material and exempt from CPRA, these documents shall be clearly marked "Exempt from CPRA." Proposer shall defend, indemnify and hold the County harmless against any claim, action or litigation (including but not limited to all judgments, costs, fees, and attorney's fees) that may result from denial of a CPRA request. If Proposer does not respond to a CPRA request or agree to do so within five (5) days, the County may disclose the requested information under the CPRA."

**P. PROPOSAL EVALUATION PROCESS**

The evaluation process is designed to award the procurement to the Proposer with the best combination of attributes based upon the evaluation criteria.

The County reserves the right, at its sole discretion, to request clarifications of proposals or to conduct discussions for the purpose of clarification with any or all Proposers. If clarifications are made as a result of such discussion, the Proposer shall put such clarifications in writing.

**Q. AWARD OF PROPOSAL**

Award will be made to the Proposer offering the most advantageous proposal after consideration of all Evaluation Criteria set forth below. This criterion is not listed in any order of preference. The County reserves the right to establish weight factors that will be applied to the criteria depending upon the order of importance. The County shall not be obligated to accept the lowest priced proposal but will make an award in the best interests of the County after all factors have been evaluated.

Award Evaluation Criteria:

	<b>Criteria</b>	<b>Maximum Weighted Points</b>
1	Reasonableness of Costs	30
2	Qualifications and Experience	20
3	Demonstrated Competence	20
4	Customer References	5
5	Financial and Legal Stability	10
6	Quality and Completeness of Submitted Proposal	5
7	Proposer's Concept & Understanding of County's goal and intention	10

**R. AWARD PROCESS**

The County reserves the right to make an award without further discussion of any proposal submitted. Each proposal should be initially submitted on the most favorable terms the proposer can offer. The County reserves the right to negotiate and/or include a best and final offer stage to the process.

Notwithstanding, the county reserves the right to add terms and conditions, deemed to be in the best interest of the county, during final negotiations. Any such terms and conditions shall be within the scope of the RFP and shall not affect the basis of proposal evaluations and will be incorporated in a purchase order.

The County reserves the right, at its sole discretion, to negotiate with the apparent best evaluated Proposer.

## **IV. TERMS AND CONDITIONS**

### **A. QUALIFICATIONS/INSPECTION**

Proposals will only be considered from firms normally engaged in providing the types of commodities/services specified herein. The County reserves the right to inspect the Proposer's facilities, equipment, personnel, and organization at any time, or take any other action necessary to determine Proposer's ability to perform. The RFP Coordinator reserves the right to reject proposals where evidence or evaluation is determined to indicate inability to perform.

### **B. NON-WAIVER**

The County's failure to address errors or omissions in the proposals shall not constitute a waiver of any requirement of this RFP by the County.

### **C. FEDERAL, STATE, AND LOCAL LAWS**

The successful proposer must operate in conformity with all applicable, federal, state, and local laws, ordinances, orders, rules, and regulations pertaining to work. It is the responsibility of the awarded proposer to ensure that all permits and/or licensees required for operation are valid and current. Failure to comply with this provision may be cause to cancel any contract awarded, and award will be made to the next lowest, responsive, responsible proposer.

### **D. GOVERNING LAW**

If an award is made, the contract will be made in the County of Yolo and shall be governed and construed in accordance with the laws of the State of California. Any action relating to the Contract shall be instituted and prosecuted in the courts of Yolo County, California.

### **E. NON-DISCRIMINATION**

There shall be no discrimination as to race, sex, color, creed, age or national origin in the operations conducted under any resulting contract.

### **F. PUBLIC AGENCY**

It is intended that other public agencies (i.e., city, special district, public authority, public agency and other political subdivisions of the State of California) shall have the option to participate in any agreement created as a result of this RFP with the same terms and conditions specified, including pricing. The County shall incur no financial responsibility in connection with a purchase order from another public agency. The public agency shall accept sole responsibility for placing orders and making payment to the vendor.

### **G. ADDITIONAL PURCHASES**

Following the award, the County may dispense with separate bidding for additional purchases of like item(s) from the successful Proposer within a twelve (12) month period from the initial purchase date provided that the Vendor agrees to provide the like item(s) at the same discounted price and under the same terms and conditions as the previous award.

### **H. EXTENSIONS**

The County reserves the right to extend any contract past the end term date upon mutual agreement and under the same pricing, terms and conditions for continual service and supplies while a new contract is being solicited, evaluated and/or awarded for a period not to exceed six (6) months.

### **I. PRICE ESCALATION**

All prices are firm for a period of three (3) years from the date of award. The Contractor may raise prices in accordance with the California Consumer Price (CPI-W, US City Average, All Items; NSA) Index for each of the allowable one (1) year extensions: (Fiscal Years 2027-28 and 2028-29). The increase in price shall remain firm for the renewal term. All price increases shall be submitted in writing. The County reserves the right to accept or reject the request for a price increase within ten (10) business days of the written request.

### **J. INVOICES AND PAYMENT TERMS**

Invoices are to be mailed to the Department of Financial Services specified on the resulting purchase order, blanket purchase order or contract. All invoices must include the purchase order number, blanket

purchase order number, or contract number, product description and reference to back ordered items. Failure to comply may result in delayed payments.

The County will make payment on a Net 30-day basis unless a cash discount of one-half percent (1/2%) or greater, which amounts to \$2.50 or more, is allowed for payment within not less than twenty (20) days. The payment term shall begin on the date the merchandise is inspected, delivered, and accepted by the County, or on the date a correct invoice is received in the office specified in the order, whichever is later. Prompt payment discounts shall be considered earned if payment is postmarked or personally delivered within the prescribed term. The beginning date described above shall be considered day zero for the purposes of counting days in the prescribed term.

**K. COMPLIANCE**

Late, incomplete, incorrect deliveries or excessive backorders will be documented, and performance evaluated when considering contract continuation or extension. Inaccurate or erroneous billing will also be documented and monitored for the purpose of evaluating performance when considering continuation or extension of contract. Failure to meet quoted delivery timeframes, or inaccurate or erroneous invoices (as determined by the Purchasing Department) may be cause for the County to cancel the balance of the awarded purchase order and award will be made to the next lowest proposer. Failure to receive County concurrence for substitutions or alternates will be documented and considered when evaluating continuation or extension of contract.

**L. DEFAULT**

In case of default by the awarded proposer, the County may procure the goods or services from another source and may recover the loss occasioned thereby from any unpaid balance due the selected proposer, or by any other legal means available to the County. The County may also ban selected proposer up to two years from future solicitations for default.

**M. TERMINATION FOR CONVENIENCE**

The County reserves the right, in its best interest as determined by the County, to cancel any contract by giving written notice to the Contractor thirty (30) days prior to the effective date of such cancellation.

**N. CANCELLATION FOR UNAPPROPRIATED FUNDS**

The obligation of the County for payment to a Contractor is limited to the availability of funds appropriated in a current fiscal period, and continuation of the contract into a subsequent fiscal period is subject to appropriation of funds, unless otherwise authorized by law.

**O. ASSIGNMENT/TRANSFER/SUBCONTRACTING**

Awarded Contractor shall not assign, transfer, or subcontract any portion of the contract without the express written consent of the County. Any award issued pursuant to this RFP, and the monies, which may become due hereunder, are not assignable without the prior written approval of the County.

**P. F.O.B. POINT**

All prices quoted shall be F.O.B (Freight on Board) destination, freight prepaid (proposer pays and bears freight charges, proposer owns goods in transit and files any claims), excluding sales tax. The County is exempt from Federal Excise and Transportation taxes.

**Q. PROTESTS**

The County encourages Suppliers to resolve issues regarding requirements or the procurement process through written correspondence and discussions. The County is committed to fostering relationships with its Suppliers to encourage an ongoing pursuit to fulfill requirements.

**1) Protest Procedures:**

**All protests** shall be typed under the protester's letterhead and submitted in accordance with the provisions stated herein. Protests may be submitted by mail or by electronic mail. Protests submitted by facsimile will not be accepted. All protests must be addressed and submitted to both the RFP Coordinator of this solicitation and the Manager of Procurement. All protests shall include at a minimum the following information:

- a. The name, address, and telephone number of the Protester;
- b. The signature of the Protester or Protester's representative;

- c. The solicitation title and due date;
- d. Name of County employee designated as the RFP/IFB Coordinator;
- e. Identification of the statute or procedure that is alleged to have been violated;
- f. A detailed statement identifying the legal and/or factual grounds of the protest and all documentation supporting the vendor's position;
- g. The form of relief requested.

The contact information for the Manager of Procurement is as follows:

Manager of Procurement  
Yolo County General Services  
120 W. Main St. Ste G  
Woodland, CA 95695

Protester's failure to comply with these procedures shall constitute a waiver of any right to further the RFP Protest and shall constitute a failure to exhaust administrative remedies.

The Manager of Procurement will review the materials in connection with the protest, assess the merits of the protest, and provide a written decision on the protest. The Manager of Procurement's decision is final.

If it is determined the protest is frivolous, the party originating the protest may be determined to be irresponsible and may be ineligible for future contracts.

**2) Protest of RFP Specifications/Requirements/Terms & Conditions:**

Companies who are concerned regarding irregularities or lack of clarity in specifications, requirements, terms and/or conditions of a solicitation should be brought to the attention of the County. Notice shall be provided prior to the closing date and time of the designated "question and answer period" of the proposal noted above in the Section II. Schedule of Events Chart, item #2 Deadline for Written Comments on Periscope.

Notice must be clearly marked "**Notice of Protest of Specifications/Requirements/Terms & Conditions**". No requests for protests of solicitation specifications, requirements, terms and/or conditions shall be considered after the deadline stated above.

Companies who fail to do so forfeit all rights to protest a solicitation or any subsequent award based on the specifications, requirements, terms or conditions of this solicitation. In the event of the protest for specifications, requirements, terms and/or conditions is denied and the protester wishes to continue in the solicitation process they must still submit a bid/proposal prior to the close of the solicitation.

**3) Protest of Disqualification:**

Initial evaluations will determine if proposals have met the minimal requirements as indicated in this RFP. Notices will be sent to all companies who have been disqualified for not meeting the minimal requirements. Should a company disagree with the determination, notice of disagreement must be received within five (5) working days of date of notice identifying areas that are in question and how the company met the minimal requirements. Notice must be clearly marked "**Notice of Disagreement**". Companies who fail to do so forfeit all rights in the protest process. It is at the county's discretion at the department level to make final determinations for all disqualified protests.

**4) Protest of Award of Contract:**

In protests related to the award of a contract, the protest must be received by e-mail or hard copy no later than 4:00 PM Pacific Time five (5) business days after the notice of the proposed contract. Notice must be clearly marked "**Notice of Protest of Award of Contract**". A review may be granted if the protest is received within the specified time and the firm/person submitting the protest is a Bidder/Offeror.

Throughout the review process, the County has no obligation to delay or otherwise postpone an award of a contract based on a protest.

## V. INSTRUCTIONS FOR COMPLETION OF PROPOSAL

### A. SUBMITTING PROPOSALS

The required method of submitting your proposal is electronically through BidSync.

It is the sole responsibility of the proposer to ensure their proposal reaches Periscope Holdings, Inc before the closing date and time. If you have any questions regarding the submittal of this proposal, please contact BidSync at 1(800) 990-9339, for Vendor support.

Late proposals shall not be accepted nor shall additional time be granted to any potential Proposer.

### B. REQUIRED PROPOSAL SUBMITTALS

The submittals requested shall be included with the proposal response. Failure to include required submittals may be cause for rejection of your proposal. The following are required for your proposal to be considered and must be labeled with the following:

- 1) Exhibit "A" Proposal Transmittal Letter - Proposal Transmittal Letter shall reference and respond to each item listed. Letter shall be no more than five (5) pages in length.
  - a. Name and address of Proposer
  - b. A statement that the proposal is in response to this Request for Proposal (RFP).
  - c. A commitment to perform work as stated in the RFP.
  - d. A statement affirming the Proposer meets minimum qualifications stated in this RFP and why Proposer believes they are best qualified to perform the work under the following categories:
    - I. Technical Specifications/Minimum Work Requirements
    - II. Vendor Minimum Requirements
    - III. Preferred Additional Specifications
  - e. A statement showing proposer's understanding of the County's goals and intention.
  - f. Any uniquely specific information the offeror wishes to highlight pertaining the to the scope of work in the RFP.
- 2) Exhibit "B" Proposal Qualification & Experience - Provide evidence of the Proposer's experience and qualification in providing services similar to those stated in this RFP.
  - a. A statement of the firm's experience and qualifications to meet the requirements of the County as outlined herein. Include a general overview and history of your company, number of years in business, number of employees, type of business, and where you do business.
  - b. Provide a list of key officials who would be assigned to work with the County and submit statements or resumes detailing their qualifications.
  - c. Financial experience:
    - I. Provide the following financial information: A current credit rating from Dun & Bradstreet, Supplier Qualifier Report (formerly named Supplier Evaluation Report.) For information on how to obtain such a report contact Dun & Bradstreet at (866) 719-7158 or [www.dnb.com](http://www.dnb.com).

- II. The last three years of audited financial statements (in US dollars) of your company, including indication of who audited the statements.

Proposer must provide sufficient information, to enable the County to determine that the proposer's financial health and capability are sufficient to meet the anticipated contractual and usage requirements of any resulting agreement. The County is the sole judge for making such a determination.

- d. Provide a statement noting whether your firm has or has not been debarred from any government agency. If yes, please explain.
  - e. Provide a statement noting whether or not your company has ever defaulted on a contract. If yes, explain where and why.
  - f. State whether or not there has been a claim filed against your company in court or arbitration concerning your company's work on a project within the last five years. If yes, please explain.
- 3) Exhibit "C" Cost Proposal- Provide firm-fixed pricing for County Pool and each of the requested Special Funds. Pricing must be inclusive of all personnel costs, administrative overhead, meetings, travel, etc. to perform the requested tasks in this RFP. Include separate pricing for the minimum and preferred work requirements stated in Section I under Scope of Work.
  - 4) Exhibit "D" Previous Customer References – Provide a minimum of three (3) customer references for whom you have performed a service similar in size and scope within the last five (5) years. Preferably for government agencies or major public sectors.
    - a. Detail your firm's experience in providing the services requested herein for similar customers of similar size, with dates of performance and or completion, customer name, contact period and telephone number.
    - b. List shall include two (2) current and one (1) previous client who can provide reference for your work as financial advisor.
    - c. A description of your firm's relationships for the past (3) years including the dollar amount and type of investments under management.
  - 5) Exhibit "E" Signature Page – Signature of authorized representative attesting bidder understands and agrees to RFP including the offer remains valid for 60 days after the date of submission. (County provided form)
  - 6) Exhibit "F" Non-Collusion & Non-Conflict of Interest Statement - Proposals shall certify the offeror has not colluded in preparation of this proposal. (County provided form)
  - 7) Exhibit "G" Response Content Checklist- Checklist of all required exhibits for proposal submission. (County provided form)



April 26, 2024

# County of Yolo

Proposal for Investment Advisory Services

**NOT FDIC INSURED :  
NO BANK GUARANTEE :  
MAY LOSE VALUE**

For Institutional Investor or  
Investment Professional Use  
Only – This material is not for  
inspection by, distribution to, or  
quotation to the general public

---

PFM Asset  
Management LLC

1 California Street, Suite 1000  
San Francisco, CA 94111

415.393.7259  
**[pfmam.com](http://pfmam.com)**

# County of Yolo

April 26, 2024

Proposal for Investment Advisory Services

Bid #GSDRFPKK2439

## Table of Contents

- I. Required Proposal Submittals ..... 1
  - Exhibit “A” Proposal Transmittal Letter ..... 1
  - Exhibit “B” Proposal Qualification & Experience..... 6
  - Exhibit “C” Cost Proposal..... 13
  - Exhibit “D” Previous Customer References ..... 14
  - Exhibit “E” Signature Page..... 31
  - Exhibit “F” Non-Collusion & Non-Conflict of Interest Statement ..... 32
  - Exhibit “G” Response Content Checklist..... 33
- XI. Appendices ..... 34
  - A. Form ADV Parts 2A and 2B..... 35
  - B. Resumes of Key Professionals..... 36
  - C. U.S. Bank Annual Report and Financial Statements..... 37
  - D. PFMAM’s Thought Leadership ..... 38
  - E. Sample Reports ..... 39
    - i. Sample Monthly Portfolio Strategy Report ..... 40
    - ii. Sample Monthly Statement ..... 41
    - iii. Sample Quarterly Report..... 42
    - iv. Sample Quarterly FOC Presentation..... 43
  - F. PFMAM’s Proposed Exceptions ..... 44



1 California Street, Suite 1000  
San Francisco, CA 94111

PFM Asset Management LLC  
415.393.7259 | [pfmam.com](http://pfmam.com)

**NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE**

### About PFM Asset Management

PFM Asset Management LLC ("PFMAM") is an investment adviser registered with the U.S. Securities and Exchange Commission ("SEC") and a subsidiary of U.S. Bancorp Asset Management, Inc. ("USBAM"). USBAM is a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM.

For more information regarding PFMAM's services or entities, please visit [www.pfmam.com](http://www.pfmam.com)

***NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE***

### Confidential Information

This proposal includes data that shall not be disclosed outside the government and shall not be duplicated, used, or disclosed-in whole or in part for any purpose other than to evaluate this proposal. If however, a contract is awarded to this offeror as a result of, or in connection with, the submission of this data, the government shall have the right to duplicate, use, or disclose the data to the extent provided in the resulting contract. This restriction does not limit the government's right to use information contained in this data if it is obtained from another source without restriction. The data subject to this restriction are contained on pages clearly marked as Confidential. This data is submitted with the expectation that it will be treated as confidential proprietary information.



April 26, 2024

Keely Mendes  
 RFP Coordinator  
 County of Yolo  
 120 W. Main Street, Suite G  
 Woodland, CA 95695

RE: Request for Proposal (“RFP”) for Investment Advisory Services, Bid #GSDRFPKK2439

Dear Keely:

On behalf of PFM Asset Management LLC (“PFMAM”), we are pleased to submit this proposal to continue providing investment advisory services to Yolo County (the “County”). We have had the privilege of collaborating with the County since 1998 and hope that we have exceeded your expectations in developing and implementing an investment program focused on achieving the County’s long-term investment objectives. During this time, we have added value to the County’s portfolios through diversification and benchmark outperformance, while helping to protect the County from unexpected risks and adverse outcomes. We believe the benefit of our management was most noteworthy during the financial crisis when the portfolios experienced no principal losses. Since 2009, the County’s Treasury Pool portfolio **has earned more than \$39.6 million in total earnings** and, since inception, has generated significant outperformance over its benchmark. Our partnership with the County has always included an established team of experienced senior investment professionals. We have provided, and we commit to continuing to provide, the County with extensive resources in portfolio management, accounting, client service, and compliance to support the County’s scope and needs.

Below, we reference and respond to the County’s requirements for the Proposal Transmittal Letter (Exhibit “A”).

**a. Name and address of Proposer**

PFM Asset Management LLC  
 1 California Street, Suite 1000  
 San Francisco, CA 94111

**b. A statement that the proposal is in response to this Request for Proposal (RFP).**

We are responding to the County of Yolo’s RFP for investment advisory services, Bid #GSDRFPKK2439.

**c. A commitment to perform work as stated in the RFP.**

As we hope we have demonstrated throughout our long-term relationship with the County, PFMAM is committed to providing all of the required services listed in the RFP. We understand that the funds we manage for the County are taxpayer dollars, the stewardship of which is imperative to provide services to the County’s residents and agencies within the County.

**d. A statement affirming the Proposer meets minimum qualifications stated in this RFP and why Proposer believes they are best qualified to perform the work under the following categories: Technical Specifications/Minimum Work Requirements, Vendor Minimum Requirements, and Preferred Additional Specifications.**

PFMAM meets or exceeds the minimum qualifications as outlined in the RFP. We believe the following factors differentiate PFMAM and demonstrate how we add value to the County and confirm



1 California Street, Suite 1000  
 San Francisco, CA 94111

PFM Asset Management LLC  
 415.393.7259 | [pfmam.com](http://pfmam.com)

County of Yolo

April 26, 2024

Page 2

that we are the team best suited to continue providing investment advisory services to the County. Further detail as to how we will fulfill each requirement can be found in Exhibit D, item a.

- ▶ **Holistic Investment Program Design.** Since the very beginning, we have customized an investment program that we believe has produced consistent performance against the established benchmark while helping to ensure that the County's primary objectives of safety of principal and providing sufficient liquidity remain at the forefront. We helped the County create an effective investment policy that not only articulates clear objectives, but also establishes appropriate risk controls, and which is updated annually to adapt to market changes. Our analysis of the County's cash flows provided the basis for investing more funds longer term over time to enhance long-term returns. We helped establish an appropriate benchmark for the Treasury Pool portfolio so the County can assess the success of its investment program and value added by PFMAM as its investment advisor, and updated that benchmark as the structure of the portfolio changed. We provide the County with comprehensive and customized reporting to provide information and transparency to County staff, the Board of Supervisors, the Financial Oversight Committee ("FOC"), and other stakeholders.
- ▶ **Adaptive Portfolio Management.** PFMAM is a relative value-based, active manager. We never rest on our laurels—we continuously review holdings in the portfolio, looking for opportunities to enhance return. We also assess the portfolio's duration relative to the benchmark duration, and assess relative value among permitted sectors, to help the portfolio outperform its benchmark, without sacrificing safety. We have managed the County's portfolios since 1998 using a flexible strategy that successfully navigated a wide range of market conditions.
- ▶ **Strong Performance.** Since the inception of our relationship, the County's Treasury Pool portfolio has delivered an average annual return of 2.75%, which is 0.60% higher than the average return of the County's market-based benchmark for the same period.<sup>1</sup>

## I. Vendor Minimum Requirements

- a. **Be an independent investment advisor, registered as such with the Securities and Exchange Commission (SEC) or the State of California, and not a broker/dealer.**

PFMAM is a registered investment advisor under the Investment Advisor's Act of 1940. A copy of our Form ADV, Parts 2A and 2B, is included in Appendix A.

- b. **Have a minimum of five years' experience in providing investment advisory services to public agencies.**

We have been providing investment advisory services to local governments for 44 years. PFMAM has served California public agencies for 35 years, gaining extensive knowledge of California Government Code ("Code") and the investment operations of counties. In California, we provide discretionary portfolio management for more than 150 clients with \$44.6 billion in

<sup>1</sup> Benchmark is currently the ICE BofA 1-5 Year Gov/Corp A-AAA U.S. Issuers Index; from December 31, 2020 to June 30, 2021, it was the ICE BofA 1-5 Year U.S. Treasury Index; from September 30, 2017 to December 31, 2020, it was the ICE BofA 0-5 Year U.S. Treasury Index; from inception to September 30, 2017 it was a combination of the 3-Month U.S. Treasury Index and the 1-3 Year U.S. Treasury Index.



County of Yolo

April 26, 2024

Page 3

fixed income assets. Of that amount, we manage \$8.9 billion for 10 counties through individual, customized portfolios.<sup>2</sup>

- c. Have no record of unsatisfactory performance as evidenced by complaints filed with the SEC, the National Association of Securities Dealers (NASD), or any other federal or state agency with jurisdiction over the services provided by the firm.**

From time to time, U.S. Bancorp and its affiliates, including PFM Asset Management, LLC, (hereafter, “the Company”) are subject to various regulatory examinations, inquiries and investigations (hereafter, “matters”) by bank regulators as well as other government agencies. The Company does not currently believe that the ultimate resolution of any existing matter will have a material adverse effect on the financial condition of the Company or of the Company's ability to perform in connection with this RFP. Such matters and other interactions with government agencies often are highly confidential and we may thus be limited in our ability to disclose detailed information. Nevertheless, for further information regarding certain current matters, please see our most recent 10-K and 10-Q.

Federal law prohibits the bank from disclosing confidential supervisory information from its banking regulators (e.g., OCC, FRB, CFPB) without permission, which may include communication relating to examination of records, reports, and supervisory findings.

- d. Disclose in the proposal all pending or current litigations, in which the firm, or any employee has been involved within the last five years.**

At any given time, including the present, PFM Asset Management, LLC and its parent entity, U.S. Bank National Association (“U.S. Bank”) is involved in disputes and litigation which normally occur in banking operations and which often involve claims for money damages or injunctive relief. These pending cases are generally not considered unusual in number or amount, and, based on past experiences in similar litigation, should not have a material adverse effect on the financial position of U.S. Bank nor impact the delivery of banking services to the County. As a practice, U.S. Bank does not comment on pending litigation except as set forth in the public filings of U.S. Bancorp, U.S. Bank's parent corporation. For information about the material litigation of U.S. Bancorp and its subsidiaries, please refer to our most recent annual report.

- e. Not have custody or possession of any pooled funds or securities. All securities and funds placed under the management of the Investment Advisor shall be held in the name of the County, and in the custody of the County's Safekeeping Agent/Third- Party Custodian.**

As an independent investment advisor, PFMAM does not provide custodial services or security safekeeping. Our clients' investments are held with the client's third-party custodian under a separate contract between the client and custody bank.

<sup>2</sup> All statistical data as of December 31, 2023.



County of Yolo

April 26, 2024

Page 4

- f. **Not profit from commissions or transactions placed with any broker or dealer or through any affiliate; nor discriminate purposely against the County, either in the recommendations and investment advice given to, or in transactions executed on behalf of, the County.**

The fees assessed by PFAM are based solely upon assets under management (“AUM”).

- e. **A statement showing proposer’s understanding of the County’s goals and intention.**

As the County’s investment advisor for the past 26 years, PFAM has an in-depth understanding of the County and its specific needs, constraints, goals, and objectives. We have helped the County advance every aspect of its investment program by working closely to:

- ▶ Clearly define, embody, and incorporate the investment objectives of safety, liquidity and return into every aspect of its investment program.
- ▶ Operate with a culture of compliance, ethics, and transparency.
- ▶ Understand that our primary role is stewardship of the County’s treasury pool and designated special funds.
- ▶ Understand the County’s seasonal liquidity needs and cash flow patterns, and the unique purpose and needs of each special fund.
- ▶ Implement a successful long-term investment program.
- ▶ Do the research, analysis, and due diligence necessary as we seek to safely maximize return on investment for the benefit of the County and its constituents.

The County is entrusted with keeping safe the assets of the County’s many pool participants. We bear that same fiduciary responsibility and that same sense of responsibility as “custodians of the public trust.”

- f. **Any uniquely specific information the offeror wishes to highlight pertaining the to the scope of work in the RFP**

The County can be assured that we have the capabilities and resources to successfully address the RFP’s scope of work. We would like to highlight the following qualities that we believe are unique to PFAM:

- ▶ We have been fortunate to have a **longstanding partnership with the County**. Over the past 26 years, we have worked closely with the County and helped its investment program evolve and adapt to changes in interest rates at the County’s comfort level. Since the beginning of our relationship, we have been proactive in bringing new ideas for the portfolios. We are excited about the next chapter of the County’s investment program and to continue providing fresh ideas and investment strategies. Additionally, we remain committed to providing the accounting, reporting, and general financial resources that the County has utilized in the past to generate efficiencies and savings. We feel well-positioned to help ensure that the County’s objectives will continue being met, by providing continuity, transparency with respect to strategy implementation, trade execution and reporting.
- ▶ The **technical resources** to model and manage the most complex aspects of the engagement, such as the specialized knowledge necessary to manage the Ceres Account which is governed by complex arbitrage and tax compliance rules, the Cache Creek and Demeter Funds which



County of Yolo

April 26, 2024

Page 5

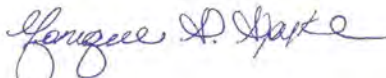
function as long-term endowments, and the Landfill Closure Trust Fund which incorporates an inflation hedging aspect into its strategy.

- ▶ An extensive **credit review process** built upon our own independent, in-depth analysis of issuers—a process that helped to keep our clients out of the headlines during the 2007-8 credit crisis by avoiding financially unstable issuers and which continues to support the effective use of credit and structured (asset-backed and mortgage backed) securities in the portfolios.
- ▶ **Leadership** in national and statewide organizations such as the Government Finance Officers Association (“GFOA”), the Association of Public Treasurers of the United States and Canada (“APT US&C”), the California Municipal Treasurers Association (“CMTA”) and the California Society of Municipal Finance Officers (“CSMFO”), as well as participation in national regulatory and legislative organizations that help us keep clients informed of important or proposed changes in the municipal finance and investment industries.

We enjoy working with the County and are proud of the results we have achieved together. We are confident that our extensive experience with the County, responsive and long-tenured project team and, most importantly, our stewardship of County funds demonstrate our commitment to the County’s success. We look forward to continuing our partnership with the County. Should you have any questions about our proposal, please contact us.

Thank you for your consideration of our proposal.

Sincerely,



Monique Spyke  
Managing Director  
PFM Asset Management LLC



Kenneth Schiebel, CFA  
Chief Investment Officer  
PFM Asset Management LLC





## Exhibit “B” Proposal Qualification & Experience

Provide evidence of the Proposer’s experience and qualification in providing services similar to those stated in this RFP.

- a. A statement of the firm’s experience and qualifications to meet the requirements of the County as outlined herein. Include a general overview and history of your company, number of years in business, number of employees, type of business, and where you do business.

### General Overview and Experience

We have been providing investment advisory services to local governments for 44 years. PFMAM is a leading provider of independent investment advisory services to public entities and other institutional investors with **\$229.8 billion in total assets**, including \$176.3 billion in discretionary AUM and \$53.4 billion in non-discretionary assets under advisement (“AUA”), as of December 31, 2023. In California, we manage or advise on \$76.7 billion in public-sector assets for more than 170 clients. This includes non-discretionary advisory services for \$30.3 billion of county funds, as well as direct management of \$8.9 billion for approximately 10 California counties. Since 1989, we have also served as the investment advisor to the California Asset Management Program (“CAMP®”),<sup>3</sup> a California joint powers authority that operates a local government investment pool (“LGIP”) for California public entities with more than 300 investors, including 43 of California’s 58 counties as of December 31, 2023. We manage operating funds, capital funds, reserve funds, and bond proceeds for governmental and other public entities across the country, and we believe that our professionals’ successful management of high-quality assets is evidenced by a number of major accomplishments, including:

- ▶ Pioneering the nation’s first grassroots LGIP in 1981;
- ▶ Successfully protecting our client assets during the 2007-2009 financial crisis and 2020-2021 pandemic without a loss of principal due to default or bankruptcy;
- ▶ Adopting the CFA Institute’s Global Investment Performance Standards (“GIPS®”) in 2003;
- ▶ Surpassing \$200 billion of public funds under management and advisement in 2022;
- ▶ Actively participating in government organizations like the GFOA, CalCCA, CSMFO, the California Special Districts Association (“CSDA”), the Association of California Water Agencies (“ACWA”), and the CMTA;

<sup>3</sup> CAMP® is a registered trademark and the CAMP logos and designs are trademarks owned by the California Asset Management Trust (Trust). This information is for institutional investor use only, not for further distribution to retail investors, and does not represent an offer to sell or a solicitation of an offer to buy or sell any fund or other security. Investors should consider the Trust’s investment objectives, risks, charges and expenses before investing in the Trust. This and other information about the Trust is available in the Trust’s current Information Statement, which should be read carefully before investing. A copy of the Trust’s Information Statement may be obtained by calling 1-800-729-7665 or is available on the Trust’s website at [www.camponline.com](http://www.camponline.com). While the Trust seeks to maintain a stable net asset value of \$1.00 per share, it is possible to lose money investing in the Trust. An investment in the Trust is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Shares of the Trust are distributed by **PFM Fund Distributors, Inc.**, member Financial Industry Regulatory Authority (“FINRA”) ([www.finra.org](http://www.finra.org)) and Securities Investor Protection Corporation (“SIPC”) ([www.sipc.org](http://www.sipc.org)). PFM Fund Distributors, Inc. is a wholly-owned subsidiary of PFM Asset Management LLC.



- ▶ Helping develop GFOA Best Practices related to investing public funds through membership on the GFOA's Committee on Treasury and Investment Management; and
- ▶ Maintaining an unblemished record of ethics and integrity.

Our fixed income investment services include:

- ▶ Fixed income portfolio management
- ▶ Customized strategy development and recommendations
- ▶ Cash flow analysis
- ▶ Benchmark development and selection
- ▶ Portfolio compliance tracking
- ▶ Monthly and quarterly performance reporting
- ▶ Investment education for finance staff and board committee members
- ▶ Broker-dealer due diligence and relations
- ▶ Economic and interest rate analysis
- ▶ Formal and informal meetings to review strategy, performance, or market conditions
- ▶ Bond proceeds strategies, including arbitrage rebate services<sup>4</sup>

### **Firm History**

PFMAM's predecessor firm was founded in 1978 to provide independent financial advisory services to the public sector. We began providing investment advisory services in 1980. These services have grown to include timely, market-driven portfolio management, bond proceeds reinvestment, portfolio design and accounting, as well as related services, such as arbitrage rebate calculation. In 2001, PFM Asset Management LLC was created as the entity through which we provide investment advisory services. PFMAM is headquartered in Harrisburg, Pennsylvania, and is an SEC-registered investment adviser. All fixed income investment and operations functions are directed from this location, along with legal, risk, compliance, marketing and client support. We have nearly 300 employees located in 24 offices nationwide as of December 31, 2023.

In December 2021, PFMAM was purchased by U.S. Bancorp Asset Management ("USBAM"), a subsidiary of U.S. Bank. PFMAM is a direct subsidiary of USBAM, which is a direct subsidiary of U.S. Bank. USBAM and U.S. Bank are, respectively, indirect and direct subsidiaries of U.S. Bancorp.

After PFMAM became a division of USBAM, the majority of our leaders and professionals remained in place to provide investment management, client service and day-to-day administration. Ken Schiebel, CFA, a 30-year PFMAM veteran and who has worked closely with the County throughout our engagement, assumed the chief investment officer ("CIO") role.

---

<sup>4</sup> Services provided under a separate contract with separate fees.



As part of U.S. Bank, we believe one of the primary benefits to our clients is an elevation of our additional resources, access to capital and the broad array of U.S. Bank’s products, services and robust technology. For our clients who also use U.S. Bank as their custodian, our affiliation provides operational efficiencies while also helping to ensure appropriate information barriers to facilitate fully independent and segregated oversight of client assets.


**Type of Business**

The range of PFMAM’s investment strategies reflects the various needs of our clients and our desire to be a comprehensive resource for them. PFMAM serves only institutional clients. We primarily seek public/governmental accounts of municipalities, counties, special districts, and joint powers authorities. Our customized approach means that we are able to cater our services to each client’s unique needs and preferences while adhering to our overarching goals of maintaining the safety and liquidity of each client’s underlying investments. We offer a wide array of investment management and consulting services. We assist our clients in managing liquid funds, intermediate-term high-quality fixed income funds for general operating and reserves, and longer-term funds, like endowments, pensions and other post-employment benefits (“OPEB”).

- b. Provide a list of key officials who would be assigned to work with the County and submit statements or resumes detailing their qualifications.

**The County’s Engagement Team**

We believe that a team approach best serves our clients, and we will continue to provide the County with an experienced team of senior-level professionals to manage the County’s portfolio and provide a high level of client service. Our proposed team is committed to provide the County with a high level of service. We have appointed Managing Director **Monique Spyke** to oversee the County’s engagement. **Michael Kronbetter** will continue to act as relationship manager to the County, with Senior Analyst **Allison Kaune** providing day-to-day support. Michael and Allison will be supported by senior members of our portfolio strategy and portfolio management groups, as well as our accounting and compliance groups. **Joseph Creason, CFA**, Director and Senior Portfolio Manager will continue to manage the County’s portfolios and provide regular strategy updates. Our Portfolio Strategies Group (“PSG”) will also continue to be involved in the County’s engagement, participating on monthly strategy calls. They are also available by phone and email as an additional resource to answer client questions or forward inquiries to the appropriate subject matter expert at PFMAM. Detailed Resumes are included in Appendix B.

Name and Title, Proposed Role, Education, and Professional Designations or Licenses	Areas of Responsibility
 <p><b>Monique Spyke</b> <i>Managing Director and Head of PFMAM's California Region</i></p>	<p><b>21 Years with PFMAM   21 Years of Experience</b></p> <ul style="list-style-type: none"> <li>▶ Serves agencies in California where her primary focus is the development and implementation of investment strategies for operating funds and bond proceeds related accounts</li> </ul>



Name and Title, Proposed Role, Education, and Professional Designations or Licenses	Areas of Responsibility
<p><b>Proposed Role:</b> Relationship Manager</p> <p><b>Education:</b> B.A. in Economics and African American Studies, Smith College</p> <p><b>Professional Designations or Licenses:</b> Financial Industry Regulatory Authority (“FINRA”) Series 6 and 63 Licenses</p>	<ul style="list-style-type: none"> <li>▶ Possesses expertise in all applicable sections of Code that regulate the investment activities of California local governments</li> <li>▶ Served on the 2022 and 2023 working committee to review and update the guidelines for Local Agency Investment Guidelines (“LAIG”)</li> <li>▶ Frequent speaker at industry conferences including the California Association of County Treasurers and Tax Collectors (“CACTTC”), CDIAC, CMTA, and CSMFO</li> </ul>
 <p><b>Allison Kaune</b> <i>Senior Analyst</i></p> <p><b>Proposed Role:</b> Day-to-Day Relationship Manager</p> <p><b>Education:</b> B.A. in American History, University of Iowa</p> <p><b>Professional Designations or Licenses:</b> FINRA Series 6 and 63</p>	<p><b>18 Years with PFMAM   18 Years of Experience</b></p> <ul style="list-style-type: none"> <li>▶ Has worked with the County since 2017</li> <li>▶ Provides day-to-day client service for the County and assist in coordinating services between other engagement team members</li> <li>▶ Manages client relationships for public agency clients located throughout California and the western United States</li> <li>▶ Provides investment performance analysis, cash flow modeling, optimized portfolio structuring, economic research and investment policy evaluation</li> <li>▶ Clients included public entities in the Western United States and non-profit organizations, including Monterey County, Tulare County, Plumas County, and Glenn County<sup>5</sup></li> </ul>
 <p><b>Michael Kronbetter</b> <i>Client Relations Manager</i></p> <p><b>Proposed Role:</b> Backup Relationship Manager</p> <p><b>Education:</b> B.A. in Organizational Communication and Advertising, Purdue University</p>	<p><b>&lt;1 Year with PFMAM   21 Years of Experience</b></p> <ul style="list-style-type: none"> <li>▶ Will provide day-to-day services and assist in coordinating services between other engagement team members</li> <li>▶ Coordinates and communicates investment strategy, market conditions and portfolio performance with various PFMAM teams, including strategy, analytics and economics</li> <li>▶ Joined PFMAM from within U.S. Bank, where he managed the credit, treasury and depository needs of middle-market commercial banking clients in California</li> </ul>

<sup>5</sup> Add client disclaimer



Name and Title, Proposed Role, Education, and Professional Designations or Licenses	Areas of Responsibility
	<ul style="list-style-type: none"> <li>▶ Prior to U.S. Bank, he spent over 14 years developing and managing institutional investor relationships as a Vice President of Fixed Income Sales at Wells Fargo Securities</li> <li>▶ Clients included public entities in the Western United States as well as corporations and non-profit organizations managing portfolios of investment-grade securities</li> </ul>
 <p><b>Kenneth Schiebel, CFA</b> <i>Managing Director and Chief Investment Officer</i></p> <p><b>Proposed Role:</b> Chief Investment Officer</p> <p><b>Education:</b> B.A. in Mathematics and Computer Science, University of Michigan</p> <p>Executive Education Behavioral Finance, Harvard University, John F. Kennedy School of Government</p> <p><b>Professional Designations or Licenses:</b> Chartered Financial Analyst (“CFA”) FINRA Series 7 and 63</p>	<p><b>30 Years with PFMAM   43 Years of Experience</b></p> <ul style="list-style-type: none"> <li>▶ Worked with the County since inception</li> <li>▶ Provides portfolio oversight for PFMAM’s clients</li> <li>▶ Previously served as co-head of PFMAM’s PSG, and led a team of portfolio managers, traders and research staff, responsible for the management of the fixed-income separate account business</li> <li>▶ Chair of PFMAM’s Investment Committee and a member of the Credit Risk Management Committee</li> <li>▶ Speaks at numerous industry conferences, workshops and seminars</li> <li>▶ Has worked with many California public agencies over years, including San Bernardino County, Tulare County, Orange County Transportation Authority and the City and County of San Francisco<sup>6</sup></li> </ul>
 <p><b>Joseph Creason, CFA</b> <i>Director and Senior Portfolio Manager</i></p> <p><b>Role:</b> Lead Portfolio Manager</p> <p><b>Professional Designations or Licenses:</b> CFA</p>	<p><b>24 Years with PFMAM   24 Years of Experience</b></p> <ul style="list-style-type: none"> <li>▶ Worked with the County since 2000</li> <li>▶ Oversees the management of the County’s portfolio to help ensure it meets the County’s customized investment strategies</li> <li>▶ Manages high-quality fixed income assets for clients nationwide; AUM include bond proceeds and operating funds</li> <li>▶ Develops and implements portfolio strategies across PFMAM’s managed separate accounts</li> </ul>

<sup>6</sup> Add client disclaimer



Name and Title, Proposed Role, Education, and Professional Designations or Licenses	Areas of Responsibility
 <p><b>Christopher Harris,</b> <b>CFA, CAIA</b> <i>Director and Head of PFMAM's PSG and SPG</i></p> <p><b>Proposed Role:</b> Portfolio Strategy Oversight</p> <p><b>Education:</b> B.A. in Economics, Dickinson College M.S. in Financial Mathematics, Johns Hopkins University</p> <p><b>Professional Designations or Licenses:</b> CFA Chartered Alternative Investment Analyst ("CAIA")</p>	<p><b>16 Years with PFMAM   16 Years of Experience</b></p> <ul style="list-style-type: none"> <li>▶ Oversees the portfolio's investment strategy and provides subject matter expertise</li> <li>▶ Leads PSG's efforts in the investment strategy development process for many PFMAM client relationships similar to the County</li> <li>▶ Member of the firm's Investment Committee and Credit Risk Management Committee</li> <li>▶ Will help devise a customized, innovative portfolio strategy designed to meet the County's specific investment needs</li> <li>▶ Leads SPG and specializes in the reinvestment of bond proceeds and has provided investments advisory services on more than \$200 billion of related assets</li> </ul>
 <p><b>Jeremy King</b> <i>Key Account Manager</i></p> <p><b>Proposed Role:</b> Client Service</p> <p><b>Education:</b> B.S. in Finance, Pennsylvania State University</p> <p><b>Professional Designations or Licenses:</b> FINRA Series 6 and 63 Licenses</p>	<p><b>11 Years with PFMAM   18 Years of Experience</b></p> <ul style="list-style-type: none"> <li>▶ Serves in PFMAM's Client Services Group, where he provides a "high touch, high value" experience, whatever the client's additional needs may be</li> <li>▶ Coordinates the efforts of the customer service team in everyday functions such as client administration, onboarding, and marketing support</li> <li>▶ Previously worked as a brokerage associate providing comprehensive banking services to clients, and as a senior financial manager working with banks to negotiate and structure contracts in addition to reviewing with customers their contracts and financing options</li> </ul>
 <p><b>Leo Karwejna</b> <i>Managing Director and Chief Compliance Officer</i></p>	<p><b>13 Years with PFMAM   25 Years of Experience</b></p> <ul style="list-style-type: none"> <li>▶ Assists our professionals with specific compliance advisory guidance and leads the firm's efforts to develop, maintain, and monitor firm-wide compliance with policies, procedures, and regulatory requirements</li> </ul>



Name and Title, Proposed Role, Education, and Professional Designations or Licenses	Areas of Responsibility
<p><b>Proposed Role:</b> Compliance Oversight</p> <p><b>Education:</b> B.S. in Finance, St. Joseph's University J.D., Temple University School of Law</p> <p><b>Professional Designations or Licenses:</b> FINRA Series 7 and 66 Licenses</p>	<ul style="list-style-type: none"> <li>▸ Serves as an Arbitrator within the FINRA Dispute Resolution Services program for securities-related issues among the investing public and/or industry participants</li> </ul>

**c. Financial experience:**

- I. Provide the following financial information: A current credit rating from Dun & Bradstreet, Supplier Qualifier Report (formerly named Supplier Evaluation Report.) For information on how to obtain such a report contact Dun & Bradstreet at (866) 719-7158 or www.dnb.com.**

PFMAM does not have a Dun & Bradstreet (“D&B”) nor a credit report available for distribution, as we are an affiliate of U.S. Bank. We provide the U.S. Bancorp D&B identification number should the County wish to obtain this report for our parent company. D&B ID: U.S. Bancorp = 006213482

- II. The last three years of audited financial statements (in US dollars) of your company, including indication of who audited the statements.**

We include the last three years of audited financial statements in Appendix C.

**Proposer must provide sufficient information, to enable the County to determine that the proposer’s financial health and capability are sufficient to meet the anticipated contractual and usage requirements of any resulting agreement. The County is the sole judge for making such a determination.**

We include the U.S. Bank annual report, which contains the U.S. Bank financial statements, in Appendix C. We believe this shows we are, through our parent company, appropriately capitalized to meet the anticipated contractual and usage requirements of any resulting agreement.

- d. Provide a statement noting whether your firm has or has not been debarred from any government agency. If yes, please explain.**

PFMAM has not been debarred from any government agency.

- d. Provide a statement noting whether or not your company has ever defaulted on a contract. If yes, explain where and why.**

PFMAM has not defaulted on a client contract within the last ten (10) years.



**e. State whether or not there has been a claim filed against your company in court or arbitration concerning your company’s work on a project within the last five years. If yes, please explain.**

At any given time, including the present, PFM Asset Management, LLC and its parent entity, U.S. Bank is involved in disputes and litigation which normally occur in banking operations and which often involve claims for money damages or injunctive relief. These pending cases are generally not considered unusual in number or amount, and, based on past experiences in similar litigation, should not have a material adverse effect on the financial position of U.S. Bank nor impact the delivery of banking services to the County. As a practice, U.S. Bank does not comment on pending litigation except as set forth in the public filings of U.S. Bancorp, U.S. Bank’s parent corporation. For information about the material litigation of U.S. Bancorp and its subsidiaries, please refer to our most recent annual report.

**Exhibit “C” Cost Proposal**

**Provide firm-fixed pricing for County Pool and each of the requested Special Funds. Pricing must be inclusive of all personnel costs, administrative overhead, meetings, travel, etc. to perform the requested tasks in this RFP. Include separate pricing for the minimum and preferred work requirements stated in Section I under Scope of Work.**

PFMAM strives to charge fees that are commensurate with our scope of services and the complexity of work performed. We believe that the proposed fee schedule recognizes our current partnership with the County as well as the unique quantitative and qualitative resources that we bring to the relationship. The proposed fee schedule would be applied to all of the County’s AUM, excluding funds invested in CAMP®. On a portfolio of \$512.4 million (the County’s approximate total AUM as of March 31, 2024), the annual fee is \$213,100 or 4.2 basis points (0.042%).

Assets Under Management	Annual Fee
\$0 to \$100 million	6 basis points (0.06%)
\$100 million to \$200 million	4.5 basis points (0.045%)
\$200 million to \$400 million	4 basis points (0.04%)
\$400 million to \$1 billion	2.5 basis points (0.025%)
Assets above \$1 billion	1.5 basis points (0.015%)

*Minimum annual fee of \$40,000 applies to all accounts.*

***If the County’s decision comes down to fees, please reach out to us for further discussion.***

The proposed fee schedule cover all of our normal costs, including travel and out-of-pocket expenses. We propose to bill the County on a monthly basis on the average AUM for the month.

The only compensation PFMAM will receive for this engagement will be the fees described above. We do not maintain an inventory from which we sell securities to our clients. All transactions are executed through a competitive bidding process. PFMAM does not receive any brokerage fees, referral fees, origination fees,



inventory mark-up, trading spreads, commissions, or any other source of income. Furthermore, we do not participate in any “soft-dollar” arrangements with any brokers, nor do we have any business relationships that could be perceived as affecting the objectivity of our advice

## Exhibit “D” Previous Customer References

**Provide a minimum of three (3) customer references for whom you have performed a service similar in size and scope within the last five (5) years. Preferably for government agencies or major public sectors.**

- a. Detail your firm’s experience in providing the services requested herein for similar customers of similar size, with dates of performance and or completion, customer name, contact period and telephone number.**

In California, we provide discretionary portfolio management for more than 150 clients with \$44.6 billion in fixed income assets. Of that amount, we manage \$8.9 billion for 10 counties through individual, customized portfolios.<sup>7</sup>

Our experience providing the services sought by the County dates back to 1998. During this time, we have consistently sought out ways to better serve the County’s portfolios as market conditions have evolved. Below we describe our experience as it relates to providing the County’s Technical Specifications/Minimum Work Requirements and Preferred Additional Technical Specifications/Work Requirements.

- ▶ Structuring the portfolio with higher-yielding commercial paper maturities to match the County’s specific payroll payment dates
- ▶ Designing specific strategies for each of the various funds
- ▶ Implementing a creative reverse repurchase agreement strategy in lieu of the more expensive option of issuing bonds
- ▶ Developing and executing strategies for special funds
- ▶ Determining and regularly reviewing the optimal split between liquid funds and those that can be invested longer-term to take advantage of higher yields
- ▶ Recommending investing additional funds Local Agency Investment Fund (“LAIF”) investment or the CAMP® Pool when market conditions favor overnight investments
- ▶ Monitoring yield relationships between various sectors to determine optimal sector allocation
- ▶ Evaluating and periodically changing the benchmark to help ensure it remains in line with the County’s goals and objectives
- ▶ Instituting monthly strategy calls with County staff to keep all parties informed

---

<sup>7</sup> As of December 31, 2023.



Below, we describe our experience as it relates to providing the County's Technical Specifications/ Minimum Work Requirements and Preferred Additional Specifications.

### **Technical Specifications/Minimum Work Requirements**

#### **I. Provide to the Department of Financial Services advice and recommendations with respect to investments and investment policies.**

We meet with the County's finance team monthly to provide detailed updates on market conditions, interest rate changes, and recent portfolio purchases and implementation of strategy. The strategy employed incorporates the County's risk tolerances and objectives and has evolved over the course of our engagement as the County's risk tolerances and preferences have changed. One constant, however, is our focus on safety and diversification in the management of the County's portfolios. Through our management of the County's portfolios, the County's assets have safely weathered a multitude of challenging market conditions, while growing in value.

We annually review the County's investment policy and provide recommendations to the County, as appropriate. Recommendations typically include: edits to address Code changes, clarification of Policy language, edits to increase portfolio opportunities, and edits to increase portfolio safety and diversification.

#### **How We Add Value to the County**

##### *Treasury Pool Portfolio*

We have worked with the County to develop a long-term investment program that has enabled the County to meet its liquidity needs while enhancing the long-term returns of the portfolio. Additionally, with a primary focus on safety, the portfolio has always maintained a high level of credit quality.

Since the start of our partnership, we have worked closely with County staff to understand the goals and objectives of the County's Treasury Pool so that we are able to implement customized investment strategies. These strategies include:

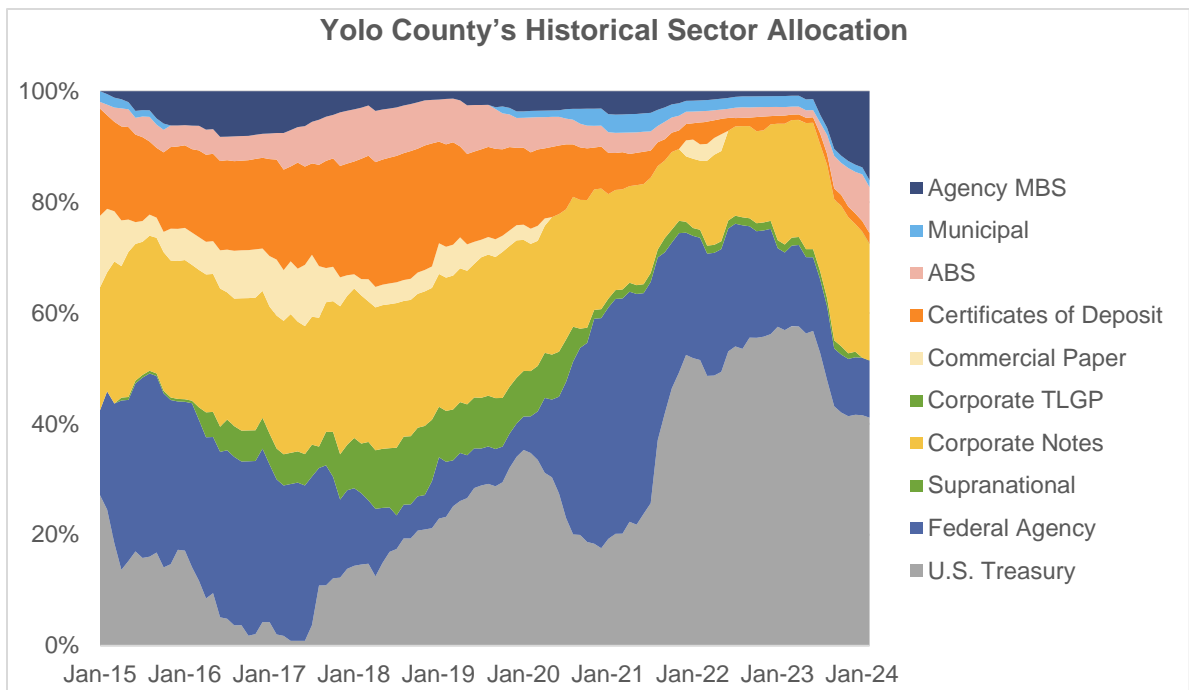
- ▶ **Sector Emphasis and Relative Value Analysis.** As one of the foremost public sector investment managers, we constantly monitor the yield relationships between all permitted investment sectors (e.g., U.S. Treasuries, federal agencies, supranationals, municipals, negotiable certificates of deposit ("CDs"), commercial paper, asset-backed securities, mortgage-backed securities ("MBS"), and corporates), and we select the investments that we believe offer the best relative value. This does not mean we always buy the highest yielding investment, but the investment whose yield best compensates the County for the inherent risks of the investment and can be combined to create diversified portfolios.

Through time, the Treasury Pool portfolio has emphasized different sectors at different times, capitalizing on the investment opportunities specific to that period of time. Our conservative strategy during the 2007-2008 credit crisis protected the County from principal losses due to default—no PFMAM-managed portfolio held Lehman Brothers securities. Then, from 2008 through 2015, we used a range of products and strategies to maximize income during an



extended period of near-zero interest rates. In 2015 and through 2018, we emphasized credit instruments for their incremental yield along what was a very flat yield curve. Then, the market volatility stemming from the COVID-19 pandemic showed the importance and value of our approach which emphasizes safety and liquidity before return. In early 2020, we began increasing the Treasury Pool’s allocation to U.S. Treasuries and federal agencies, as volatility increased sharply, and uncertainty gripped the market. Most recently, over the past several months, we have been moving out of Treasuries and agencies as other sectors—particularly corporate notes and agency MBS—have offered excellent value.

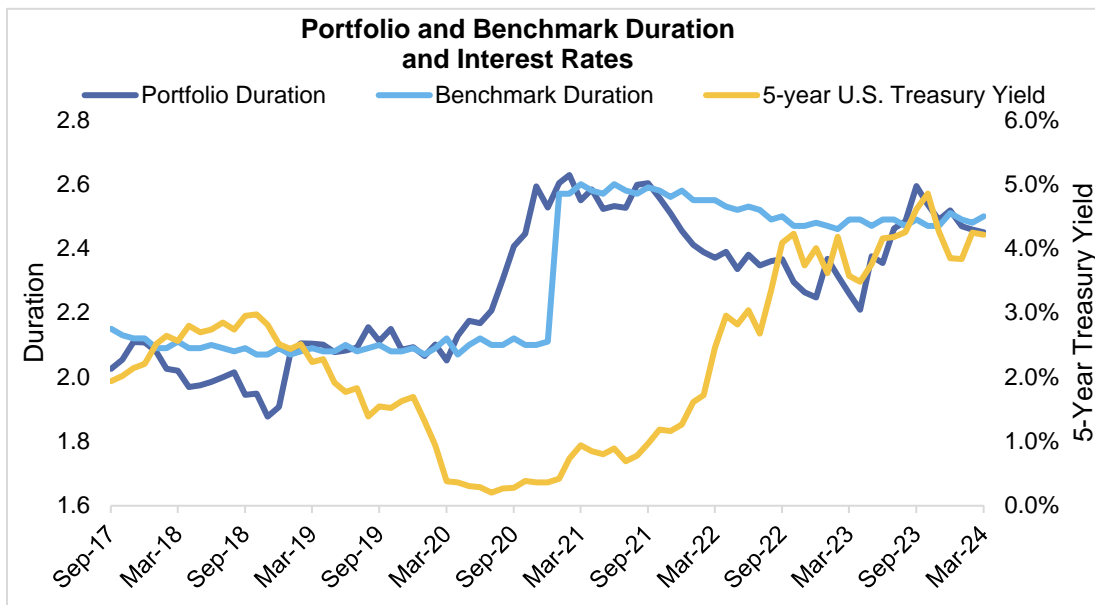
The following chart demonstrates how our active management and focus on relative value have led to broad diversification in the Treasury Pool, allowing us to take advantage of the full range of permitted investments on the County’s behalf.



- **Duration Management.** Throughout our relationship with the County, we have actively managed the duration of the County’s Treasury Pool portfolio in the context of interest rate expectations, anticipated cash flow needs, and the agreed-upon investment strategy. Initially, the County used more of a liability- and liquidity-driven approach, and we even sold securities ahead of the credit crisis to preserve the market value of the County’s liquid assets. As the County’s liquidity concerns eased over the years the portfolio was able to extend and duration management became a key component of the strategy. From 2015 to 2018, we kept the duration of the Treasury Pool shorter, allowing the portfolio to benefit from more frequent and higher reinvestment rates as the Federal Reserve raised rates nine times. With the environment shifting in late 2018, we positioned the portfolio duration more in line with the benchmark. The market



impact of COVID-19 led to new challenges and opportunities for the portfolio. In early 2020, as the Federal Reserve (the “Fed”) was cutting interest rates to support economic growth and to help prevent the COVID-19 health crisis from becoming a financial crisis, we began extending the portfolio’s duration, bringing it to 100% of the benchmark by the end of 2020. The duration strategy changed again in late 2021/early 2022 as the Fed began hiking interest rates. With the Fed on an aggressive tightening path, we reduced the portfolio’s duration. Now, as we enter the second calendar quarter of 2024 and the Fed is most likely finished hiking rates, we have once again extended the duration to be in line with the benchmark duration. The following chart illustrates these changes, in the context of interest rates, over the past seven years.



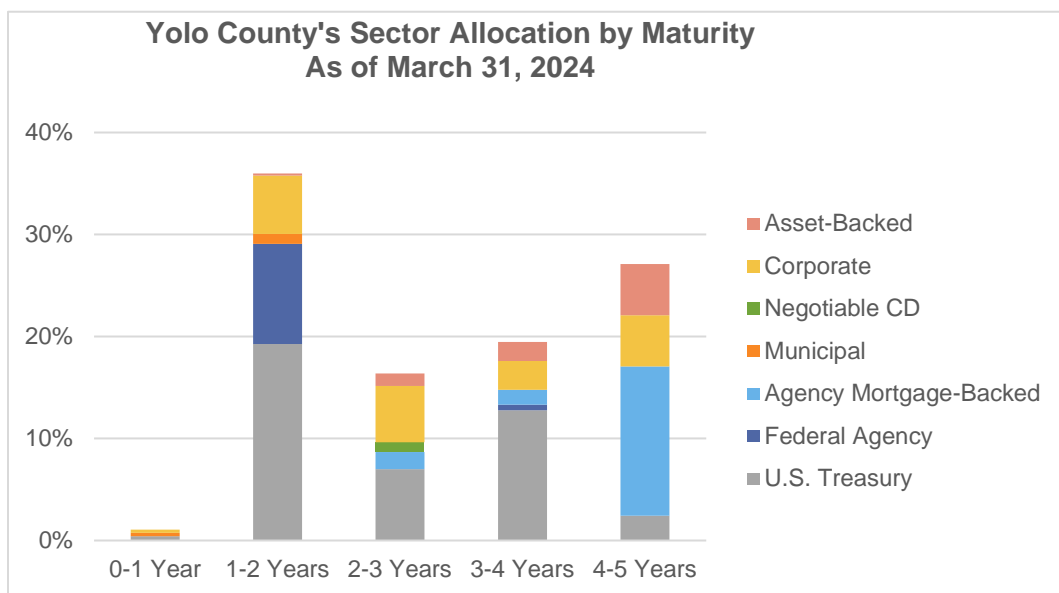
- ▶ **Yield Curve Placement.** Through a series of analytical models, we identify those maturities that offer the greatest value—that is, the most amount of yield or return potential for a given amount of risk. Our analysis includes assessing the impact of extending maturity by evaluating the benefit of both higher initial yields and “roll down”—the tendency of longer maturities to appreciate as they age and shorten in maturity and are re-priced along the yield curve—a powerful force underestimated by most managers.

Because the County has a 1-5 year strategy, most of the securities we purchase have a maturity term of 2 to 5 years, at time of purchase. However, as shown below, the current portfolio is one well diversified by sector and maturity. A majority of the U.S. Treasuries and federal agencies currently in the portfolio—including those maturing within 3 years—were purchased with maturities of 4-5 years, as we frequently find attractive new issue opportunities with favorable yield concessions in these longer maturities.



Asset-backed and agency commercial mortgage-backed securities (“CMBS”) were purchased with original maturities of 3-5 years. These securities have durations that are shorter than their final maturity, helping to reach the portfolio’s target duration, while locking in elevated yield spreads offered by these sectors. We have found Agency CMBS in particular quite valuable because they carry the same federal agency guarantee as traditional notes but can offer 40-plus basis points (0.40%) of incremental yield relative to Treasuries. We have also found that corporate notes offer a wide range of value in maturities of 2 to 5 years, and have made purchases in that maturity range for the portfolio. This includes new issuance with attractive yield concessions relative to comparable securities from by the same issuer trading in the secondary market.

Finally, while the 0-3 year maturity buckets are well diversified currently, original 0-3 year purchases were primarily focused in credit instruments, including corporate notes and negotiable CDs.



- ▶ **Issue Selection.** Yields can vary significantly among issuers or, within the same issuer, among securities with similar maturities. Sometimes this is due to perceived quality differences that need to be carefully analyzed. Other times, it is due to supply differences, pricing inefficiencies, or other market anomalies. We seek securities for clients that are both safe and offer high return potential. Our internal trading tools help us quickly identify and capitalize on pricing inefficiencies, which may result in higher portfolio yields for the County. However, quality always trumps yield in the efforts to seek higher returns.
- ▶ **Active Management.** While every investment is purchased with the potential to hold to maturity, changes in market conditions may present recommendations to add value by selling a security before maturity and reinvesting in another investment. We monitor the markets on an ongoing



basis, looking for opportunities to re-balance the portfolio among sectors and/or maturities that could add value and enhance investment performance.

### **Other Special Funds Investments**

#### *Landfill Closure Trust Account and Cache Creek Account*

Throughout our engagement, the County has sought our advice and management of funds beyond those in the Pool. In 2006, we learned that the County needed to invest funds for a landfill closure with a long-term liability. In 2011 we learned that investments were needed to serve as an environment remediation trust fund, in relation to Cache Creek. The strategies we recommended and implemented for both of these funds are very different from the Treasury Pool, given their very unique objectives and time horizons. As such, we recommended creating separate managed portfolios. Funds in these accounts utilize Treasury Inflation-Protected Securities (“TIPS”), to help neutralize the erosive effect of inflation, and they hold investments with a final maturity longer than five years (these investments were made after receiving approval from the County Board of Supervisors, as required by Code.

Though our regular and frequent communication with the County, we provide and receive updates on these funds to ensure they remain appropriately invested to meet their objectives.

#### *Ceres Account and Demeter Account – Tobacco Settlement Related Funds*

We began managing the County’s Ceres Tobacco Endowment portfolio in 2002 and the Demeter Endowment fund account was opened in 2013. Since the Ceres portfolio includes the proceeds of Tobacco Settlement Receipts (“TSR”), the management of this portfolio required specialized knowledge and resources. The proceeds of TSR bonds must be invested in non-alternative minimum tax (“AMT”) municipals, which are a specific subset of municipal investments. The marketplace for municipal securities is particularly tricky to navigate as it is fragmented and is not always transparent. Different broker-dealers own inventory typically offering small lots which are not widely traded. Consequently, managing a portfolio of tax-exempt securities requires specialized knowledge and experience. We have been engaged by Merced County, Marin County, and Solano County—each county has issued tobacco bonds—to manage the proceeds of their TSR bonds under this restrictive tax rule. We continue to monitor the municipal market and the specific tax-exempt issues in which the County is invested, and in our monthly strategy calls with the County, we give an overview of the municipal market, provide information on any credit rating changes on the portfolio’s holdings, and discuss our investment strategy for the Ceres portfolio.

The Demeter Endowment fund account comprises funds that have been deallocated from the Ceres Tobacco Endowment. Since these are long-term endowment funds, we utilize longer-term securities, longer than the five-year maximum maturity limitation, and we assisted the County with the analysis and presentation of the longer-term investment strategy to the Board of Supervisors. We report on the characteristics and strategy for this portfolio, on each of our monthly strategy calls with the County.



## II. Initiate and execute appropriate transactions for the purchase, sale, or exchange of securities, in compliance with the County Investment Policy and relevant sections of the California Government Code.

Our committee-driven investment decision making, extensive expertise and specialized resources are leveraged to help the County manage its portfolios in a compliant and professional manner. The County's portfolio manager, Joe Creason, CFA, monitors the portfolio daily to look for opportunities to execute transactions that we believe offer opportunities to increase earnings, optimize portfolio duration, improve liquidity, or structure the portfolio to better meet future needs. We only purchase securities from issuers who have been approved by PFMAM's Credit Committee.

We use Bloomberg Asset and Investment Manager ("AIM") to house, monitor and automate investment policy compliance. During the account onboarding process, every client's investment policy is reviewed and investment restrictions of any applicable bond resolution are entered into Bloomberg AIM and independently verified by PFMAM's Compliance Group. All trades are processed through Bloomberg AIM, which applies client investment policy guidelines and limits to pending trades and verifies compliance. Compliance is also verified on a post-trade basis after trade execution. At the end of each day, every one of our firm's managed portfolios is run through an additional compliance check. All exceptions are reported to and addressed by PFMAM's Compliance Group. In addition, post-trade compliance is also confirmed by the following procedures:

- ▶ Portfolio managers and traders review daily holdings reports for each portfolio.
- ▶ All trading activity is regularly reviewed by PFMAM's CIO.
- ▶ Monthly and quarterly client reports can be used to affirm compliance with client guidelines.
- ▶ Investment mandates are monitored through weekly internal portfolio reports that show detailed holdings, sector allocations, and key performance drivers, such as duration. Performance of all accounts is calculated and reviewed weekly relative to market benchmarks; attribution trends are noted and analyzed.

Adherence to investment guidelines is a hallmark of our firm's performance history.

## III. Obtain the best price and terms on all transactions executed on behalf of the County. In this regard, consideration will be given not only to price and professional execution, but also to the availability of the securities, and the settlement capability and reliability of the firm handling the transaction.

We are not a broker-dealer, and we carry no inventory of securities. Rather, we competitively shop every transaction to seek to obtain best execution for our clients. For every security we buy and sell, we solicit bids from a minimum of three to five broker-dealers (when available) from our approved Issuer universe. We do this because no one broker-dealer can offer an optimal price all the time. ***Even small savings per trade can add up to significant additional earnings over time.***

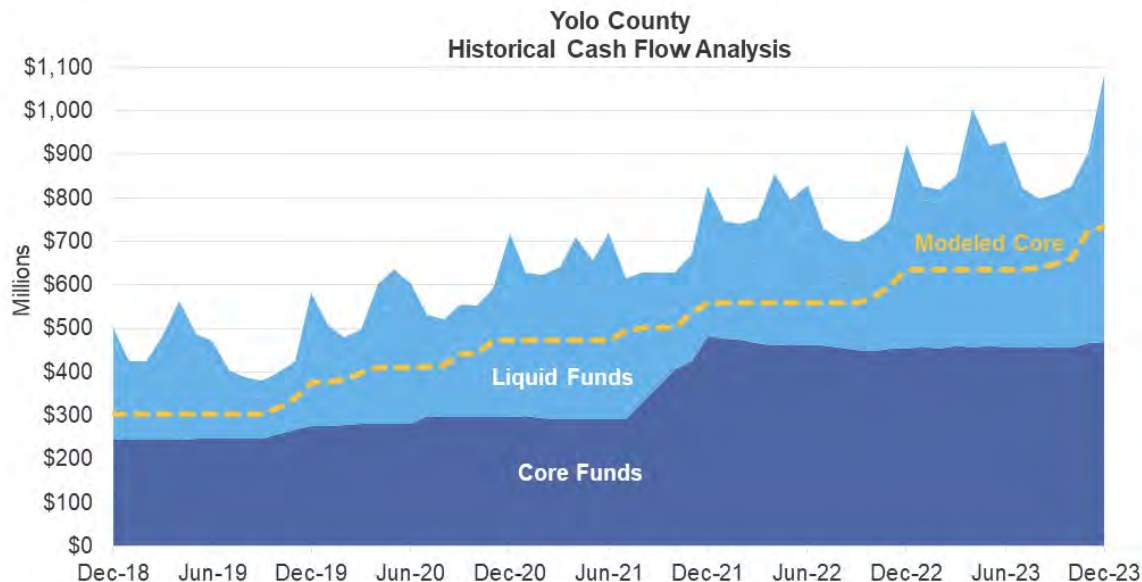


#### **IV. Assist in the development of investment strategies for the investment of idle funds.**

We have worked closely with the County to develop investment strategies for the Treasury Pool and other portfolios that are designed to optimize investment returns, while experiencing lower volatility, with the primary objectives of ensuring safety and liquidity—all in compliance with the County's Investment Policy. It could be characterized as a conservative but actively managed approach based on relative value. The strategies we developed with the County consider the County's cash flow needs, investment policy limitations and stated risk tolerance. Our frequent communication with County staff and elected officials allows us to understand and modify short-term tactical strategies to meet the County's current needs while keeping an eye on whether the long-term investment strategy continues to best serve the County's investment needs.

Over time, we have adjusted the strategy to account for the County's changing investment needs. For example, we began managing the County's portfolio in 1998 with the 1-3 Year U.S. Treasury Index as the benchmark. As the County's cash flow needs increased, in 2002, the benchmark was customized by allocating 50% to 3-Month Treasury Bill Index and 50% to the 1- 3 Year U.S. Treasury Index. This helped the County retain more liquidity and meet the cash needs of the County departments, school districts and other pool participants. As the County's ability to invest longer-term increased, we increased the duration of the custom benchmark in 2015 by shifting to a mix of 30% of the 3-Month Treasury Bill Index and 70% of the 1-3 Year U.S. Treasury Index. In 2017, supported by the County's cash flows and analysis by PFMAM, we were again able to extend the duration of the strategy to improve long-term earnings by changing the benchmark to the 0-5 Year U.S. Treasury Index. In mid-2020, we began discussions with the County to extend the benchmark again to a 1-5 year index. Since the County was managing sufficient liquidity in overnight investment options, holding securities with maturities of 0-1 year in the portfolio created overlap. Starting January 1, 2021, the benchmark was changed to the 1-5 U.S. Treasury index, and shortly after we recommended a more diversified index and the 1-5 Year Government/Corporate A-AAA U.S. Issuers Index has been the Treasury Pool's benchmark since June 2021. This willingness and ability to adjust the benchmark and investment strategy to meet the County's changing objectives and constraints demonstrates the value of our highly customized approach.

To help ensure that the County maintains sufficient liquidity and the appropriate allocation between overnight funds and invested securities, we perform regular cash flow analysis to discuss with the County. Our most recent update was discussed with the County in February, where we suggested now may be an appropriate time to start looking to move excess liquidity into the portfolio.



**V. Furnish statistical and other information and advice regarding economic and market factors and trends that affect the County Portfolio.**

We meet with County staff monthly where we present materials that describe current market conditions, portfolio transactions and strategy for the prior month, and the recommended strategy for the current month. In addition to a detailed discussion of the Treasury pool, the report also includes information about the tax exempt municipal market, the County’s Ceres Endowment, Demeter, Cache Creek, Reverse Repo, and Landfill Closure Trust portfolios. We will continue to customize the reports to the County’s needs as its portfolio strategy evolves. We also provide written monthly and quarterly market updates as well as timely special reports based on various market events.

Our technical and research capabilities inform our views and materials and include the following:

- ▶ A dedicated PSG that analyzes macro-level trends in the fixed income markets to identify and evaluate investment recommendations;
- ▶ Investment specialists who focus on specific sectors within the fixed income universe;
- ▶ Internally developed models that help assess which market sectors have the best relative value;
- ▶ Weekly in-depth internal research reports focused on key asset sectors;
- ▶ Yield curve diagnostics that evaluate which maturities we believe offer the best risk/return characteristics; and



- ▶ Analysis on real-time market pricing data that allow our portfolio managers to assess and take advantage of minute-to-minute changes in pricing and price relationships between sectors, maturities, and specific issues.

### **External Research**

While our primary investment research and analysis is done internally, we also have access to a wide range of external sources of economic and market information, including the following:

- ▶ Bloomberg;
- ▶ Credit research from Moody's, Standard & Poor's and CreditSights;
- ▶ Broker-dealer research;
- ▶ Research and views of financial industry economists; and
- ▶ Electronic real-time trading platforms including Bloomberg Fixed Income Trading ("FIT"), TradeWeb, and MarketAxess.

These external sources of information provide alternative perspectives to enhance our portfolio management process. In this way, we can blend multiple views on the economy with our own analysis to synthesize an optimal strategy. These resources supplement and enhance our in-house research and quantitative analysis capabilities.

## **VI. Provide information with respect to technical and legal developments in the investment banking industry and in the securities market.**

We typically provide clients updates on the investment industry and securities market through special reports, educational articles, or webinars, many of which are posted on the Newsroom page of our website. Below are some examples of pieces we have published over the years in response to industry or market developments:

- ▶ "Update on the Debt Ceiling," provided in Appendix D
- ▶ "Investment Implications of Russia's Invasion of Ukraine," provided in Appendix D
- ▶ "China, Deglobalization and Global Fragmentation for Institutional Investors"
- ▶ "Potential Impacts of Artificial Intelligence on the Financial Services Industry"
- ▶ "Cryptocurrency Basics-From An Investor Perspective"
- ▶ "SEC Money Market Reform: Effects and Considerations for the Changing Landscape"
- ▶ "New Legislation Affecting Reporting Requirements for Future Debt Issues by California Agencies"
- ▶ "Potential Impact of Brexit: What a British Departure from the European Union Could Mean for U.S. Investors"
- ▶ "GASB Statements No. 72 and 79: New Standards Could Affect Your Upcoming Annual Financial Reporting"



**VII. Provide monthly investment strategy reports to the County, in detail and in summary formats, in writing and through teleconference.**

In our current engagement with the County, we hold monthly strategy calls via teleconference with County staff. The calls are led by Ken Schiebel, CFA, along with other members of our PSG Team, as portfolio strategists, and Joseph Creason, CFA, the County’s portfolio manager. Prior to the call, we provide the call participants with a customized strategy report. This report describes current market conditions, portfolio transactions from the prior month, rationale for trades, and the current strategy and outlook. It also includes information about the tax-exempt municipal market and recommendations for the County’s Ceres and Demeter portfolios and, when necessary, the Landfill Closure Trust. Please see Appendix E for an example of a Monthly Portfolio Strategy Report.

**VIII. Furnish quarterly reports and presentations of investment performance to the Financial Oversight Committee.**

We meet with the County’s FOC quarterly to provide an update on economic conditions and interest rates and the Treasury Pool portfolio’s characteristics, strategy, trade activity, and performance. Through feedback from FOC and staff, we developed these reports to meet the County’s specific needs and address your specific concerns.

We are committed to continuing to provide the County with a comprehensive portfolio reporting package, including all of the reports mentioned below. Our reports are prepared in accordance with generally accepted accounting principles (“GAAP”) and in compliance with Governmental Accounting Standards Board (“GASB”) pronouncements, including GASB Statements 31 and 40. We claim GIPS® compliance and have been verified.

Below, we summarize the reports available to the County, as well as their frequency and timeliness. These will detail the performance of the County’s investments, illustrate diversity of investments and investment policy compliance with regard to asset allocation, present timely economic and market information and provide security transaction documentation, as well as planning tools for cash flows.. We provide a sample monthly statement, quarterly performance report, and quarterly FOC presentation in Appendix E.

Report	Frequency/ Delivery	Content/Features
Daily Holdings	Daily 🌐	Holdings report showing securities, par, cost, duration, purchase yields and discounts as of the prior business day.
Month-to-Date Transactions	Daily 🌐	Description of any security transactions month-to-date as of the prior business day.



Report	Frequency/ Delivery	Content/Features
Portfolio Holdings and Activity Report	Monthly 🌐📧	This report includes a detailed description of all securities in the portfolio; summary of realized and unrealized earnings for the month; report of all purchases, sales, maturities, interest deposits, and withdrawals for each separate account; and all the information required by <b>GASB 31</b> , and provides the month-end credit quality ratings to comply with the Credit Risk Disclosure requirement and duration by investment type to facilitate compliance with the Interest Rate Disclosure requirement of <b>GASB 40</b> .
Market Update	Monthly ✉️	Summary of recent market events and the outlook for investment opportunities moving forward.
Performance Reports	Quarterly ✉️📧	Quarterly reports typically include an aggregate portfolio sector, maturity, and credit-quality distribution; an aggregate view of performance portfolios by investment strategy; a portfolio strategy recap and market outlook, including recommended changes to strategy; individual portfolio sector, maturity, and credit quality distribution; performance statistics compared to a market benchmark; and a high level economic and investment-sector performance synopsis.
Key: 🌐 Online access, 📧 mailed, ✉️ emailed (Note: Clients can opt-in to online access only for reports.)		

**Connect: PFMAM’s Online Client Portal**

The County will continue to have access to its portfolio information on Connect, our password-protected Internet reporting site to deliver reports and other information to clients. Connect is available 24/7 and will give the County’s staff the ability to review and print, on a daily basis, their complete portfolio details, monthly portfolio reports, and intra-month transactions. Daily confirmation statements are available through Connect on the next business day. Monthly statements are available online through Connect by the fifth business day of the new month. Trade confirmations are provided electronically. Additionally, transactions can be queried and downloaded from Connect in a comma-separated values (“CSV”) format or in Microsoft Excel format so that the County can easily upload this information to its own accounting systems if desired.



## IX. Periodically review the County Investment Policy and recommend appropriate modifications to the policy.

We annually review the County's investment policy and provide recommendations to the County, as appropriate. Recommendations typically include: edits to address Code changes, clarify Policy language, increase portfolio opportunities, and increase portfolio safety and diversification.

We initially performed an extensive review of the County's Investment Policy at the onset of our engagement in 1998 and recommended a number of significant changes. Over the past 26 years, we have reviewed the County's Policy on an annual basis and recommended changes as warranted. Some examples of changes recommended include:

- ▶ Expanding permitted investments to include supranationals and notes of bonds of all 50 states.
- ▶ Reducing issuer limit from 10% to 5% to increase diversification and safety.
- ▶ Changes to address Code changes including: credit rating language, asset-backed security language, reporting requirements

## X. Periodically analyze and evaluate the County Portfolio and recommend any changes necessary to achieve the stated investment objectives.

The County's portfolio manager, Joe Creason, CFA, continuously monitors the County's Portfolio to help ensure its sector allocation and maturity structure continue to meet the County's investment objectives, which we have demonstrated through our cash flow analysis, benchmark changes, tactical strategy changes and our willingness and ability to make changes to enhance to our approach.

The County's portfolio management team is backed by dedicated fixed income groups that collaborate and reach consensus in a way to help ensure our clients receive our best ideas and solutions. This continual dialogue around our trading desk is informed by our:

- ▶ **Fixed Income Investment Committee** – meets formally at least once per month to review market conditions, assess relative value, review and evaluate analysis from a series of internal models, and discuss market risks and opportunities.

The Investment Committee establishes strategic targets for portfolio duration, sector allocation preferences, yield curve placement, portfolio structure, and any specific opportunities to be exploited or risks to be avoided.

- ▶ **Portfolio Strategies Group** – meets formally on a weekly basis to review PFMAM's overall strategy and the key elements of sectors to buy, average maturity and duration to target, and individual maturities and securities to purchase.

The PSG also discusses the driving factors of return and risk in detail, and they prepare a robust set of data, information, analysis, and insights for Investment Committee discussions.

- ▶ **Trading Desk** – comprised of a multi-disciplinary fixed income trading desk which includes portfolio managers, traders, sector specialists, analysts, and PSG. The Trading Desk meets



each morning to discuss the key themes in the market from the prior day in addition to potential catalysts for volatility in the upcoming trading day. Sector specialists also present updates regarding trends, issuance, and other drivers of performance in their area of expertise during these calls.

Within the Investment Committee's strategic parameters, fixed income portfolio managers have the flexibility to buy and sell securities to implement the strategy mandate for each portfolio, and to take advantage of market movements, relative value changes, or specific opportunities. Trades must conform to our standards and limits, our Approved Issuer universe, our Approved Broker List, as well as all client investment policies and objectives.

### **Credit Review Process**

The corporate issuers we purchase on behalf of our clients, where permitted, are monitored by the Credit Research Group, which represents the combined resources of USBAM's and PFMAM's credit analyst teams. We monitor issuers in and out of our Approved Issuer universe on a continual basis in order to identify potential downgrades before they occur.

---

*With PFMAM as its investment advisor, the County's corporate issuers are monitored by the Credit Research Group, which represents the combined resources of USBAM's and PFMAM's credit analyst teams.*

---

When assessing the issuer's credit stance, we first determine whether those circumstances will continue to impact the creditworthiness of an issuer. In some cases, further purchases of an issuer may be suspended until a thorough review is completed, or in more serious cases, holdings are liquidated. In cases where the credit event is likely to be a one-time event (e.g., a one-time write-off, or if the issuer was downgraded but assigned a stable outlook) and the security is still rated within policy limits, no action may be necessary. If circumstances are serious, uncertain or likely to lead to additional potential downgrades, immediate action may be taken. Considerations of a sale would include the remaining time to maturity, policy requirements regarding downgrades, and the state of the market.

- ▶ **Fixed Income Credit Committees.** PFMAM and USBAM's credit analyst teams have been combined into a new Credit Research Group. The Credit Research Group performs fundamental credit research and analysis, prepares and presents formal credit reviews, makes recommendations for inclusion on various approved lists, and conducts regular monitoring of issuers. The Credit Research Group supports two formal credit committees—one for taxable/corporate securities (the "Taxable Credit Committee"), and one for public and municipal securities (the "Public Finance Credit Committee"). The primary output of these committees is a series of approved lists. These committees are responsible for approving additions and deletions of issuers and securities to the relevant approved lists, and include representatives from the



Credit Research Group, the CIOs of PFAM and USBAM, and risk management personnel. PFAM portfolio managers and traders can only purchase issues on the appropriate approved list.

- ▶ **PFAM Credit Risk Management Committee.** This committee is responsible for establishing credit policies and managing credit risk in PFAM's fixed income portfolios. It develops and approves policies and procedures related to PFAM clients' credit exposure, monitors and performs oversight of PFAM's aggregate fixed income credit exposure, establishes credit categories and restrictions on issuers as necessary to enhance the approved lists to manage credit risk, and develops credit strategies and portfolio management initiatives with regard to the corporate and other credit-sensitive sectors. The additional restrictions and parameters applied to the approved lists do not rely solely on rating agencies, but rather employ a rigorous, market-driven approach that evaluates both the quantitative and qualitative aspects of issuers from the perspective of a public agency investor. We believe this process will allow us to continue to help clients successfully navigate the markets during volatile times such as the 2007-2009 credit crisis, the COVID-19 pandemic, and the current economic slowdown.
- ▶ **Keeping the County Informed of Credit Changes.** In our monthly reports, we provide the current rating of all investment instruments in the County's portfolios. As part of our normal interaction with the County, we would communicate any significant events that negatively affect the creditworthiness of any investment in the portfolio.

### **Preferred Additional Specifications**

- a. **Provide monthly investment strategy reports to the County with forecasted earnings, cash projections, and activity for performance management benchmarking for county treasury pool.**

We currently provide and present monthly investment strategy reports to the County on our monthly strategy calls. We provide the County with forecasted earnings and portfolio performance versus the benchmark on a quarterly basis. We are happy to refine our monthly strategy reports as requested to meet the County's needs.

- b. **Provide quarterly investment strategy reports to the County with forecasted earnings, cash projections, and activity for performance management benchmarking for special funds**

Our quarterly presentations to the County's FOC contain detailed information on the County's Treasury Pool portfolio, including forecasted earnings and portfolio performance versus the benchmark. We are happy to refine our quarterly reports as requested to meet the County's needs.



**c. Annual in person presentation held at County for all pool and special fund participants for an investment town hall event.**

We would gladly incorporate an annual town hall event for the County's pool and special fund participants into our meeting schedule with the County. PFMAM has over 40 years of experience presenting finance topics to Boards, Finance Committees, and other stakeholders. From our experience presenting materials to various audiences, we can tailor the depth and content to be appropriate for the County's town hall participants.

**b. List shall include two (2) current and one (1) previous client who can provide reference for your work as financial advisor.**

We encourage the County to contact the references listed below to learn more about the quality of our investment advisory services we provide to similar clients.<sup>8</sup>

Client Information	Contract Period, Portfolio Size, and Services Provided
<p><b>Monterey County, CA</b>                      Government Center – 1<sup>st</sup> Floor                      Treasurer – Tax Collector’s Office                      168 W. Alisal Street                      Salinas, CA 93901</p> <p>Mary Zeeb  <i>Treasurer-Tax Collector</i>                      831.755.5015  <a href="mailto:Zeebm@co.monterey.ca.us">Zeebm@co.monterey.ca.us</a></p> <p>Jake Stroud  <i>Assistant Treasurer-Tax Collector</i>                      831.755.5828  <a href="mailto:StroudJA@co.monterey.ca.us">StroudJA@co.monterey.ca.us</a></p>	<p>1994-present</p> <p>\$2.6 billion in AUM</p> <p>Investment Management for Operating Funds</p> <p>PFMAM services include:</p> <ul style="list-style-type: none"> <li>▶ Cash flow analysis</li> <li>▶ Investment policy development</li> <li>▶ Strategy development</li> <li>▶ Benchmark selection</li> <li>▶ Investment reporting</li> <li>▶ Regular meetings</li> </ul>
<p><b>Tulare County, CA</b>                      221 South Mooney Blvd.                      County Civic Center, Room 103-E                      Visalia, CA 93291</p> <p>Cass Cook  <i>Treasurer-Tax Collector</i>                      559.636.5250  <a href="mailto:CCook1@co.tulare.ca.us">CCook1@co.tulare.ca.us</a></p>	<p>1996-present</p> <p>\$1.2 billion in AUM</p> <p>Investment Management for Operating and Tobacco Funds</p> <p>PFMAM services include:</p> <ul style="list-style-type: none"> <li>▶ Cash flow analysis</li> <li>▶ Investment policy development</li> </ul>

<sup>8</sup> **EXEMPT FROM CPRA.** Use or disclosure of data contained on this page is subject to the restriction on the title page of this proposal.



Client Information	Contract Period, Portfolio Size, and Services Provided
	<ul style="list-style-type: none"> <li>▶ Strategy development</li> <li>▶ Benchmark selection</li> <li>▶ Investment reporting</li> <li>▶ Regular meetings</li> </ul>
<p><b>University of Arizona</b>                      888 N. Euclid Avenue, Room 502                      Tucson, AZ 85722                       Steve Kelly  <i>Assistant Vice President, Treasury</i>                      520.621.5977                      sgreggk@arizona.edu</p>	<p>2014-April 2024                      \$100 million in AUM                      Investment Management for Operating and Bond Funds                      PFMAM services include:</p> <ul style="list-style-type: none"> <li>▶ Cash flow analysis</li> <li>▶ Investment policy development</li> <li>▶ Strategy development</li> <li>▶ Benchmark selection</li> <li>▶ Investment reporting</li> <li>▶ Regular meetings</li> </ul>

**EXEMPT FROM CPRA.** Use or disclosure of data contained on this page is subject to the restriction on the title page of this proposal.

**c. A description of your firm’s relationships for the past (3) years including the dollar amount and type of investments under management.**

The chart below shows PFMAM's asset and account growth over the past three years.

Total Discretionary Assets Under Management (\$ in millions)			
<i>As of December 31, each year</i>	2021	2022	2023
Assets	\$130,175	\$153,598	\$176,338
Accounts	792	848	865
Average Assets	\$164	\$181	\$204



## Exhibit “E” Signature Page

**Signature of authorized representative attesting bidder understands and agrees to RFP including the offer remains valid for 60 days after the date of submission. (County provided form)**

Please see Signature Page on the following page.

**Exhibit E**  
**County of Yolo**  
**Investment Advisory Services**  
**SIGNATURE PAGE**

Signature by the Bidder attests that the Bidder has read, understands, and agrees to all instructions, terms, conditions, specifications, and addenda set forth in this request. Signature furthermore signifies that all prices and terms submitted for the said services are accurate and shall be honored for the length of time indicated in the request.

All proposals must be submitted electronically via Periscope Source (Formally BidSync). Electronic signature or scanned signatures are acceptable.

**I certify, under penalty of perjury, that I have the legal authorization to bind the firm hereunder:**

**For clarification of this offer, contact:**

PFM Asset Management LLC

Company Name

Name: Monique Spyke

1 California Street, Suite 1000

Address

Title: Managing Director

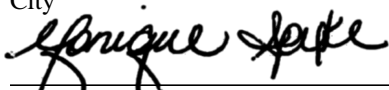
San Francisco CA 94111

City

State

Zip

Phone: 415.393.7259



Signature of Person Authorized to Sign

Email: spykem@pfmam.com

Monique Spyke

Printed Name

Managing Director

Title

April 24, 2024

Date



## Exhibit “F” Non-Collusion & Non-Conflict of Interest Statement

Proposals shall certify the offeror has not colluded in preparation of this proposal. (County provided form)

Please see Non-Collusion & Non-Conflict of Interest Statement on the following page.

County of Yolo  
Investment Advisory Services

NON-COLLUSION AND NON-CONFLICT OF INTEREST STATEMENT

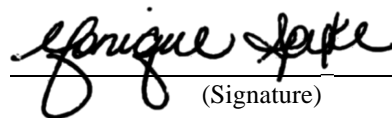
I, Monique Spyke, am the  
(name)  
Managing Director of PFM Asset Management LLC,  
(Position Title) (Company)

The term “Offeror”, as used herein, includes the individual or business entity submitting the Offer and for the purpose of this Affidavit includes the directors, officers, partners, managers, members, principals, owners, agents, representatives, employees, other parties in interest of the Offeror, and anyone or any entity acting for or on behalf of the Offeror, including a subcontractor in connection with this Offer.

1. **Anti-Collusion Statement.** The Offeror has not in any way directly or indirectly:
  - a. Colluded, conspired, or agreed with any other person, firm, corporation, offeror or potential offeror to the amount of this Offer or the terms or conditions of this Offer.
  - b. Paid or agreed to pay any other person, firm, corporation, offeror or potential offeror any money or anything of value in return for assistance in procuring or attempting to procure a contract or in return for establishing the prices in the attached Offer or the offer of any other offeror.
2. **Preparation of Solicitation and Contract Documents.** The Offeror has not received any compensation or a promise of compensation for participating in the preparation or development of the underlying Solicitation or Contract documents. In addition, the Offeror has not otherwise participated in the preparation or development of the underlying Solicitation or Contract documents, except to the extent of any comments or questions and responses in the solicitation process, which are available to all offerors, so as to have an unfair advantage over other offerors, provided that the Offeror may have provided relevant product or process information to a consultant in the normal course of its business.
3. **Participation in Decision Making Process.** The Offeror has not participated in the evaluation of offers or other decision making process for this Solicitation, and, if Offeror is awarded a contract hereunder, no individual, agent, representative, consultant, subcontractor, or subconsultant associated with Offeror, who may have been involved in the evaluation or other decision making process for this Solicitation, will have any direct or indirect financial interest in the contract, provided that the Offeror may have provided relevant product or process information to a consultant in the normal course of its business.
4. **Present Knowledge.** Offeror is not presently aware of any potential or actual conflicts of interest regarding this Solicitation, which either enabled Offeror to obtain an advantage over other offerors or would prevent Offeror from advancing the best interests of the County in the course of the performance of the Contract.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct:

April 24, 2024  
(Date)

  
(Signature)



## Exhibit “G” Response Content Checklist

Checklist of all required exhibits for proposal submission. (County provided form)

Please see Check List on the following page.

**Exhibit G**  
**RESPONSE CONTENT CHECKLIST**  
**Investment Advisory Services RFP**  
**Bid # GSDRFPKK2439**

All the following Exhibits must be included in the Proposal Submittal:

Reference	Description	Included (Y/N)
Exhibit A	Proposal Transmittal Letter	Y
Exhibit B	Proposal Qualification & Experience	Y
Exhibit C	Cost Proposal	Y
Exhibit D	Previous Customer Reference	Y
Exhibit E	Signature Page (County provided)	Y
Exhibit F	Non-Collusion & Conflict of Interest Statement (County provided)	Y
Exhibit G	Response Content Checklist (County provided)	Y

  
 \_\_\_\_\_  
 Signature of Person Authorized to Sign

Monique Spyke  
 \_\_\_\_\_  
 Printed Name

Managing Director  
 \_\_\_\_\_  
 Title

spykem@pfmam.com  
 \_\_\_\_\_  
 Email



---

# XI. Appendices



---

## A. Form ADV Parts 2A and 2B

# Form ADV, Part 2A

Brochure

March 29, 2024



213 Market Street  
Harrisburg, PA 17101-2141  
717-232-2723 (phone)  
717-233-6073 (fax)  
[www.pfmam.com](http://www.pfmam.com)

**SEC File No. 801-60449**  
**IARD/CRD No. 122141**

This brochure provides information about the qualifications and business practices of PFM Asset Management LLC (PFMAM). If you have any questions about the contents of this brochure, please contact us at [pfmamrequest@pfmam.com](mailto:pfmamrequest@pfmam.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about PFMAM is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for PFM Asset Management LLC is 122141.

PFMAM is a Registered Investment Adviser. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

# Brochure

## Notice of material changes

As an investment adviser registered with the SEC, PFMAM is required to maintain a written disclosure statement on our background and business experience, and to offer our investment advisory clients a current version of this statement when material changes occur.

There are no material changes from our last Brochure dated April 21, 2023.

If you would like another copy of this Brochure, please download it from the SEC website as indicated above or you may contact our Chief Compliance Officer, Leo Karwejna, at 717-231-2723 or at [pfmamrequest@pfmam.com](mailto:pfmamrequest@pfmam.com).

**Table of Contents**

Item 1: Cover Page

Item 2: Material Changes.....2

Item 3: Table of Contents .....3

Item 4: Advisory Business .....4

Item 5: Fees and Compensation .....6

Item 6: Performance-Based Fees and Side-by-Side Management.....9

Item 7: Types of Clients.....9

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....9

Item 9: Disciplinary Information .....16

Item 10: Other Financial Industry Activities and Affiliations .....16

Item 11: Code of Ethics, Participation or Interest in  
Client Transactions and Personal Trading .....17

Item 12: Brokerage Practices .....18

Item 13: Review of Accounts .....20

Item 14: Client Referrals and Other Compensation .....20

Item 15: Custody.....21

Item 16: Investment Discretion .....21

Item 17: Voting Client Securities .....21

Item 18: Financial Information .....23

#### Item 4: Advisory Business

Effective December 7, 2021, PFMAM became a wholly-owned subsidiary of U.S. Bancorp Asset Management, Inc. (USBAM). USBAM is a direct wholly-owned subsidiary of U.S. Bank National Association (U.S. Bank) and an indirect wholly-owned subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM. PFMAM continues to operate as a separate registered investment adviser.

Prior to December 7, 2021, PFMAM was part of the PFM Group of companies which included Public Financial Management, Inc. (PFM, Inc.). PFM, Inc. was founded in 1975 to provide independent financial advisory services to the public sector and began providing investment advisory services to public entities in 1980. Effective June 1, 2016, financial advisory services historically offered through PFM, Inc. were offered through a new operating company, PFM Financial Advisors LLC (PFMFA). PFM, Inc., PFMFA, PFMAM and certain other affiliated companies were collectively referred to as "PFM". PFMAM and other related businesses within PFM were indirect, wholly owned subsidiaries of a holding company, named PFM I, LLC.

PFMAM is a Delaware limited liability company.

As of December 31, 2023, the amount of client assets we managed on a discretionary basis was \$176,338,510,327 and the amount we managed on a non-discretionary basis was \$544,843,438. In addition, as of December 31, 2023, we provided investment consulting services with respect to assets in the amount of \$53,428,084,398.

We offer the following types of investment advice:

#### Discretionary Advice

We offer discretionary advisory services for government, corporate, nonprofit and other institutional investors who invest in fixed-income and multi-asset class strategies. When a client gives us investment discretion, we have the authority to determine, without obtaining specific approval, (1) overall asset allocation, (2) the specific securities to be bought and sold, (3) the amount of securities to be bought and sold and (4) the broker or dealer through which the securities are bought or sold. For some accounts we may also have discretion to select the manager or sub-adviser to be utilized to manage some, or all, of the portfolio assets. These decisions are subject to limitations of law and restrictions in the contract with our client and limitations in our client's written investment policies. For discretionary advisory engagements, we assume day-to-day management responsibility for the assets covered by the investment advisory agreement. Examples of the securities we may recommend include U.S. Treasury securities, Federal Agency securities, investment-grade corporate obligations, mortgage and asset backed securities, municipal securities, institutional mutual funds (including exchange traded funds [ETFs]), private fund investments and money market instruments. We arrange for the purchase and sale of these securities to meet the investment objectives and cash flow requirements of each client. Additionally, we may outsource management of all or part of a portfolio to a sub-adviser or co-adviser through a contractual separate account arrangement.

We manage many fixed-income portfolios on a total return basis. We also implement liability-driven strategies that seek to generate cash flows from a portfolio of fixed-income securities to match specific liabilities such as bond-funded defeasance accounts, construction accounts, insurance liabilities or pension liabilities.

We also provide services to the PFM Multi-Manager Series Trust (MMST or the Trust), a registered open-end investment company, utilizing predominantly a manager-of-managers structure. The Trust offers several funds (MMST Funds), with each MMST Fund having specific investment objectives, policies, and restrictions. We are responsible for, among other overall management services, determining investment strategies, selecting and monitoring unaffiliated investment sub-advisers for each MMST Fund and for allocating and reallocating assets among the sub-advisers consistent with each MMST Fund's investment objective and strategies. We can also purchase securities directly for the MMST Funds.

For some of our clients, including trusts, pension plans, endowments, foundations, other post-employment benefits (OPEB) plans, insurance and self-insurance pools, or other similar asset pools, we serve as a discretionary manager to invest a client's assets in multiple types of investments. Generally, these accounts include a variety of asset classes, which may include domestic equity, international equity, fixed income and alternative asset classes, including shares of MMST Funds.

We provide discretionary multi-asset class investment services for multi-asset class mandates (sometimes known as outsourced chief investment officer, implemented consulting and a variety of other generic terms, collectively, "OCIO"). We work with the client to determine a target asset allocation based on a variety of risk and return characteristics. We then implement the asset allocation, either by buying shares of mutual funds (including ETF's and shares of the MMST Funds) and/or pooled funds or other investment vehicles (collectively, Funds), or by selecting separate investment managers (sub-advisers) who will manage separate accounts of specific asset classes and/or strategies. Under this approach, we have discretion to make the initial selection of the Funds or investment sub-advisers. We also provide ongoing periodic monitoring by evaluating the Fund's or the investment sub-adviser's portfolio management philosophy, policies, processes, controls, personnel and investment performance. Clients who hire us give us authority to change, drop or add funds or investment sub-advisers. The client generally gives the investment sub-advisers both investment and brokerage discretion in managing its portion of the portfolio. We prepare for these clients periodic reports on the investment performance of the various funds, investment sub-advisers and the portfolio as a whole.

We also offer clients the option to integrate non-pecuniary investment guidelines such as ESG (Environmental, Social and Governance), or DEI (Diversity, Equity and Inclusion) factors into the investment approach employed for their separately managed fixed-income or OCIO strategies. Through this approach, our clients define objective investment parameters related to the investment guidelines they wish to adopt that would be applied to select permitted issuers for their separately managed fixed-income portfolio and permitted funds, strategies and/or managers for their OCIO strategies. In addition, our OCIO ESG strategy provides clients with the option to implement ESG into a dedicated sleeve of the portfolio or in funds or managers that incorporate ESG themes or considerations.

We utilize third-party ESG data and analytics to evaluate issuer level and equity fund level ESG risks. For OCIO strategies, eligible domestic equity funds are required to meet certain screening criteria on a best-efforts basis. We monitor those funds' ESG risk scores to help ensure they continue to exhibit the appropriate ESG risk characteristics.

## **Services to Local Government Investment Pools and a Registered Investment Company**

PFMAM currently provides investment advisory and/or administrative services to 18 pooled investment programs (generally known as local government investment pools) across 16 states and one registered investment company whose series or classes are registered in multiple states. We generally, but not always, provide administration services and an affiliate generally provides distribution services as described in this document. Where PFMAM is the investment adviser to a pooled investment vehicle, investment objectives, guidelines and any investment restrictions are described in the relevant offering documents for the vehicle.

## **Non-discretionary Advice and Consulting Services**

We also may provide advice on a non-discretionary basis where we offer clients investment recommendations, subject to their specific approval and further execution instructions. In this case our client makes trades directly or specifically approves our purchase or sale of specific securities, which may include non-negotiable certificates of deposit.

We also provide non-discretionary investment consulting services to:

- governmental entities,
- public, Taft-Hartley and corporate pension funds,
- hospital endowments and foundations,
- trusts,

- OPEB plans, and
- other similar institutional investors.

As a consultant we may provide advice to the client in developing or revising its investment or spending policy, evaluating investment options, establishing and implementing a target asset allocation, determining performance benchmarks, conducting cash flow analysis, and selecting money managers, pooled trusts or mutual funds to carry out the client's investment strategy. Subject to the client's specific approval, we may also purchase or sell pooled trusts or mutual funds, hire or drop managers, or reallocate assets between managers or funds.

We typically begin these services by assessing the client's investment objectives, time horizon and risk tolerance and liquidity needs, if any. As part of our consulting service, we provide reporting that may include an inventory of holdings, portfolio analytics, credit analysis and investment performance, and whether the client's portfolio complies with its investment policy.

Our consulting services to OPEB plans and pension plans may involve financial reporting, analyzing cash flow implications of different funding strategies, and other matters relating to the OPEB benefits or pension benefits and funding arrangements. Often, we perform these services by working with our client's other professional advisors, such as the client's auditor or actuary.

### **Structured Products**

We also provide analytical services for structuring and procuring portfolios in connection with the current issuance or advance refunding of municipal bonds and the investment of bond proceeds. For these engagements we arrange for purchases of specific securities that are generally government obligations or structured investments such as forward delivery agreements or guaranteed investment contracts by obtaining bids on a competitive basis or by negotiating on behalf of our client. We also advise clients on termination of existing investment agreements.

### **Services for Corporations, Insurers, Banks and Other Similar Financial Institutions**

We also provide discretionary and non-discretionary advice tailored for corporations, insurers, banks and other similar financial institutions which invest in fixed-income securities or OCIO portfolios. These services are tailored to the particular investment needs, restrictions and requirements which apply to these types of clients.

### **General Approach to Advisory Services**

We tailor our advisory services taking into account the following factors, including but not limited to:

- the services that the client has requested,
- the client's investment objective,
- the client's investment policy,
- the client's time horizon,
- the client's risk tolerance,
- the client's liquidity needs, if any,
- the client's tax status.

A client may impose additional restrictions, including restrictions on the types, quality or maturity of securities in which we can invest. We adhere to any investment restrictions provided by the client.

### **Item 5: Fees and Compensation**

The fees we charge our advisory clients vary depending upon several factors including the types of investments permitted, the personnel providing the advisory services, the particular strategy, the size of portfolio being managed, the relationship with the client, and service requirements associated with the account.

Fees may also differ based on account type (e.g., a commingled, pooled account or a separate individual portfolio account).

**Fees for Discretionary Advice – Separate Accounts**

We generally receive compensation calculated as a percentage of assets we manage. We receive this compensation after a service is provided, and we bill in arrears on a monthly or quarterly basis. For some accounts based on assets under management, we charge a minimum fee and for some we apply a fee cap. Related client accounts can be aggregated for purposes of applying fee breakpoints.

As a general guideline, we charge the following range of fees for investment advisory services for fixed-income separate account management:

<b>Fixed-Income Assets Under Management</b>	<b>Annual Rate (basis points)</b>
First \$50,000,000	6 - 30
Next \$50,000,000	5 - 20
Next \$100,000,000	4.5 - 15
Next \$100,000,000	4 - 5
Above \$300,000,000	3 - 4

For fixed-income separate account management, we generally charge a minimum annual fee of \$40,000. The minimum annual fee may be waived or reduced. Generally, the fees we charge are calculated based on the value of the assets as determined by us using the agreed-upon measure in the contract with our client, typically month end market value of assets or amortized value plus accrued interest, as determined on a daily basis in good faith by PFMAM.

As a general guideline for the OCIO discretionary management, we charge the following range of fees for investment advisory services:

<b>OCIO Assets Under Management</b>	<b>Annual Rate (basis points)</b>
Up to \$25,000,000	12 - 36
Next \$75,000,000	8 - 20
Next \$150,000,000	8 - 10
Next \$250,000,000	5 - 8
Thereafter	2 - 5

For OCIO discretionary management, we generally charge a minimum annual fee of \$25,000. The minimum annual fee may be waived or reduced. Generally, the fees we charge are calculated based on the value of the assets as determined by us using the agreed-upon measure in the contract with our client, typically market value of assets or amortized value plus accrued interest, as determined by the custodian on settlement date.

## Registered Investment Company and Pools

The fees we charge for the investment services we provide to the registered investment company and local government investment pools vary by program. The fee schedule may include various breakpoints depending on asset levels and may include fee caps or waivers which can be triggered by the overall expense ratio of the pool. We may also receive compensation for the marketing and administrative services we provide (through ourselves or an affiliate) to the registered investment company or local government investment pools.

We generally provide these administrative and marketing services as an integral part of our investment advisory services, and the fees we receive for these services may be included as a component of the investment advisory fees we charge.

## Non-discretionary Advice

We generally charge fixed fees for these services, depending upon the services that the client requests, and the complexity of the services.

We also offer non-discretionary advice on certificate of deposit investment programs, which are designed to provide clients with a fixed rate to a fixed maturity date. Fees typically range up to 0.25% per annum of the cost of the investment purchased by our clients. Under the certificate of deposit programs, we provide clients with the option to set aside moneys in client accounts to pay our fee after we have performed the service.

## Consulting Services

For investment consulting services we generally charge clients either a fixed fee or a fee that is based on a percentage of assets. The fixed fee is based on the size of the portfolio, complexity, and scope of services which we perform. As a general guideline, we charge asset-based fees in a range from 0.05% to 0.30% annually, based on the characteristics listed above. From time to time, we charge hourly fees for these types of services.

## Structured Products

In these engagements, we usually charge a fixed fee. We and our clients agree upon a fee at the outset of each of these engagements and the fee is a function of the size and complexity of the engagement. The client may pay the fee or may instruct the investment contract counterparty or underwriter in writing to pay our fee on the client's behalf. As a general guideline, the typical fee for investment of municipal bond proceeds in a structured investment, or in a refunding bond escrow structuring and procurement engagement, is less than or equal to 0.20% of the cost of the portfolio or the sum of the total deposits under the agreement.

## Other Important Information About Our Compensation

Because we tailor our services to the individual needs of a client, we may offer clients more than one of the services described above. In addition, we may also provide services not mentioned above, such as assisting our clients with a one-time purchase or sale of securities. The fees we charge are negotiable and vary depending upon the particular services we perform and the complexity and extent of the work we provide.

We may charge a minimum fee for small accounts, as described above. Other than these minimum fee requirements, there are no other requirements for maintaining the account.

Fees are negotiable so one client may pay a higher fee than another client with similar investment objectives or goals.

In limited circumstances, the fee percentage will be higher, often because the portfolio is small.

All fees are payable to us only after we perform the services. We do not require our clients to pay our fees in advance. Under some engagements, our investment advisory engagements clients authorize us to deduct fees from their investment accounts after they are notified. Under some engagements, the client pays our fees from other sources. The method of payment of our fees is subject to negotiation, and clients have the ability to choose the method of payment, depending on the type of service. For most of our accounts, we bill monthly in arrears. Under some client contracts we bill the client quarterly. For some services, we bill the client on a one-time basis only when we complete the service.

We have an affiliate, PFM Fund Distributors, Inc. (PFMFD), that is a broker-dealer under the Securities Exchange Act of 1934. PFMFD typically serves as exclusive distributor of shares of the registered investment company and local government investment pools (Pooled Funds) for which we serve as investment adviser and/or administrator and we receive fees from this arrangement, as more fully described in Item 10 below.

No supervised person of our affiliated broker-dealer is compensated for the sale of securities.

PFMAM employees are paid a base salary and may also receive year end incentive compensation. The incentive compensation is dependent upon the profitability of the firm, each group's contribution to the overall profitability of the firm, and each individual's contribution to the group's success. The firm's compensation plan is intended to recognize and reward excellent performance on the part of individuals; however, no PFMAM employee is compensated on a commission-related basis.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

In rare instances we enter into advisory agreements under which the client pays us a fee, all or part of which is performance based. For example, we may enter into agreements where the client pays us all or part of our fee to the extent that the performance of the portfolio we manage exceeds a predetermined benchmark, measured over a designated period of time. We may manage both accounts that are charged a performance-based fee and accounts which are charged other fees, typically a percentage of the value of assets managed. To address any concern that we may have an incentive to favor certain investment opportunities for a performance-based account we follow written procedures designed to allocate trades on an equitable basis considering the investment objectives of the account and without regard to whether an account has a performance-based fee. Accounts with the same objectives and permitted investments should receive a fair allocation over time of similar securities purchased.

## **Item 7: Types of Clients**

PFMAM provides investment advisory services to institutional investors, including state and local governments and their agencies, local government investment pools, non-profit organizations, pension and OPEB funds, banks, corporations, hospitals and insurance and self-insurance pools. For information concerning minimum fee requirements, please see Item 5 above.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

### **Fixed-Income Portfolios – Analysis and Strategy**

Investment strategies are developed by the Fixed-Income Investment Committee which considers the macroeconomic, interest rate, credit market, and other conditions described below. The strategies provide guidance for portfolio managers with regard to appropriate duration and sector allocation for individual portfolios. We may use a variety of analyses as well as internal (including affiliates) and external data sources and market research. External sources include various news and information sources, books, government bulletins, databases, research prepared by others and publications from rating agencies, unaffiliated broker-dealers and third-party information providers and in-person meetings with issuers. We also collect information from clients to determine their liquidity requirements, risk tolerances and any other policies or procedures that guide the investment of the client's assets.

For clients whose objectives are measured by total return or income our investment approach emphasizes the use of active management strategies that seek to add value. For liability-driven investment portfolios, such as those funded with bond proceeds and used to pay project costs, we identify securities whose cash flows are expected

to meet a draw schedule and we may modify the portfolio as the draw schedule changes or as investment opportunities present themselves, although in the latter case the draw schedule is considered first when making modifications.

### **Our Fixed-Income Active Management Process**

The following describes the principles of our fixed-income investment strategy:

- Disciplined decision-making process,
- Seek relative value through sector weightings, yield spread analysis, yield curve positioning, security selection, and duration management, and
- Duration positioning to manage risk: generally manage durations so they are close to relevant benchmarks, usually no more than +/- 25% of a designated benchmark, and

We use top-down analysis to assess macroeconomic conditions including interest rates, the shape of the yield curve, Federal Reserve monetary policy, and current and historical yield spreads between sectors. Top-down analysis is a key element of our duration and sector allocation decision-making process.

We believe identifying macro-level trends in these areas is important for adding value, controlling risk, and lowering volatility.

We use a bottom-up approach to security selection that seeks to identify those industries and issuers with fundamental characteristics and financial strength that enhances their potential to perform well. We seek to combine fundamentally sound investments into a portfolio that optimizes return potential in consideration of investment guidelines or restrictions.

Lastly, we incorporate low-risk active management techniques designed to augment our relative value approach. We believe active management can capture market inefficiencies that create opportunities for return enhancement. While we expect that every security we buy will be suitable to hold to maturity, we frequently identify opportunities to swap one investment for another to increase earnings, adjust portfolio duration, improve liquidity, or restructure a portfolio to better meet future needs.

Our portfolio managers and analytical team have access to three major on-line market trading systems: Bloomberg, MarketAxess, and TradeWeb. These systems provide active market quotes, including real-time securities pricing. We also have access to news from Bloomberg News, Dow Jones/Wall Street Journal, CNBC, and other public or specialized news services. In addition, we communicate daily with major securities dealers and regional and specialty broker-dealers and receive market information from them that assists us in identifying specific market opportunities. We supplement these external systems and data sources with proprietary analytic tools which we have developed.

We add value through asset allocation strategies which involve sector selection (security type), yield curve placement (maturity), yield spread analysis and issue selection. Our overall view of the financial markets provides the context for selecting maturities which we believe represent the best relative value along the yield curve and the highest potential for enhanced return, for example by “rolling down the curve” and for selecting specific securities within a sector. We perform proprietary analysis on the yield curve to identify “cheap” areas of the curve, and to evaluate a variety of portfolio structures. Using the results of this analysis, our portfolios may be over- or under-weighted in certain maturity ranges.

We think there is a significant opportunity to enhance earnings with a strategy that focuses on the selection of securities based on relative value. Sectors are selected which represent the best relative value based on our sector outlook and historical yield spreads. Investments other than Treasuries are purchased when spreads are wide and avoided or sold when spreads are narrow. Many of our portfolio managers and traders are assigned to specific

market sectors in order to monitor products and opportunities and these responsibilities run across all portfolios. Individual issues are selected based on our assessment of issuer financial quality and rating trends, interest rate spread, credit trends, issue structure and liquidity. Analysis of individual issuers is supported by a Credit Research Group, which is a shared service with USBAM. In addition, the PFMAM Credit Risk Management Committee establishes overall credit policy for the firm, manages the PFMAM approved list of issuers that may include limits or constraints more restrictive (but never less restrictive) than those provided by the shared Credit Research Group, and other activities related to managing credit risk. Portfolios are generally diversified by security type, maturity and issuer to avoid concentrated investment in a single issuer and to accommodate varying cash flow needs to provide periodic liquidity.

After selecting investments to meet cash flow requirements and other objectives, we may position a portfolio's duration to take advantage of expected interest rate movements: positioning with a shorter bias when we expect rates to rise and longer when we expect rates to fall. We establish a duration (or average maturity) target for the portfolio based on our macro view of the economy and the financial markets, the type of funds, cash-flow analysis and benchmark chosen by a client. We seek to add value by re-balancing the portfolio to take advantage of market opportunities and in anticipation of interest rate movements. Duration targets for our strategies are established by our Fixed-Income Investment Committee and may be provided to our clients as a management and oversight tool.

We furnish monthly account summaries to each fixed-income portfolio client with assets under continuous management, which may be delivered by a third party. The summaries include details of all transactions during the reporting period, and holdings at the end of the period. We also provide access to account summaries on a daily basis via our internet-based client portal. We may also provide an investment advice memorandum upon advising and/or completing an order for a buy or sell of securities.

### **Fixed-Income Portfolios – Risk**

Our fixed-income strategies involve certain risks which are typical for fixed-income portfolios. For portfolios whose investments are limited to obligations of the U.S government or its agencies and instrumentalities, we believe the risk of default is minimal. Portfolios whose investments include corporate and municipal obligations are subject to the risk that an issuer will fail to pay principal or interest on a timely basis, while those containing mortgage-backed and asset-backed securities are also subject to the risk of uncertain timing of principal payments. In order to manage risks, we seek to diversify portfolio holdings and we limit our investments in corporate and municipal obligations and in asset- and mortgage-backed securities to those that are investment grade. Generally speaking, the lower a security's credit rating, the higher its credit risk. If a security's credit rating is downgraded, its price tends to decline sharply, especially as it becomes more probable that the issuer will default.

Portfolios are also subject to interest rate risk. This is because the market value of securities changes as interest rates change, with a rise in rates typically reducing market values and a decline in rates typically increasing market values. Changes in interest rates generally affect longer maturity securities more than they affect shorter maturity securities, other things being equal. We manage this risk by managing these portfolios within duration ranges consistent with portfolio objectives. Nonetheless, investors should expect to experience market value and total return volatility which can include unrealized losses in excess of periodic income. Although the investment strategies we employ do not involve significant or unusual risk beyond that of the general investment grade fixed-income markets, investors should recognize that investing in securities involves a risk of loss that the investor should be prepared to bear. Past performance is not a guarantee of future returns.

The risk of our top-down strategy is that our macro view of the economy and financial markets is wrong and we position a portfolio's duration or sector allocation in a manner that is not optimal. We seek to manage this risk by limiting variations from duration or maturity concentrations from those of client benchmarks and by diversifying holdings among security types. For liability-driven investment portfolios, we seek to minimize market risk by approximately matching portfolio cash flows with expected liabilities.

The risk of our bottom-up strategy is that securities that we include in a portfolio because they are perceived to have relative value may later lose value when compared with the general fixed-income market. We

seek to manage this risk by careful and systematic analysis of relative values, monitoring news on issuers on the approved list, by reviewing credit analysis provided by the Credit Research Group and by diversifying holdings.

Frequent trading of securities can create higher overall transaction costs that will reduce portfolio income. We manage portfolios actively and we seek to minimize trading costs by recommending liquid issues that are actively traded in the markets and by utilizing competitive bidding wherever feasible.

Certain portfolios may invest in ETFs. An ETF is an individual security that trades on an exchange and represents a basket of securities or other assets that is designed to track the performance of specified indices, sectors or asset classes. ETFs are subject to various risks, including the ability of the ETF's managers to meet the investment objective, and to manage appropriately the ETF's portfolio when the underlying securities are redeemed or sold, particularly during periods of market turmoil and as investors' perceptions regarding ETFs or their underlying investments change. There is also no guarantee that an ETF will achieve a high degree of correlation to its targeted index and therefore achieve its investment objective.

### Outsourced Chief Investment Officer (OCIO) – Analysis and Strategy

The Outsourced Chief Investment Officer (formerly Multi-Asset Class Management) Investment Committee: 1) oversees OCIO portfolio strategies by establishing asset allocation targets and approving investment sub-advisers (investment managers)/funds for all discretionary OCIO accounts; 2) provides investment and portfolio risk oversight for investment decisions; and 3) determines Capital Market Assumptions that are utilized to develop our OCIO portfolio strategies. Capital Market Assumptions are generally determined annually for intermediate- and long-term time periods and include expected returns and volatility measures for a wide range of asset classes. Intermediate-term (five years) assumptions are derived from our assessment of current economic conditions, including interest rates, yield spreads, corporate profits, balance sheets, and current valuations for various asset classes. Long-term assumptions (thirty years) are derived using an economic building block approach that projects economic and corporate profit growth; and that takes into consideration the fundamental factors driving long-term real economic growth, and our expectation for inflation, productivity and labor force growth. We may use a variety of analyses as well as internal (including affiliates) and external data sources and market research.

We use a consistent approach to OCIO accounts that involves:

- **Portfolio planning** – we use a survey to facilitate a discussion with clients on all the asset classes to help decide which should be permitted in the final overall allocation. The survey also provides information about goals, objectives, cash flow projections, risk tolerance, ability to withstand losses, as well as the view of the economy and the markets. The survey is revisited periodically throughout the life of the engagement as client circumstances change.
- **Determining asset allocation structure** – we believe that the asset allocation decision is the most important factor in determining the expected investment return of a portfolio. The use of the portfolio planning survey and Capital Market Assumptions allow us to determine an asset allocation plan for the client. We use a modeling program from FactSet Research Systems Inc., along with a proprietary modeling program which allow us to conduct a detailed asset/liability modeling study. Each model uses the latest historical data on asset class investment returns, volatility, and correlation with other asset classes. Our goal is to determine an “optimal” portfolio. We do this by running a series of tests on each model to determine the probability of achieving the desired investment objective under different market scenarios. Existing funding requirements may override the more subjective “tolerance for loss.” This process helps inform our clients of the range of outcome possibilities associated with each asset allocation plan, and to identify a plan that best meets the expectations set forth in the portfolio planning survey.
- **Investment manager selection** – our research team screens and evaluates managers and funds across a wide range of asset classes, sectors and styles. Managers/funds are selected based on objective criteria that includes evaluation of investment process, personnel and performance history. Once selected, the research team monitors the investment products included in our client portfolios. The research team corresponds with investment managers on a regular basis and meets with them routinely to maintain an understanding of each manager's investment process and strategy. As part of

ongoing manager due diligence, research analysts run a series of risk/return statistics, peer universe analysis, portfolio attribution and style analysis on all investment strategies employed in our clients' portfolios to help ensure they continue to be an appropriate component of the overall portfolio.

- **Rebalancing** - we evaluate a client's portfolio regularly to determine the need for rebalancing based on factors including current positioning, allocation targets, perceived assessment of relative value, and changes in Capital Market Assumptions. For OCIO portfolios where we have discretion, we may establish target levels for each asset class in the planning stages along with a minimum /maximum range and may update these as our Capital Markets Assumptions and market conditions change. These parameters are recommended for inclusion in the client's investment policy statement.
- **Ongoing Monitoring** - we monitor a client's asset allocation, as well as the portfolio's money managers/mutual funds on an ongoing basis through detailed analysis and our proprietary manager ranking system. For our discretionary accounts, we may place a manager or fund on the watch list as a result of lagging performance, poor risk metrics, style drift, and/or qualitative issues, among other things. Removal from the watch list is typically based on several quarters of improved performance against peers and an appropriate benchmark or remediation of other issues. If problems endure, probation is a subsequent step in the process of reviewing managers. Ultimately, if the problem persists, our OCIO Investment Committee may terminate the manager.

The strategies are implemented in OCIO accounts through mutual funds or ETFs and/or separately managed accounts, and some OCIO accounts, for clients who qualify, invest in private investment vehicles advised by advisers that are not affiliated with us. In MMST, the strategies are implemented either by allocating assets to investment managers or by investing in mutual funds or ETFs advised by advisers that are not affiliated with us. Shares of MMST Funds may make up a portion or all of the assets of a client's OCIO account.

### Outsourced Chief Investment Officer – Risk

Investing in OCIO strategies involves a risk of loss that an investor should be prepared to bear. The investment strategies we employ do not involve significant or unusual risk beyond that of the general markets for international and domestic equities, fixed income, publicly traded real estate, and other investments we recommend. In order to manage the risks inherent in these markets we seek to diversify portfolios by blending equity, fixed income, alternatives, and cash-based securities, in a manner that is designed to meet the client's risk tolerance, with the objective of reducing the risk of long-term losses. There is no assurance that client objectives will be met. Past performance is not a guarantee of future returns.

Investing in cash, fixed income, and equity funds through separate account managers, mutual funds ETFs or private investment vehicles involves risk. Each asset class has its own idiosyncratic risk and return characteristics. In modeling portfolios for our clients, we assess the individual characteristics of asset classes from a historic and forward-looking point of view, to optimize the best blend given the client's investment objectives and tolerance for risk. There is risk that our macro view of the economy and assumptions about asset class characteristics is wrong and we position a portfolio's asset allocation in a manner that is not optimal.

ETFs (described previously) are subject to various risks, including the ability of the ETF's managers to meet the investment objective, and to manage appropriately the ETF's portfolio when the underlying securities are redeemed or sold, particularly during periods of market turmoil and as investors' perceptions regarding ETFs or their underlying investments change. There is also no guarantee that an ETF will achieve a high degree of correlation to its targeted index and therefore achieve its investment objective.

### Use of Co- and Sub-Advisers for Certain Strategy Implementations

When third-party managers are engaged to carry out a fixed-income strategy or OCIO strategy, they are chosen based upon their skill in specific investment styles or sectors and there is risk involved. We employ a due diligence process to review the capabilities of any proposed third-party manager and monitor third parties on an ongoing basis. Specifically, we examine their experience, background, expertise, investment philosophies, applicable operational capabilities, and past performance to assess how the manager has invested over a period of time and in different economic conditions. We monitor managers, with such monitoring typically including evaluating the

underlying holdings, strategies, concentrations, terms and performing reference checks as part of our initial and/or periodic risk assessment. A risk of investing with a third-party manager who has been successful in the past is that the third-party manager will not be able to replicate that success in the future. In addition, because we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager will deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment. Where multiple third-party managers are employed to manage a single account there is risk that the managers will have offsetting strategies or overlapping investment holdings. We do not control a third-party manager's daily business, regulatory compliance or operations, and seek to mitigate the investment, business, regulatory and reputational risks by undertaking due diligence and ongoing monitoring of the managers including monitoring of their adherence to the investment policy and guidelines they are employed to implement. From time to time a client may direct us to hire a specific third-party manager to manage a portion of the portfolio. In cases where a client directs assets to a manager that is not approved, the level of ongoing diligence we perform may be limited and clients acknowledge this in writing.

### **ESG Investing – Analysis and Strategy**

PFMAM has developed an investment approach to help our clients integrate ESG factors into their investment process and strategy, if they specifically choose to do so. Our fixed-income ESG service provides our clients with the tools and methodology to develop and implement a customized ESG approach based on their defined ESG criteria. We employ third parties, such as Sustainalytics, who provide ESG data and ratings of companies that issue securities that we may recommend. We may also use third-party sub-advisers to manage funds with specific ESG or impact investing goals, such as geographically-targeted mortgage-backed securities or municipals.

For clients who choose to do so, we offer the potential for further customization through a range of screening tools, which can allow our clients to exclude specific issuers, industries, and funds based on certain defined criteria. Once objective ESG criteria are defined, we work with the client to evaluate investment strategies based on ESG investment parameters. Investment parameters are applied using an ESG risk rating system and other evaluation tools. The risk rating system is designed to objectively quantify an issuer's or fund's ESG risk from both an industry/sub-industry and issuer/fund-specific standpoint. Much like traditional credit ratings, the risk rating system provides a basis to evaluate issuers on a consistent basis and facilitates comparisons across industries and issuers.

Our OCIO ESG investment strategy enables clients who wish to include ESG principles into their strategy to select approved funds that meet certain ESG risk rating thresholds as determined by third-party providers. In addition, our OCIO ESG strategy provides clients with the option to implement ESG into a dedicated sleeve of the portfolio or into a customized ESG product that addresses a specific theme.

The following provides some additional detail related to our ESG strategies:

- ESG integration strategies include systematic and explicit consideration of ESG factors in the investment decision-making process.
- Values-based strategies, including screening for or avoiding certain companies or industries as specified by the client.
- Best in class strategies include making investments in companies based on positive ESG performance relative to industry peers.
- Theme-based strategies, including making investments based on specific environmental themes or assets related to sustainability.
- Hybrid strategy, including a combination of two or more of the above approaches.

We work through this process with our clients to help them develop and implement ESG investment approaches that are customized to their sustainable investment objectives. This dynamic approach also provides our clients with the flexibility to modify their ESG investment parameters as their sustainable investment objectives evolve.

## ESG Risk

ESG approaches could cause an account to perform differently compared to accounts that do not utilize ESG investment strategies. The criteria related to certain ESG approaches may result in an account forgoing opportunities to buy certain securities when it might otherwise be advantageous to do so or selling securities for ESG reasons when it might be otherwise disadvantageous to do so.

In addition, there is a risk that the companies identified by an ESG approach do not operate as expected when addressing ESG issues. A company's or fund's ESG performance or performance of the strategy could vary over time, which could cause a portfolio to be temporarily invested in companies that do not comply with the client's objectives in considering ESG characteristics. There can be significant differences in interpretations of what it means for a company to have positive ESG characteristics and strategy investment decisions may differ depending on these interpretations. In making investment decisions, we rely on information and data that could be incomplete or erroneous, which could cause us to incorrectly assess a company's ESG characteristics.

## Consulting Engagements – Analysis Strategy and Risk

For OCIO consulting engagements where we do not have discretion, the methods and analysis generally are similar to those for discretionary accounts as described above. However, determining asset allocation, setting an appropriate asset mix and manager selection are the responsibilities of the client, and not us. We generally make recommendations and report the results at periodic client meetings and follow client direction with regard to selecting managers and re-balancing accounts. As directed by the client, portfolios may include managers that are not approved for our discretionary accounts. In cases where a client directs assets to a manager that is not approved, the level of ongoing diligence we perform may be limited and clients acknowledge this in writing. Risk for these accounts is similar to risk for discretionary OCIO accounts.

## Regulatory Risk

Changes to monetary policy by the Federal Reserve or other regulatory actions could expose fixed-income and related markets to heightened volatility, interest rate movements, yield spread changes, and reduced liquidity, which may impact the universe of potential investment options, market values, and return potential.

## Cybersecurity Risk

In addition to the risks identified above for each strategy, investing involves various operational and financial risks associated with cybersecurity. These risks include both intentional and unintentional events at our facilities or at one of our clients, third-party counterparties or service providers, that may result in a theft, loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our ability to conduct our business. A cybersecurity breach may also result in a third party obtaining unauthorized access to our clients' information, including account numbers, account balances, and account holdings. We have established and maintain business continuity plans and cybersecurity systems and protections designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because we do not directly control the cybersecurity systems of clients, issuers, trading counterparties, or third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

## Business, Terrorism, and Catastrophe Risks

These are the risks of loss that may be incurred, indirectly, due to the occurrence of various events, including hurricanes, earthquakes and other natural disasters, terrorism and other catastrophic events such as a pandemic. These catastrophic risks of loss can be substantial and could have a material adverse effect on our business and on clients' portfolios, including investments we make.

**Item 9: Disciplinary Information**

Our firm and our management personnel have no reportable disciplinary events to disclose.

**Item 10: Other Financial Industry Activities and Affiliations**

We and other entities under the common control of U.S. Bancorp, including USBAM, U.S. Bank, U.S. Bank Global Fund Services (USBGFS) and U.S. Bancorp Investments, Inc. (USBII) are related persons. We have certain relationships with related persons, as described below, which may conflict with clients' interests. At a minimum, conflicts are addressed by disclosing the conflicts to affected clients or prospective clients.

Our affiliate, PFMFD, is registered as a broker-dealer under the Securities Exchange Act of 1934. Its sole activities are to serve as exclusive distributor to the registered investment company and local government investment pools (Pooled Funds) for which we serve as investment adviser and/or administrator. If our client invests in a Pooled Fund, we disclose this relationship to the client, through the Form ADV Part 2A and the offering statement for the Pooled Fund. In addition, where Pooled Funds are employed as part of our investment strategy, our investment advisory agreement with the client provides that if we invest client assets in a Pooled Fund, either we will not take these assets into account for purposes of calculating our fees under the client's investment advisory agreement, or we will credit the investment advisory fee we earn on the client's Pooled Fund investment against investment advisory fees due us related to the client's separately managed account that holds assets in the Pooled Fund. This includes any assets that we may invest in registered investment companies advised by USBAM.

We serve as investment adviser to the MMST and the MMST Funds. We may enter arrangements with a third party to compensate for services provided. Such compensation payable to the third party is paid out of the fee we receive from the Pooled Fund. Our affiliate USBGFS provides services to the MMST Funds and receives a fee. We also serve as administrator and/or investment adviser to the following local government investment pools:

- California Asset Management Trust (CAMP),
- Colorado Statewide Investment Pool (CSIP),
- Florida Public Assets for Liquidity Management (FL PALM),
- Illinois Trust,
- Massachusetts Development Finance Agency Short-Term Asset Reserve Fund (Mass STAR),
- Michigan Liquid Asset Fund Plus (MILAF+),
- Minnesota Association of Governments Investing for Counties (MAGIC),
- Minnesota School District Liquid Asset Fund Plus (MSDLAF+),
- Missouri Securities Investment Program (MOSIP),
- Nebraska Liquid Asset Fund (NLAF),
- New Hampshire Public Deposit Investment Pool (NH PDIP),
- New Jersey Asset & Rebate Management Program (NJ/ARM),
- North Carolina Investment Pool (NCIP),
- Pennsylvania Local Government Investment Trust (PLGIT),
- Pennsylvania OPEB Trust (adviser and distributor only),
- TexasTERM Local Government Investment Pool d/b/a Texas Range Investment Program (Texas Range)
- Virginia State Non-Arbitrage Program (SNAP), and
- Wyoming Government Investment Fund (WGIF).

PFMFD serves as distributor to all pools listed above.

We may receive referral business from our related persons and may pay referral fees to them, as described further under "Client Referrals and Other Compensation" below.

USBAM also provides credit research and analysis to PFMAM, including development and management of various approved issuers lists and approved counterparties used by both PFMAM and USBAM.

U.S. Bank serves as custodian and/or depository for a significant number of our separately managed accounts and Pooled Funds. U.S. Bank may also participate as a member of underwriting syndicates in securities offerings, for which it may receive a fee. We may provide various investment advisory services to U.S. Bank for compensation, including managing accounts of certain U.S. Bank clients as sub-adviser under authority delegated by U.S. Bank, for which we may earn a negotiated fee.

We may invest client assets in mutual funds (including the First American Funds for which USBAM serves as investment adviser) or other pooled investment vehicles to whom USBGFS provides services and receives a fee.

USBII, a direct subsidiary of U.S. Bancorp, is a registered broker-dealer and SEC-registered investment adviser. USBII may participate as a member of underwriting syndicates in securities offerings, for which it may receive underwriting discounts or commissions. In certain circumstances and in compliance with applicable laws, regulations and regulatory guidance, including Rule 10f-3 under the Investment Company Act of 1940 (the "Investment Company Act"), we may recommend or purchase such securities for a client from a member of an underwriting syndicate of which USBII is also a member. For non-investment company client accounts, we may recommend or purchase such securities in which USBII participates in the underwriting syndicate if client investment guidelines, restrictions, or other directives do not specifically prohibit the account from purchasing during such securities offering and purchases are made from unaffiliated broker-dealers, unless client consent is obtained to allow for purchases from USBII.

We have no arrangements with other investment advisers for direct or indirect compensation for recommending those advisers to our clients. As a matter of policy and practice, we do not accept any fees, commissions or other forms of compensation from any underlying investment managers or others affiliated with our clients' accounts.

We may invest client assets in the publicly traded securities of other PFMAM clients or prospective clients. In such circumstances, we do not and will not receive any compensation from the issuers specifically for investing client assets in such issuers' securities. We may also invest the assets of the clients in securities issued by companies that are customers of our affiliates. For example, an issuer may be an investment advisory or commercial banking customer of one of our affiliates, or one of our affiliates may be involved in the underwriting or distribution of debt securities purchased by us on behalf of our clients. In such circumstances, the potential for a conflict of interest exists between our obligation to seek the most suitable investments for our clients and the perception that we have an incentive to assist in the success of our affiliate. In certain cases, we may also manage an issuer's proceeds from an underwriting in which an affiliate has been involved, and may receive an advisory fee for doing so, including where we have used our discretionary authority to purchase a portion of that issue for other clients.

PFMAM has arrangements with certain of its affiliates under which PFMAM provides or receives supplemental account administration, operations, client service, sales and marketing, product development and management, risk management, information technology, legal and compliance services, human resources and other corporate, finance or administrative services to or for such affiliates or its clients, or PFMAM or its clients receive such services from such affiliates. Certain personnel perform services for both PFMAM and one or more of its affiliates. The scope of certain such services and arrangements varies depending on the particular strategy, distribution channel, program, and client size and type.

### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Under Rule 204A-1 of the Investment Advisers Act of 1940, our employees are subject to our Code of Ethics ("Code"). Compliance with the Code is a condition of employment for all our employees.

This Code sets out ethical standards applicable to our employees. Employees are expected to maintain the highest ethical standards, embody a business culture that supports actions based on what is right rather than expediency, deal fairly with clients and one another, protect confidential information and seek guidance about ethical questions. More specifically with respect to advisory activities, the Code requires that whenever our personnel act in a fiduciary capacity, we will endeavor to put the client's interest ahead of the firm's. We will disclose

actual and potential meaningful conflicts of interest. We will manage actual conflicts in accordance with applicable regulatory and legal standards. If applicable regulatory and legal standards do not permit management of a conflict, we will seek to avoid the conflict.

We will not engage in fraudulent, deceptive or manipulative conduct with respect to clients. We will act with appropriate care, skill and diligence.

Our employees are required to know when we are acting as a fiduciary with respect to the work they are doing. If we are acting as a fiduciary, they are expected to comply with all fiduciary standards which apply to us in performing their duties. In addition, they must also put the client's interest ahead of their own personal interest. An employee's fiduciary duty is a personal obligation. While advisory personnel may rely upon subordinates to perform many tasks that are part of their responsibilities, they are personally responsible for fiduciary obligations even if carried out through subordinates.

In general, the Code expresses our recognition of our responsibilities to the public, clients and professional associates. Our Code also contains various reporting, disclosure and approval requirements regarding employees' personal securities transactions. The Code requires that our employees whom we deem to be "Access Persons" must report certain personal securities transactions, including transactions in mutual funds advised by us, to our Chief Compliance Officer, or to the person he designates. Additionally, Access Persons are required to pre-clear personal securities transactions. We prohibit our Access Persons from participating in initial public offerings unless our Chief Compliance Officer gives his approval. We also prohibit our employees from purchasing any security on PFMAM's restricted list.

You can receive a copy of our Code by contacting us at 213 Market Street, Harrisburg, PA 17101, by calling 717-231-2723 or by emailing [pfmamrequest@pfmam.com](mailto:pfmamrequest@pfmam.com).

On infrequent occasions, our employees may invest in securities that coincidentally we also recommend for purchase or sale in our client accounts. The securities we recommend for purchase and sale within our fixed-income and OCIO portfolios are of the type which the Securities and Exchange Commission has expressly recognized as presenting little opportunity for the type of improper trading which compliance with the Code reporting requirements is designed to uncover. Further, our employees are subject to our Code described above, and because our personnel are acting in a fiduciary capacity, we require our employees to put the client's interests ahead of their individual interests or that of the firm with respect to the purchase and sale of securities.

We have no obligation to buy, sell or recommend for purchase or sale any security that we or our employees may purchase or sell for themselves or for any of our clients. We have no obligation to seek to obtain any material nonpublic information about any issuer of securities, nor to effect transactions for our clients based on any material nonpublic information as may come into our possession.

"Cross transactions" are generally defined as transactions where an adviser effects transactions between and among client accounts. We do not engage in cross transactions.

Certain client assets are invested in investment companies for which we or an affiliate provide investment advisory services. However, in such circumstances, we do not charge a separate advisory fee with respect to the portion of the assets in a client's account that are invested in such fund(s).

## **Item 12: Brokerage Practices**

We generally exercise brokerage discretion as follows: typically, our clients allow us to choose the broker or dealer to execute the trades. In these situations, we deal with brokers and dealers whom we determine to be major market makers for the types of securities purchased or sold. As a matter of policy, we do not recommend, request or require a client to direct us to execute transactions through a specified broker-dealer. If a client provides us with an approved list of brokers and dealers, we place all orders for the purchase or sale of securities for the client's account with those brokers or dealers and this may limit our ability to achieve the most favorable price or execution. Under these circumstances, the client and the broker or dealer determine the commission rates.

The factors that we consider in selecting or recommending a particular broker or dealer may include: the execution, clearance and settlement capabilities of the firm; our knowledge of negotiated commission rates currently available and other current transaction costs; the nature of the portfolio transaction; the size of the transaction; the timing of the trade; the activity existing and expected in the market for the particular transaction; confidentiality; the availability of research and research related services provided through such firms (as discussed below); our knowledge of the financial stability of the firm; and our knowledge of actual or apparent operational problems of the firm. Given these factors, our clients may pay transaction costs in excess of those which another firm might have charged for effecting the same transaction.

When we select or recommend a firm that executes orders or is a party to portfolio transactions, relevant factors taken into consideration may also include whether that firm has furnished research and research related products and/or services. We receive a broad range of research services, including information on the economy, industries, groups of securities and individual companies, statistical information, market data, accounting and tax law interpretations, political developments, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and other information which may affect the economy and/or security prices. Research may also consist of computer databases. Currently, as a matter of policy, we do not enter into any third party or proprietary soft dollar arrangements where a broker-dealer provides research services in exchange for an expectation of receiving a certain dollar amount of commissions.

From time to time some brokers offer us market commentary and data and statistical research reports on the economy and financial markets and on specific issuers. We believe that this information improves the quality of our investment and trading decisions for the benefit of all our clients. We obtain express authorization from our clients to consider the furnishing of statistical research and other information by the broker or dealer. It is possible that the use of a particular brokerage firm or firms may result from time to time in a less favorable price for a transaction than if we canvassed a broader range of brokers. We believe that the practice of taking into account the furnishing of market information is reasonable. For fixed-income and ETF securities we seek to minimize the effect, if any, of research on the transaction costs by seeking multiple competitive bids and offers and involving major market makers wherever feasible and use electronic trading platforms for many trades to facilitate market access and to minimize transaction costs.

We have no agreement, understanding or other arrangement, either internal or with brokers and/or dealers, which would influence the allocation of securities transactions among brokers and/or dealers, and we do not utilize soft dollar arrangements other than those activities explicitly authorized under Section 28(e) of the Securities Exchange Act of 1934.

In the fixed-income and ETF markets, we may cause securities transactions to be executed for a client's account concurrently with authorizations to purchase or sell the same securities or shares for other accounts we manage. It is our policy where feasible to aggregate the purchase or sale of securities or shares for various client accounts in order to achieve efficiency of execution and better pricing. Each client participating in an aggregate transaction will participate at the same price. Where we receive an allocation that is less than our aggregate order, we normally allocate the securities or shares to the participating client accounts on a pro rata basis in proportion to the size of the orders placed for each account, to the extent that we can. We may increase or decrease the amount of securities or shares allocated to a client if necessary due to factors including avoiding odd lots in a particular security.

We do not currently anticipate effecting brokerage transactions with any broker-dealer affiliated with us, except for potential transactions with USBII, as described above under "Other Financial Industry Activities and Affiliations."

We are prohibited from entering into any agreements or understandings under which brokerage with respect to portfolio securities transactions, or other compensation, is directed to a broker-dealer as consideration for the promotion or distribution of the First American Funds' shares, also referred to as "directed brokerage arrangements." Portfolio management and management involved in the process of selecting broker-dealers for portfolio securities transactions are prohibited from considering the level of the First American Funds' sales or promotional efforts of any broker-dealer in connection with such selection process.

### Item 13: Review of Accounts

For fixed-income accounts our Fixed-Income Investment Committee generally meets monthly, or more frequently as necessary, to review the overall strategic direction and relative value and market risks. Tactical opportunities are presented routinely through reports and analysis prepared by sector specialists and may be discussed at a meeting. These reports highlight interest rate trends and the relative value of different sectors and maturity structures in the market. This investment committee consists of portfolio managers, senior research staff and our chief investment officer.

Ad-hoc strategy discussions take place regularly, and may occur after any significant market moving event, such as sudden changes in financial market conditions, change in general economic conditions, credit ratings downgrades, and/or a material change in the value of a particular portfolio security or market sector.

Many of our fixed-income portfolio managers and traders are assigned specific accounts and review client portfolios on a regular basis. The review includes upcoming maturities and any upcoming deposits or cash needs in a portfolio.

OCIO accounts are overseen by our Outsourced Chief Investment Officer Investment Committee which also meets generally on a monthly basis, or more frequently as necessary to review the overall strategic direction of markets. This investment committee consists of portfolio managers, research staff, our chief investment officer, and other investment professionals. We monitor the performance of OCIO accounts on at least a quarterly basis to determine whether the underlying investments selected are performing in line with expectations and are meeting the needs of the individual client. We provide our OCIO clients an analysis of the performance of the underlying funds in which the client's assets are invested and of any reallocation of assets among these underlying funds quarterly, or at the frequency requested by the client. At least annually, we will consult with the client to determine whether there are reasons to revise the client's target investment strategy.

Changes in our Capital Market Assumptions, our outlook for asset class valuation, sudden changes in financial market conditions, and general economic conditions may trigger a review of our OCIO accounts. Accounts are reviewed by an investment professional or in consultation with research staff or a portfolio manager. Normally, we sequence account reviews in a manner that provides for first review of the accounts that have the greatest potential exposure to the effects of the event which triggers the review.

Pursuant to our investment advisory agreements, we may also provide quarterly performance and economic reviews for some clients.

The custodians of our OCIO portfolio clients provides each client with a periodic statement of account detailing the client's period-end balances and any transactions which occurred during the period. We review these statements to determine whether transactions executed by the custodian are in agreement with any instructions which we or the client provided. In addition, we provide written statements monthly and performance reports quarterly, or on the frequency requested by the client.

### Item 14: Client Referrals and Other Compensation

We maintain relationships with U.S. Bank, and at times with unaffiliated third parties pursuant to which we pay U.S. Bank and such unaffiliated third parties if they are responsible for introducing new client relationships. Under these arrangements, we enter into a written agreement with the party that describes the party's activities on our behalf and the amount we agree to pay the party. The agreement also contains the party's undertaking to act in a manner consistent with our instructions and with the provisions of the Investment Advisers Act of 1940. If the referral subsequently enters into an investment advisory agreement with us, we pay the promoter a percentage of our investment advisory fee, which fee arrangement is disclosed to the prospect by the promoter prior to any contact or meeting with the prospect.

## Item 15: Custody

### Custody

We do not have direct custody of client funds or securities, except that certain clients may have selected U.S. Bank to serve as custodian. The custody function is performed by other providers such as brokers, banks, or other qualified custodians with whom our clients contract. However, there are certain cases in which we have authority to initiate a withdrawal from a client account to pay our management fees; we are deemed to have custody for regulatory purposes solely as a consequence of this. For example, certain of our clients have authorized us to charge our fee against the account we manage after they have received our invoice. The client also has instructed the custodian to disburse funds from the managed account to pay our advisory fees. At all times, the custodial bank maintains actual custody of those assets. Clients receive regular statements from their custodians which list their assets, including information such as cost and market value, and transaction activity for the period. We urge clients to review these statements carefully and to contact their custodians if they have any concerns.

### Differences Between Our Statements and Custodial Statements

The statements clients receive from us can differ from the statements clients receive from their custodian. We advise clients to consider the records of its custodian as the official records of their assets. A common difference involves the market value of certain securities. Since custodians may use a different pricing vendor to price securities than we do, the reported prices for certain securities may vary. In addition, the accounting system used by a client's custodian may differ from our accounting system and may employ a different reporting method. Our reports are based upon trade date accounting with accruals, whereas some custodians report activity on a settlement date basis with or without accruals. While both reporting methods are accurate and acceptable, clients should be aware of the potential differences that could appear. We urge clients to compare our reports with those received from their custodian and to contact us with any questions they may have.

## Item 16: Investment Discretion

We offer discretionary advisory services with respect to a client's investable assets. These decisions are subject to limitations of law and any other restrictions in the contract with our client or in our client's investment policies. Many of our clients have their own investment policies which usually contain restrictions on the types and credit quality of investments. We agree contractually to follow those guidelines. In addition, many of our clients are subject to state investment statutes or other applicable regulatory requirements which we comply with as well. Our clients typically grant us discretionary authority in the investment advisory agreement which we enter into with them.

## Item 17: Voting Client Securities

Because many of our clients will be invested primarily in fixed-income securities, the receipt of proxy requests on behalf of a client are infrequent. In these situations, while we expect client accounts will rarely hold voting securities, clients may confer upon us complete discretion to vote proxies. We also offer certain of our clients discretionary investment advice on securities which are mutual funds (including ETFs). These mutual funds send us proxies, which we vote on behalf of these discretionary clients if they have given us the authorization to vote them. We also occasionally receive consent requests related to fixed-income securities. Generally we arrange for the portfolio manager overseeing the client's investments to be responsible for making proxy-voting or consent decisions. We seek to vote proxy proposals, consents or resolutions in a manner that serves the best interests of our clients because it is our fiduciary duty to do so. When reviewing whether a proposed action would be in our client's best interests, we take into account the following factors:

- The impact on the valuation of securities,
- The anticipated costs and benefits associated with the proposal,
- An increase or decrease in costs, particularly management fees, of investment in the securities,
- The effect on liquidity, and
- Customary industry and business practices.

In reviewing proxy issues of the type described below, we will apply the following general principles:

- With respect to an election of directors, we will typically vote in favor of the management-proposed slate of directors unless there is a proxy contest for seats on the board of a portfolio fund or other important reasons for withholding votes for directors. We may abstain if there is insufficient information about the nominees disclosed in the proxy statement.
- Similarly, we will also generally support management's recommendation for the appointment of auditors unless there are reasons for us to question the independence or performance of the nominees.
- We will vote in accordance with management's recommendations on issues that are technical and administrative in nature, such as changes to increase the number of directors or to adopt term limits. However, we review and vote on a case-by-case basis any non-routine proposals which are likely to affect the structure and operation of the portfolio company. Examples of these types of proposals include any limitations on shareholder rights, or those which have a material economic effect on the company.
- We will generally vote in favor of proposals that give shareholders a greater vote in the affairs of the company and oppose any measure that seeks to limit those rights.
- We also generally support proposals promoting transparency and accountability within a company to ensure that the directors fulfill their obligations to shareholders.
- We review proposals that result in an increase of compensation to investment advisers and other service providers of portfolio mutual funds on a case-by-case basis, with particular emphasis on the relative performance of the fund.
- We also review proposals relating to executive compensation plans to ensure that the long-term interests of management and shareholders are properly aligned.
- We generally oppose proposals to give shareholders the right to vote on executive compensation.

These policies are not exhaustive due to the variety of proxy voting issues that we may be required to consider.

With the exception of a client's shareholdings in the Pooled Funds, a conflict of interest between us, and a client whose investments are managed by us, is unlikely. We are the investment adviser to the Pooled Funds. We either receive no investment advisory fee from a client for managing client assets which we invest in the Pooled Funds, or we credit to the client any investment advisory fee we receive from the Pooled Funds investment. In regard to voting of securities in the Pooled Funds for which we are the investment adviser (or where it would appear that we have an interest), we apply the following principles:

- If the proposal relates to the matters in which the outcome does not directly affect us, we will follow our general voting policies.
- If the proxy proposal relates to a transaction which directly affects us, or otherwise requires a case-by-case determination by us under our voting policies, we will seek the advice either of the managers of the client or of a qualified, independent third party, and we will submit the proxy statement to them. We will then follow the decision of our client's management or the recommendation of the third party in voting the proxy.

As an indirect, wholly-owned subsidiary of U.S. Bancorp, a large, multi-service financial institution, we recognize that there are circumstances where we have a perceived or real conflict of interest in voting the proxies of issuers or proxy proponents (e.g., a special interest group) who are clients or potential clients of some part of the U.S. Bancorp enterprise. Directors and officers of such companies may have personal or familial relationships with

the U.S. Bancorp enterprise and/or its employees that could give rise to potential conflicts of interest. We will vote proxies in the best interest of our clients regardless of such real or perceived conflicts of interest. To minimize this risk, we will discuss conflict avoidance at least annually with our affiliates to ensure that appropriate parties understand the actual and perceived conflicts of interest we face in voting proxies on behalf of our clients.

If we become aware of a material conflict, we will discuss with our affiliates and determine a course of action designed to address the conflict. Such actions could include, but are not limited to: (1) obtaining instructions from the affected clients on how to vote the proxy; (2) disclosing the conflict to the affected clients and seeking their consent to permit us to vote the proxy; (3) abstaining from voting; (4) voting in proportion to the other shareholders to the extent this can be determined; or (5) recusing a party from all discussion or consideration of the matter, if the material conflict is due to such person's actual or potential conflict of interest.

In addition to the above, our employees must notify the CCO of any direct, indirect or perceived improper influence exerted by any employee, officer or director within the U.S. Bancorp enterprise about how we should vote proxies. The CCO will investigate any such allegations and report the findings to the appropriate parties, typically the CEO and legal personnel. If it is determined that improper influence was attempted, appropriate action will be taken, which may include disciplinary action, notification of the appropriate senior managers within the U.S. Bancorp enterprise, or notification of the appropriate regulatory authorities. In all cases, we will not consider any improper influence in determining how to vote proxies and will vote in the best interests of clients.

We maintain records relating to all proxy voting for five years. We will provide information to any client about how we voted proxies for securities in the client's account. Our Proxy Voting Policy is available upon request by contacting us at 213 Market Street, Harrisburg, PA 17101, by calling 717-231-2723 or by emailing [pfmamrequest@pfmam.com](mailto:pfmamrequest@pfmam.com).

Under certain of our engagements we do not assume the responsibility for voting proxies on client securities. The clients make arrangements to receive proxies from their custodian. If we receive a proxy and we do not have authority to vote on it, we forward it to our client. Clients may contact the portfolio manager for their account if they have questions about a particular solicitation.

### **Item 18: Financial Information**

We are not aware of any financial condition that is reasonably likely to impair our ability to carry out our commitments and responsibilities under our client contracts.

# Form ADV, Part 2B

Brochure Supplement  
March 29, 2024



**pfm**  **asset  
management**

213 Market Street  
Harrisburg, PA 17101-2141  
717-232-2723 (phone)  
[www.pfmam.com](http://www.pfmam.com)

**SEC File No. 801-60449**

## Brochure Supplement

### What you need to know

This Brochure Supplement provides information about our investment personnel listed below and supplements the PFM Asset Management LLC brochure. You should have received a copy of that brochure. Please contact our Compliance Department at 717.231.2723 or contact us by emailing [pfmamrequest@pfmam.com](mailto:pfmamrequest@pfmam.com) if you did not receive our Firm's brochure or if you have any questions about the contents of this supplement.

#### Investment Personnel

Marc D. Ammaturo  
 Andrew Brown, CFA  
 Robert H. Cheddar, CFA  
 Dorothy F. Cooney  
 Joseph W. Creason, CFA  
 Ken S. Donaldson, CFP®, CTFA  
 Michael P. Downs, CFA  
 Cori C. Farwell  
 Scott S. Grimm, CFA  
 Alex Gurvich, Ph.D.  
 Gregory Haendel, CFA  
 Christopher Harris, CFA, CAIA  
 Philip Levy, CFA  
 Patrick J. Mahoney  
 Michael T. Maloney  
 Giancarlo Morales  
 Dennis S. Mullins, CFA  
 Kerri Muskin  
 Mitul Patel, CFA, FRM  
 Surya M. Pisapati, CFA  
 Brian Raubenstein  
 Christopher Rekawek, CFA  
 Richard A. Rosenthal  
 Jeffrey H. Rowe, CFA  
 Wayne A. Sattler, CFA  
 Kenneth E. Schiebel, CFA  
 Jason P. Sharpe, CFA  
 Floyd Simpson III, CFA, CAIA, CFP®  
 James P. Sims, CFA  
 John Spagnola  
 Keith Stribling, CFA  
 Meredith L. Sullivan  
 John Zhang, CFA

#### Location

Philadelphia, PA  
 San Francisco, CA  
 Harrisburg, PA  
 San Francisco, CA  
 Harrisburg, PA  
 Cincinnati, OH  
 Harrisburg, PA  
 San Francisco, CA  
 Philadelphia, PA  
 Philadelphia, PA  
 Los Angeles, CA  
 Harrisburg, PA  
 San Francisco, CA  
 Minneapolis, MN  
 Philadelphia, PA  
 Harrisburg, PA  
 Philadelphia, PA  
 Harrisburg, PA  
 Harrisburg, PA  
 Philadelphia, PA  
 Harrisburg, PA  
 Harrisburg, PA  
 Philadelphia, PA  
 Harrisburg, PA  
 Milwaukee, WI  
 Harrisburg, PA  
 Los Angeles, CA  
 Philadelphia, PA  
 Harrisburg, Pa  
 Philadelphia, PA  
 Irvine, CA  
 Harrisburg, PA  
 Harrisburg, PA

**Cincinnati**

425 Walnut Street  
Cincinnati, OH 45202

**Milwaukee**

1515 N. RiverCenter Drive  
Milwaukee, WI 53212

**Harrisburg**

213 Market Street  
Harrisburg, PA 17101-2141

**Minneapolis**

800 Nicollet Mall, 16<sup>th</sup> Floor  
Minneapolis, MN 55402

**Irvine**

18300 Von Karman Ave.  
Irvine, CA 92612

**Philadelphia**

1735 Market Street, 43<sup>rd</sup> Floor  
Philadelphia, PA 19103

**Los Angeles, CA**

633 W. 5<sup>th</sup> St.  
Los Angeles, CA 90071

**San Francisco, CA**

1 California Street  
San Francisco, CA 94111  
  
350 California Street, Suite 1600  
San Francisco, CA 94104

---

## Table of Contents

Educational Background and Business Experience	4
Disciplinary Information	17
Other Business Activities	18
Additional Compensation	19
Supervision	19

## Educational Background and Business Experience

### Item 2

Item 2 of Form ADV, Part 2B asks us to disclose background in education and business for our supervised persons who formulate the various types of investment advice we offer. Most types of our investment advice are provided to you by a team of more than five individuals. We have prepared background information for the team members who have the most responsibility for the advice the team prepares. We have provided the person's name, year of birth, formal education after high school, and business background (including an identification of the specific positions held) for the preceding five years of our supervised persons. Also listed are certain professional designations held by the supervised person. An explanation of the minimum qualifications required for each designation is included so you may better understand the value of the designation.

### Investment Professional

### Educational Background and Business Experience

### Area of Focus

**Marc D. Ammaturo**  
Year of Birth: 1974

**Formal Education after High School**

- Pennsylvania State University, University Park, PA, Bachelor of Science, Accounting, Graduated 1996
- University of Maryland, College Park, MD, Master of Business Administration, Finance, Graduated 2004

**Business Background – Previous Five Years**

- PFM Asset Management LLC, Philadelphia, PA, Managing Director, 1/2012 – Present

- Outsourced Chief Investment Officer services

**Andrew Brown, CFA**  
Year of Birth: 1966

**Formal Education after High School**

- University of Southern California, Los Angeles, CA, Bachelor of Arts, International Relations, Graduated 1989
- University of Southern California, Los Angeles, CA, Master of Business Administration, Graduated 1997

**Business Background – Previous Five Years**

- PFM Asset Management LLC, San Francisco, CA, Portfolio Manager, 1/2024 – Present
- HighMark Capital Management, Inc., San Francisco, CA, Director and Senior Portfolio Manager, 2001 – 12/2023

**Certifications**

- Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

- Outsourced Chief Investment Officer services

**Robert H. Cheddar, CFA**  
Year of Birth: 1966

**Formal Education after High School**

- Susquehanna University, Selinsgrove, PA, Bachelor of Science, Business, Graduated 1988
- Pennsylvania State University, Malvern, PA, Master of Business Administration, Graduated 2003

**Business Background – Previous Five Years**

- PFM Asset Management LLC, Harrisburg, PA, Managing Director, 1/2011 – Present

**Certifications**

- Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

- Fixed Income

**Investment Professional**

**Educational Background and Business Experience**

**Dorothy F. Cooney**  
Year of Birth: 1961

**Formal Education after High School**

- University of Colorado, Bachelor of Arts, Political Science, Graduated 1983
- University of San Francisco, Master of Business Administration, Graduated 1990

**Business Background – Previous Five Years**

- PFM Asset Management LLC, San Francisco, Portfolio Manager, 1/ 2024 – Present
- HighMark Capital Management, Inc., San Francisco, CA, Vice President and Senior Portfolio Manager, 1997 – 12/2023

- Fixed Income

**Joseph W. Creason, CFA**  
Year of Birth: 1976

**Formal Education after High School**

- Shippensburg University, Shippensburg, PA, Bachelor of Science, Finance, and Bachelor of Science, Economics, Graduated 2000

**Business Background – Previous Five Years**

- PFM Asset Management LLC, Harrisburg, PA, Portfolio Manager, 07/2000 – 1/2017; Director/Sr. Portfolio Manager, 2/2017 – Present

**Certifications**

- Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

- Fixed Income

**Ken S. Donaldson, CFP®, CTFA**  
Year of Birth: 1968

**Formal Education after High School**

- The University of Evansville, Evansville, IN, Bachelor of Science, Finance and Economics, Graduated 1990
- Harlaxton College, Grantham England, International Business, 1988-1989 academic year study abroad program

**Business Background – Previous Five Years**

- PFM Asset Management LLC, Cincinnati, OH, Sr. Institutional Client Portfolio Manager, 7/2023 – Present
- U.S. Bank National Association, Cincinnati, OH, Sr. Portfolio Manager, 11/2012 – 6/2023

**Certifications**

- Certified Financial Planner. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.
- Certified Trust and Fiduciary Advisor. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

- Outsourced Chief Investment Officer services

**Investment Professional**

**Educational Background and Business Experience**

**Area of Focus**

**Michael P. Downs, CFA**  
Year of Birth: 1964

**Formal Education after High School**

- The Ohio State University, Columbus, OH, Bachelor of Science, Finance and Accounting, Graduated 1987
- The Ohio State University, Columbus, OH, Master of Business Administration, Finance, Graduated 1991

**Business Background – Previous Five Years**

- PFM Asset Management LLC, Harrisburg, PA, Portfolio Manager, 4/2014 – Present

**Certifications**

- Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

- Fixed Income

**Cori Farwell**  
Year of Birth: 1966

**Formal Education after High School**

- California State University – San Francisco, San Francisco, CA, Bachelor of Science, Business Administration/Management, Graduated 1990
- St. Mary’s College, Moraga, CA, Master of Business Administration, Finance, Graduated 2001

**Business Background – Previous Five Years**

- PFM Asset Management LLC, San Francisco, CA, Portfolio Manager, 1/ 2024 – Present
- HighMark Capital Management, Inc., San Francisco, CA, Director, Short Duration Fixed Income Strategies Manager, 2002 – 12/2023

- Fixed Income

**Scott S. Grimm, CFA**  
Year of Birth: 1966

**Formal Education after High School**

- The University of Washington, Seattle, WA, Bachelor of Arts, Business Administration, Accounting, Graduated 1989

**Business Background – Previous Five Years**

- PFM Asset Management LLC, Philadelphia, PA, Sr. Institutional Client Portfolio Manager, 7/2023 – Present
- U.S. Bank National Association, Austin, TX, Senior Portfolio Manager, 5/2018 – 6/2023

**Certifications**

- Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

- Outsourced Chief Investment Officer services

## Investment Professional

## Educational Background and Business Experience

### Alex Gurvich, Ph.D.

Year of Birth: 1964

#### Formal Education after High School

- University of Chicago, Chicago, IL, Bachelor of Arts, Physics, Graduated 1986
- INSEAD, Fontainebleau, France, Master of Business Administration, Graduated 1993
- New York University, New York, NY, Master of Science, Financial Engineering, Graduated 2009
- Stevens Institute of Technology, Hoboken, NJ, Doctor of Philosophy, Financial Engineering, Graduated 2020

#### Business Background – Previous Five Years

- PFM Asset Management LLC, Philadelphia, PA, Director of Research, 6/2018 – Present

- Outsourced Chief Investment Officer services

### Gregory Haendel, CFA

Year of Birth: 1975

#### Formal Education after High School

- Amherst College, Amherst, MA, Bachelor of Arts, Economics, Graduated 1998
- UCLA Anderson School of Management, Los Angeles, CA, Master of Business Administration, Graduated 2003

#### Business Background – Previous Five Years

- PFM Asset Management LLC, Los Angeles, CA, Managing Director, 1/ 2024 – Present
- HighMark Capital Management, Inc., Los Angeles, CA, Managing Director and Head of Fixed Income, 8/2020 — 12/2023
- Bradford & Marzec/Tortoise Credit Strategies, Head of Investment Grade Credit, 8/2013—7/2020

#### Certifications

- Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

- Fixed Income

### Christopher Harris, CFA, CAIA

Year of Birth: 1986

#### Formal Education after High School

- Dickinson College, Carlisle, PA, Bachelor of Arts, Economics, Graduated 2008
- Johns Hopkins University, Baltimore, MD, Master of Science in Financial Mathematics, Graduated 2023

#### Business Background – Previous Five Years

- PFM Asset Management LLC, Harrisburg, PA, Analyst, 6/2008 — 12/2012; Senior Managing Consultant, 1/2013 – 1/2017; Director; 2/2017 — 7/2022; Head of Structured Products, 7/2022 — Present; Interim Head of Portfolio Strategies, 4/2023 — 10/2023; Head of Portfolio Strategies, 10/2023 — Present

#### Certifications

- Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.
- Chartered Alternative Investment Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

- Fixed Income
- Structured Products

**Investment Professional**

**Educational Background and Business Experience**

**Philip Levy, CFA**  
Year of Birth: 1968

**Formal Education after High School**

- University of California, Santa Barbara, Bachelor of Arts, Business Economics/Accounting, Graduated 1990

**Business Background – Previous Five Years**

- PFM Asset Management LLC, San Francisco, Portfolio Manager, 1/2024 – Present
- HighMark Capital Management, Inc., San Francisco, CA, Director, Core Intermediate Fixed Income Manager, 2/2008 – 12/2023

**Certifications**

- Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

- Fixed Income

**Patrick J. Mahoney**  
Year of Birth: 1972

**Formal Education after High School**

- University of St. Thomas, St. Paul, MN, Bachelor of Arts, Economics and Political Science, Graduated 1995
- Washington University, St. Louis, MO, Master of Business Administration, Graduated 1999

**Business Background – Previous Five Years**

- PFM Asset Management LLC, Minneapolis, MN, Managing Director, Client Portfolio and Practice Management, 7/2023 – Present
- U.S. Bank Institutional Asset Management, Minneapolis, MN, Director, 4/2019 – 6/2023
- Wells Fargo Institutional Retirement and Trust, Minneapolis, MN, Senior Portfolio Manager, 8/2013 – 4/2019

- Outsourced Chief Investment Officer services

**Investment  
Professional****Educational Background and  
Business Experience****Area of Focus****Michael T. Maloney**

Year of Birth: 1964

**Formal Education after High School**

- St. Ambrose University, Davenport, IA, Bachelor of Arts, Economics/Finance, Graduated 1986
- DePaul University, Chicago IL, Master of Business Administration, Graduated 1990

**Business Background – Previous Five Years**

- PFM Asset Management LLC, Philadelphia, PA, Sr. Institutional Client Portfolio Manager, 7/2023 – Present
- U.S. Bank National Association, Dubuque, IA, Vice President, Senior Portfolio Manager, U.S. Bank Institutional Asset Management, 10/2007 – 6/2023

- Outsourced Chief Investment Officer services

**Giancarlo Morales**

Year of Birth: 1987

**Formal Education after High School**

- Indiana University of Pennsylvania, Indiana, PA, Bachelor of Science, Finance, Graduated 2010

**Business Background – Previous Five Years**

- PFM Asset Management LLC, Harrisburg, PA, Portfolio Manager, 1/2017–1/2021; Director/Sr. Portfolio Manager, 2/2021 – Present

- Fixed Income

**Dennis S. Mullins, CFA**

Year of Birth: 1959

**Formal Education after High School**

- Wright State University, Dayton, OH, Bachelor of Science, Business, Accounting, Graduated 1982

**Business Background – Previous Five Years**

- PFM Asset Management LLC, Philadelphia, PA, Sr. Institutional Client Portfolio Manager, 7/2023 – Present
- U.S. Bank National Association, Cincinnati, OH, Institutional Asset Management Senior Portfolio Manager, 4/2011 – 6/2023

**Certifications**

- Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

- Outsourced Chief Investment Officer services

**Investment Professional**

**Educational Background and Business Experience**

**Kerri L. Muskin**  
Year of Birth: 1983

- Formal Education after High School**
- Pennsylvania State University, Harrisburg, PA, Bachelor of Science, Business Management, Graduated 2006
- Business Background – Previous Five Years**
- PFM Asset Management LLC, Harrisburg, PA, Portfolio Manager, 7/2012 – 1/2017; Director/Sr. Portfolio Manager, 2/2017– Present

- Fixed Income

**Mitul Patel, CFA, FRM**  
Year of Birth: 1985

- Formal Education after High School**
- Temple University, Philadelphia, PA, Bachelor of Business Administration, Finance, Risk Management and Insurance, and Real Estate, Graduated 2008
  - Temple University, Philadelphia, PA, Master of Science, Finance and Accounting, Graduated 2010
- Business Background – Previous Five Years**
- PFM Asset Management LLC, Harrisburg, PA, Director/Sr. Portfolio Manager, 6/2022 – Present
  - Blackrock, Philadelphia, PA, Sr. Portfolio Manager, 11/2018 – 06/2022; Portfolio Manager 8/2013 – 11/2018
- Certifications**
- Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.
  - Financial Risk Manager. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

- Fixed Income

**Surya M. Pisapati, CFA**  
Year of Birth: 1984

- Formal Education after High School**
- Jawaharlal Nehru Technological University, Hyderabad, Telangana, India, Bachelors in Mechanical Engineering, Graduated 2005
  - Indian Institute of Management, Indore, Madhya Pradesh, India, Master of Business Administration, Finance, Graduated 2007
  - Villanova University, Radnor, PA, Master of Science, Finance, Graduated 2012
- Business Background – Previous Five Years**
- PFM Asset Management LLC, Philadelphia, PA, Senior Research Analyst 5/2016 – 12/2018; Manager, Research & Portfolio Strategy, 1/2019 – 12/2020; Director of Global Equities & Portfolio Strategist, 1/2021 – 6/2023; Director, Portfolio Strategies, 7/2023 – Present
- Certifications**
- Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

- Outsourced Chief Investment Officer services

**Investment  
Professional****Educational Background and  
Business Experience****Area of Focus****Brian Raubenstine**

Year of Birth: 1983

**Formal Education after High School**

- Pennsylvania State University, University Park, PA, Bachelor of Science, Finance, and a Minor in History, Graduated 2006

**Business Background – Previous Five Years**

- PFM Asset Management LLC, Harrisburg, PA, Portfolio Manager, 9/2008—1/2021; Director/Sr. Portfolio Manager, 2/2021 – Present

- Fixed Income

**Christopher Rekawek,****CFA**

Year of Birth: 1986

**Formal Education after High School**

- Boston University, Boston, MA, Bachelor of Arts, Economics, Graduated 2008

**Business Background – Previous Five Years**

- PFM Asset Management LLC, Harrisburg, PA, Analyst, 12/2014 — 12/2015; Senior Analyst, 12/2015 – 12/2019; Senior Managing Consultant 1/2020 – 3/2022; 3/2023 – Present
- T-Rowe Price, Baltimore, MD, Analyst, 3/2022-3/2023

**Certifications**

- Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

- Structured Products

**Richard A. Rosenthal**

Year of Birth: 1973

**Formal Education after High School**

- University of Arizona, Tucson, AZ, Bachelor of Arts, Economics, Graduated 1995
- Loyola Marymount University, Los Angeles, CA, Master of Business Administration, Finance, Graduated 2007

**Business Background – Previous Five Years**

- PFM Asset Management LLC, Philadelphia, PA, Sr. Institutional Client Portfolio Manager, 7/2023 – Present
- U.S. Bancorp Asset Management, Inc., Los Angeles, CA and Chicago, IL, Senior Portfolio Manager, 1/2012 – 6/2023

- Outsourced Chief Investment Officer services

**Investment Professional**

**Educational Background and Business Experience**

**Area of Focus**

**Jeffrey H. Rowe, CFA**  
Year of Birth: 1982

**Formal Education after High School**

- Pennsylvania State University, University Park, PA, Bachelor of Science, Finance, Minor in Supply Chain and Information Systems Technology, Graduated 2005

**Business Background – Previous Five Years**

- PFM Asset Management LLC, Harrisburg, PA, Portfolio Manager, 5/2010 – 1/2017; Managing Director, 2/2017— Present

**Certifications**

- Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

- Fixed Income

**Wayne A. Sattler, CFA**  
Year of Birth: 1958

**Formal Education after High School**

- University of Wisconsin—Milwaukee, Milwaukee, WI, Bachelor of Business Administration, Finance and Management Information Systems, Graduated 1984
- University of Wisconsin—Milwaukee, Milwaukee, WI, Master of Business Administration, Graduated 1986

**Business Background – Previous Five Years**

- PFM Asset Management LLC, Milwaukee, WI, Sr. Institutional Client Portfolio Manager, 7/2023 – Present
- U.S. Bank Institutional Asset Management, Milwaukee, WI, Senior Vice President, Managing Director, Municipal Advisory Group Head, 10/2014 – 6/2023

**Certifications**

- Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

- Outsourced Chief Investment Officer services

**Kenneth E. Schiebel, CFA**  
Year of Birth: 1959

**Formal Education after High School**

- University of Michigan, Ann Arbor, MI, Bachelor of Arts, Mathematics & Computer Science, Graduated 1981

**Business Background – Previous Five Years**

- PFM Asset Management LLC, Harrisburg, PA, Managing Director and Co-head of Portfolio Strategies, 1/1997 – 11/2021; Chief Investment Officer, 12/2021 – Present

**Certifications**

- Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

- Fixed Income
- Outsourced Chief Investment Officer services
- Structured Products

**Investment Professional**

**Educational Background and Business Experience**

**Area of Focus**

**Jason P. Sharpe, CFA**  
Year of Birth: 1973

**Formal Education after High School**

- Biola University, Los Angeles, Bachelor of Science, Finance, Graduated 1995

**Business Background – Previous Five Years**

- PFM Asset Management LLC, Los Angeles, CA, Portfolio Manager, 1/2024 – Present
- Highmark Capital Management, Inc., Los Angeles, CA, Portfolio Manager, 2022 – 12/2023
- Bradford and Marzec/Tortoise Credit Strategies, Los Angeles, CA, Portfolio Manager, 2012 –2022

**Certifications**

- Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

- Fixed Income

**Floyd Simpson III, CFA, CAIA, CFP®**  
Year of Birth: 1980

**Formal Education after High School**

- Truman State University, Kirksville, MO, Bachelor of Business Administration, Finance, Graduated 2002
- De Paul University, Chicago, IL, Master of Business Administration, Financial Analysis and Strategy, Execution, and Valuation, Graduated 2005
- Northwestern University, Evanston, IL, School of Continuing Studies-Financial Planning, Completed 2007

**Business Background – Previous Five Years**

- PFM Asset Management LLC, Philadelphia, PA, Senior Managing Consultant, 10/2019 – 6/2023; Director, Portfolio Strategies, 7/2023 – Present
- Xponance (FIS Group), Philadelphia, PA, Investment Officer, 9/2010 – 9/2019

**Certifications**

- Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.
- Chartered Alternative Investment Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.
- Certified Financial Planner. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

- Outsourced Chief Investment Officer services

**Investment  
Professional**

**Educational Background and  
Business Experience**

**Area of Focus**

**James P. Sims, CFA**  
Year of Birth: 1970

**Formal Education after High School**

- Georgia State University, Atlanta, GA, Bachelor of Business Administration, Finance, Graduated 1993
- Georgia State University, Atlanta, GA, Master of Science, Finance, Graduated 1997

**Business Background – Previous Five Years**

- PFM Asset Management LLC, Harrisburg, PA, Director/Senior Portfolio Manager, 2/2016 – 10/2021; Managing Director, 12/2021 – Present

**Certifications**

- Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

- Fixed Income

**John S. Spagnola**  
Year of Birth: 1957

**Formal Education after High School**

- Yale University, New Haven, CT, Bachelor of Arts, Political Science, Graduated 1980

**Business Background – Previous Five Years**

- PFM Asset Management LLC, Philadelphia, PA, Managing Director, 1/2003 – Present

**Formal Education after High School**

- Stetson University, DeLand, FL, Bachelor of Business Administration Finance, Graduated 1984

**Business Background – Previous Five Years**

- PFM Asset Management LLC, Irvine, CA, Portfolio Manager, 1/2024 – Present
- HighMark Capital Management, Inc., San Francisco, CA, Co-Director, Value Equity, 1995 – 12/2023

**Certifications**

- Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.

- Outsourced Chief Investment Officer services

- Outsourced Chief Investment Officer services

**Keith Stribling, CFA**  
Year of Birth: 1962

Investment Professional	Educational Background and Business Experience	Area of Focus
<p><b>Meredith L. Sullivan</b> Year of Birth: 1985</p>	<p><b><u>Formal Education after High School</u></b></p> <ul style="list-style-type: none"> <li>• Temple University Fox School of Business, Philadelphia, PA Bachelor of Science, Finance, Graduated 2008</li> </ul> <p><b><u>Business Background – Previous Five Years</u></b></p> <ul style="list-style-type: none"> <li>• PFM Asset Management LLC, Harrisburg, PA, Fixed Income Trader, 1/2013 – 1/2018; Portfolio Manager, 1/2018 – 1/2021, Director Senior Portfolio Manager 1/2021 – Present</li> </ul>	<ul style="list-style-type: none"> <li>• Fixed Income</li> </ul>
<p><b>John Zhang, CFA</b> Year of Birth: 1993</p>	<p><b><u>Formal Education after High School</u></b></p> <ul style="list-style-type: none"> <li>• Franklin &amp; Marshall College, Lancaster, PA, Bachelor of Arts, Economics &amp; Mathematics, Graduated 2016</li> </ul> <p><b><u>Business Background</u></b></p> <ul style="list-style-type: none"> <li>• PFM Asset Management LLC, Harrisburg, PA, Portfolio Strategies Analyst, 5/2016 – 1/2018; Credit Analyst, 1/2018 – 1/2020, Senior Credit Analyst, 01/2020 – 6/2022, Portfolio Manager, 7/2022 – Present</li> </ul> <p><b><u>Certifications</u></b></p> <ul style="list-style-type: none"> <li>• Chartered Financial Analyst. An explanation of the minimum qualifications required for this designation is provided at the conclusion of this Item.</li> </ul>	<ul style="list-style-type: none"> <li>• Fixed Income</li> </ul>

**SUMMARY OF PROFESSIONAL DESIGNATIONS**

This Summary should assist you with evaluating the professional designations and the minimum requirements that an individual must meet to hold this designation.

**CAIA – Chartered Alternative Investment Analyst**

This designation is issued by the Chartered Alternative Investment Analyst Association ([www.caia.org](http://www.caia.org)). In order to participate in the CAIA program, a candidate must: 1) Hold a bachelor’s degree or the equivalent and have more than one year of professional experience (defined as full-time employment in a professional capacity within the regulatory, banking, financial, or related field); or 2) Have at least four years of professional experience. The educational requirements that must be completed involve 200 hours of study for each of the 2 levels, and there are 2 course exams. There is a continuing education requirement every three years.

**CFA – Chartered Financial Analyst**

This designation is issued by the CFA Institute ([www.cfainstitute.org](http://www.cfainstitute.org)). The requirements to become a CFA charterholder include: 1) Obtaining a bachelor’s degree or equivalent from a 4-year college/university or meeting a combination of higher education and qualified professional work requirements; 2) Passing the three levels of CFA exams, each of which involves approximately 300 hours of self-study; 3) Having at least 4,000 hours of relevant investment-related work experience, completed in a minimum of 36 months; and 4) Abiding by the CFA Code of Ethics. Continuing education is encouraged but not required.

**CFP® – Certified Financial Planner**

This designation is issued by the CFP Board of Standards ([www.cfp.net](http://www.cfp.net)). The requirements to become a CFP professional include: 1) Obtaining a bachelor’s degree in any discipline from an accredited college/university; 2) Taking college or university-level coursework through a CFP Board Registered Program; 3) Passing the exam; 4) Having at least 4,000-6,000 hours of relevant financial planning related work experience, completed before 10 years

and/or after 5 years of completing the exam; and 5) Abiding by the CFP Code of Ethics. There is a continuing education requirement each two-year reporting period.

### CTFA – Certified Trust and Fiduciary Advisor

This designation is issued by the American Bankers Association ([www.aba.com](http://www.aba.com)). In order to participate in the CTFA program, a candidate must: 1) Have three years minimum experience in wealth management and completion of a specified wealth management training program within the last seven years; 2) Have five years minimum experience in wealth management and a bachelor's degree; or 3) Have ten or more years of experience in wealth management, with at least five of the last ten years within the last seven years. The requirements to become a CTFA include passing an exam and abiding by the ABA Professional Certifications Code of Ethics. There is a continuing education requirement each three-year reporting period.

### FRM – Financial Risk Manager

This designation is issued by the Global Association of Risk Professionals ([www.garp.org](http://www.garp.org)). The requirements to become a FRM include passing a two-part exam and having at least two years of relevant work experience. Continuing education is encouraged but not required.

## Disciplinary Information

### Item 3

***If there are legal or disciplinary events material to your evaluation of the supervised person, Item 3 requires us to disclose all material facts regarding those events.***

#### ***A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the supervised person***

1. *was convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;*
2. *is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;*
3. *was found to have been involved in a violation of an investment-related statute or regulation; or*
4. *was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, the supervised person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.*

Not applicable. None of the personnel listed in Item 2 above has ever been subject to any such criminal or civil action.

#### ***B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which the supervised person***

1. *was found to have caused an investment-related business to lose its authorization to do business; or*
2. *was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority*
  - (a) *denying, suspending, or revoking the authorization of the supervised person to act in an investment-related business;*
  - (b) *barring or suspending the supervised person's association with an investment-related business;*
  - (c) *otherwise significantly limiting the supervised person's investment-related activities; or*
  - (d) *imposing a civil money penalty of more than \$2,500 on the supervised person.*

Not applicable. None of the personnel listed in Item 2 above has ever been subject to any such administrative proceeding

#### ***C. A self-regulatory organization (SRO) proceeding in which the supervised person***

1. *was found to have caused an investment-related business to lose its authorization to do business; or*

2. *was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.*

Not applicable. None of the personnel listed in Item 2 above has ever been subject to any such proceeding by an SRO.

- D.** *Any other proceeding in which a professional attainment, designation, or license of the supervised person was revoked or suspended because of a violation of rules relating to professional conduct. If the supervised person resigned (or otherwise relinquished his attainment, designation, or license) in anticipation of such a proceeding (and the adviser knows, or should have known, of such resignation or relinquishment), disclose the event.*

Not applicable. None of the personnel listed in Item 2 above has ever been subject to any such suspension or revocation.

## Other Business Activities

### Item 4

- A.** *If the supervised person is actively engaged in any investment-related business or occupation, including if the supervised person is registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant ("FCM"), commodity pool operator ("CPO"), commodity trading advisor ("CTA"), or an associated person of an FCM, CPO, or CTA, we are required to disclose this fact and describe the business relationship, if any, between the advisory business and the other business.*

We have an affiliate, PFM Fund Distributors, Inc. ("PFMFD"), which is a broker-dealer registered under the Securities Exchange Act of 1934 and a member of the Financial Industry Regulatory Authority ("FINRA"). PFMFD serves as distributor of shares, on either an exclusive or nonexclusive basis, of registered investment companies and local government investment pools ("Pooled Funds") for which we or our affiliated entities serve as investment adviser and/or administrator and we receive fees from this arrangement. Messrs. Ammaturo, Schiebel, Simpson and Spagnola are registered representatives of PFMFD.

- *If a relationship between the advisory business and the supervised person's other financial industry activities creates a material conflict of interest with clients, describe the nature of the conflict and generally how you address it.*

If a client invests in a Pooled Fund, we disclose this relationship to the client through our firm brochure (the Form ADV, Part 2A) and the offering statement for the Pooled Fund. In addition, if we have an investment advisory arrangement with a client to manage a separate account, our investment advisory agreement with the client provides that if we invest client assets in a Pooled Fund, we will not take these assets into account for purposes of calculating our fees for managing the separate account or we will credit investment advisory fees we earn on the client's Pooled Fund investment against investment advisory fees due us related to the client's separately managed account that holds assets in the Pooled Fund.

- *If the supervised person receives commissions, bonuses or other compensation based on the sale of securities or other investment products, including as a broker-dealer or registered representative, and including distribution or service ("trail") fees from the sale of mutual funds, disclose this fact. If this compensation is not cash, explain what type of compensation the supervised person receives. Explain that this practice gives the supervised person an incentive to recommend investment products based on the compensation received, rather than on the client's needs.*

PFMFD registered representatives listed in this Brochure Supplement do not receive commissions, bonuses or other compensation directly based on the sale of shares in the Pooled Funds.

**B. If the supervised person is actively engaged in any business or occupation for compensation not discussed in response to Item 4.A, above, and the other business activity or activities provide a substantial source of the supervised person's income or involve a substantial amount of the supervised person's time, disclose this fact and describe the nature of that business. If the other business activities represent less than 10 percent of the supervised person's time and income, you may presume that they are not substantial.**

None of our supervised persons described in this Brochure Supplement engages in any other business or occupation which provides a substantial source of income or involves a substantial amount of time.

## Additional Compensation

### Item 5

**If someone who is not a client provides an economic benefit to the supervised person for providing advisory services, generally describe the arrangement. For purposes of this Item, economic benefits include sales awards and other prizes, but do not include the supervised person's regular salary. Any bonus that is based, at least in part, on the number or amount of sales, client referrals, or new accounts should be considered an economic benefit, but other regular bonuses should not.**

We do not have any arrangements in which someone other than a client provides any economic benefit to our supervised persons for providing advisory services.

## Supervision

### Item 6

**Explain how you supervise the supervised person, including how you monitor the advice the supervised person provides to clients. Provide the name, title and telephone number of the person responsible for supervising the supervised person's advisory activities on behalf of your firm.**

Kenneth Schiebel as Chief Investment Officer of PFM Asset Management LLC oversees or participates in meetings of the committees which develop investment strategies for the various types of investment advice we offer to our clients. The strategies and advice developed by these committees are then marketed to our clients and prospects by the managing directors of our firm and our additional personnel. As the Chief Investment Officer of the firm, Mr. Schiebel meets regularly with the other members of senior management, the Firm's Chief Compliance Officer, and the Operating Committee and officers of the Firm's parent company. Mr. Schiebel reports to Eric Thole, CEO and President of PFM Asset Management LLC (PFMAM). Mr. Thole is also the CEO and President of U.S. Bancorp Asset Management, Inc. (USBAM). Effective December 7, 2021, PFMAM became a wholly-owned subsidiary of USBAM. Mr. Schiebel may be reached at 717.231.6215.



---

## B. Resumes of Key Professionals



## RESUMES OF KEY PROFESSIONALS

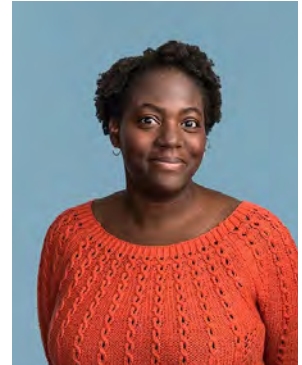
## Monique Spyke

Managing Director

PFM Asset Management LLC

Monique Spyke joined PFM Asset Management in 2003 and serves as a client liaison for Western region clients, where her primary focus is the development and implementation of investment strategies for operating funds and bond proceeds related accounts.

Monique has substantial experience drafting investment policies and indenture and resolution provisions governing permitted investments. She has served as a client manager for billions of assets under management and advisement. Her clients include municipalities, non-profit corporations, hospitals, universities and colleges. Monique has conducted numerous training workshops for clients and is a frequent lecturer on bond proceeds reinvestment-related matters.



### Contact

1 California Street  
Suite 1000  
San Francisco, CA 94111

spykem@pfmam.com  
415.393.7259 office

### Specialties

State & Local Governments,  
Higher Education

### Education

B.A. in Economics and African-  
American Studies  
Smith College

### Professional Designations or Licenses

FINRA Series 6 and 63  
Licenses

**Started with PFM:** 2003

**Started in the Field:** 2003



RESUMES OF KEY PROFESSIONALS

## Allison Kaune

Senior Analyst

PFM Asset Management LLC

Allison Kaune joined PFM Asset Management in 2006 and works with public agency clients located throughout the western United States. Her responsibilities include serving as a liaison between clients and the portfolio management team, coordinating information about liquidity needs, and addressing general client needs. She also works with clients to develop and implement investment strategies for operating funds and bond proceeds, cash flow modeling, and investment policy evaluation.

Allison has spoken at municipal conferences and seminars for clients and board members, covering topics such as bond proceeds investment, building an investment program, permitted investments, and development of investment policies.



### Contact

1 California Street  
Suite 1000  
San Francisco, CA 94111

kaunea@pfmam.com

### Specialties

State & Local Governments

### Education

B.A. in American History  
University of Iowa

### Professional Designations or Licenses

FINRA Series 6 and 63  
Licenses

**Started with PFM:** 2006

**Started in the Field:** 2006



RESUMES OF KEY PROFESSIONALS

## Michael Kronbetter

Client Relations Manager  
PFM Asset Management LLC

Michael brings over 20 years of experience in financial services to his current role as a relationship manager, where he serves as a primary point of contact to our institutional clients. He is responsible for coordinating and communicating investment strategy, market conditions and portfolio performance with our various teams, including strategy, analytics and economics.

Michael joined PFM Asset Management in 2023 from within U.S. Bank, managing credit, treasury and depository needs of middle-market, commercial banking client relationships throughout the Central and Northern California region. Prior to this, Michael spent over 14 years developing and managing institutional investor relationships as a Vice President of Fixed Income Sales at Wells Fargo Securities. His clients included public entities in the Western United States as well as corporations and non-profit organizations managing portfolios of investment-grade securities.

Michael graduated from Purdue University, earning his Bachelor of Arts in Organizational Communication and Advertising, with a minor in Sales Management, Psychology and English. He later furthered his education with a Certificate in Accounting through U.C. Davis Extension.

A yellow square containing the letters 'MK' in a white, bold, sans-serif font. The 'M' and 'K' are connected at the top, and the 'K' has a horizontal bar at its base.

### Contact

kronbetterm@pfmam.com  
916.384.1892 office

### Specialties

Local Government Investment Pools (LGIP's) , Short & Intermediate Term Fixed Income

Higher Education, Insurance & Self-Insurance, State & Local Governments

### Education

B.A. in Organizational Communication and Advertising  
Purdue University

**Started with PFM:** 2023

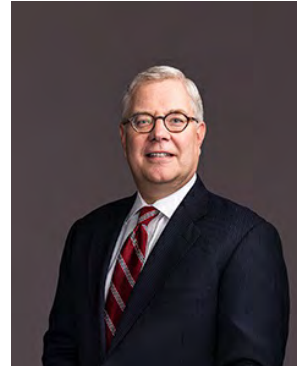
**Started in the Field:** 2003



## RESUMES OF KEY PROFESSIONALS

## Kenneth Schiebel, CFA

Chief Investment Officer  
PFM Asset Management LLC



Ken Schiebel is a managing director and the firm's Chief Investment Officer. He was previously co-head of PFM Asset Management's Portfolio Strategies Group, and had led a team of portfolio managers, traders, and research staff, responsible for the management of the fixed-income separate account business. Ken's background in actuarial analysis helped establish the asset management practice as a market leader in managing assets in the insurance and self-insurance industry.

Prior to joining the firm in 1994, Ken spent 13 years at Aetna Life & Casualty. As senior portfolio manager, he managed \$5 billion of corporate operating funds, insurance reserves, and pension fund assets for Aetna and its investment advisory clients. He also was responsible for managing Aetna's short-term debt issuance.

Ken holds the Chartered Financial Analyst (CFA) designation, is a member of the CFA Institute, and is a General Securities Registered Representative holding the Financial Industry Regulatory Authority (FINRA) Series 7 and 63 licenses. He has been a guest lecturer in the University of Connecticut's MBA program, provided expert testimony to the GASB Deposit and Investment Risk Disclosure Task Force, and has spoken at numerous industry conferences, workshops, and seminars. Ken is Chair of the Fixed Income Investment Committee and a member of the Credit Risk Management Committee.

### Contact

213 Market Street  
Harrisburg, PA 17101

schiebelk@pfmam.com  
717.231.6215 office

### Specialties

State & Local Governments,  
Insurance & Self-Insurance

### Education

B.A. in Mathematics and  
Computer Science  
University of Michigan

Executive Education  
Behavioral Finance  
Harvard University  
John F. Kennedy School of  
Government

### Professional Designations or Licenses

FINRA Series 7 and 63  
Licenses

Chartered Financial Analyst  
(CFA)

**Started with PFM:** 1994

**Started in the Field:** 1981



## RESUMES OF KEY PROFESSIONALS

## Joseph Creason, CFA

Director/Senior Portfolio Manager  
PFM Asset Management LLC

Joseph Creason, CFA, joined PFM Asset Management in 2000 and is based out of the Harrisburg office. He supports the firm's trading desk. His responsibilities involve managing fixed-income assets and developing customized strategies for client operating funds and bond proceeds accounts. He focuses on the firm's total return clients and has expertise in the government investment codes for various states.

Joe is actively involved in developing and implementing portfolio strategies across the firm's actively managed separate accounts. In addition to his work managing separate accounts, Joe develops and executes escrow transactions for the firm's Structured Products Group.

**Contact**

213 Market Street  
Harrisburg, PA 17101

creasonj@pfmam.com  
717.231.6217 office

**Specialties**

State & Local Governments

**Education**

B.A. in Finance and  
Economics  
Shippensburg University

**Professional Designations  
or Licenses**

Chartered Financial Analyst  
(CFA)

**Started with PFM:** 2000

**Started in the Field:** 2000



## RESUMES OF KEY PROFESSIONALS

## Christopher Harris, CFA, CAIA

Director

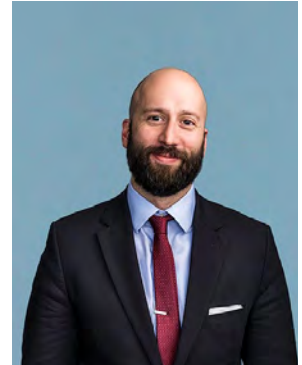
PFM Asset Management LLC

Chris joined PFM Asset Management in 2008 and works in the Harrisburg office. He is the Interim Head of the Portfolio Strategies Group and the Head of the Structured Products Group.

As Interim Head of the Portfolio Strategies Group, Chris focuses on the investment strategy development process for many large and strategically important client relationships. He is also a member of the Fixed Income Investment Committee and Credit Risk Management Committee.

As Head of the Structured Products Group, Chris oversees projects related to the procurement, valuation, and termination of structured investments and the structuring and procurement of asset-liability matching portfolios such as refunding and cash defeasance escrows. Chris also has experience negotiating and monetizing bankruptcy claims settlements and restructuring and terminating leveraged lease portfolios.

Chris also conducts training sessions on escrow optimization, bond proceeds reinvestment, structured investments, and fixed-income investment strategy for clients and colleagues. He is also a member of the firm's Reserve Fund Committee and assists with the firm's management of reserve fund proceeds.



### Contact

213 Market Street  
Harrisburg, PA 17101

harrisc@pfmam.com  
717.213.3810 office

### Specialties

Transportation, State & Local Governments, Public Power

### Education

B.A. in Economics  
Dickinson College

M.S. in Financial Mathematics  
Johns Hopkins University

### Professional Designations or Licenses

Chartered Financial Analyst (CFA)

Chartered Alternative Investment Analyst (CAIA)

**Started with PFM:** 2008

**Started in the Field:** 2008



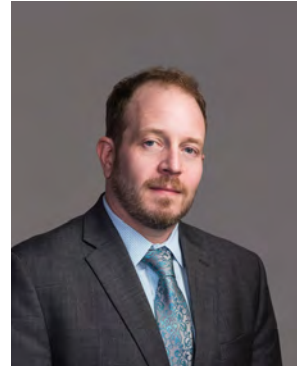
## RESUMES OF KEY PROFESSIONALS

## Jeremy King

Key Account Manager  
PFM Asset Management LLC

Jeremy joined PFM Asset Management in 2013 and is a key account manager in the firm's Client Services Group. In this capacity, he serves as a client advocate providing a "high touch, high value" experience, whatever the client's additional needs may be. Additionally, his responsibilities are to coordinate the efforts of the customer service team in everyday functions such as client administration, onboarding and marketing support.

Previously, Jeremy worked as a brokerage associate providing comprehensive banking services to clients, and as a senior financial manager, working with banks to negotiate and structure contracts in addition to reviewing with customers their contracts and financing options.

**Contact**

213 Market Street  
Harrisburg, PA 17101

kingj@pfmam.com  
717.213.3830 office

**Education**

B.S. in Finance  
Pennsylvania State University

**Professional Designations  
or Licenses**

FINRA Series 6 and 63  
Licenses

**Started with PFM:** 2013

**Started in the Field:** 2006



## RESUMES OF KEY PROFESSIONALS

## Leo Karwejna

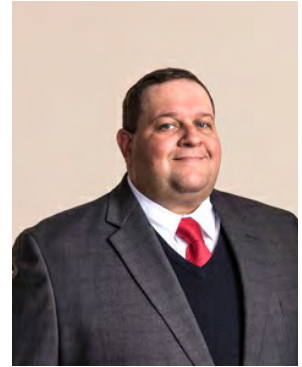
Managing Director

PFM Asset Management LLC

Leo Karwejna joined PFM Asset Management to head the Compliance Group in 2011 as chief compliance officer and managing director. He has over 22 years of experience providing compliance support to firms in the investment advisory and securities-trading businesses including equity, fixed income, real estate (direct property and REIT securities) and additional alternative investment strategies.

Leo is responsible for all regulatory compliance program efforts related to the firm's business activities and personnel. He assists firm professionals with specific compliance advisory guidance and leads the firm's Compliance team's efforts to develop, maintain and monitor firm-wide compliance with appropriate policies, procedures and regulatory requirements.

Leo's prior experience includes compliance management positions at PFM Financial Advisors, Prudential Financial Inc., Deutsche Asset Management, and RREEF Alternative Investments. He serves as an Arbitrator within the FINRA Dispute Resolution Services program for securities-related issues among the investing public and/or industry participants.



### Contact

213 Market Street  
Harrisburg, PA 17101

karwejn@pfmam.com  
717.213.3847 office

### Education

B.S. in Finance  
St. Joseph's University

J.D.  
Temple University School of  
Law

### Professional Designations or Licenses

FINRA Series 7 and 66  
Licenses

**Started with PFM:** 2011

**Started in the Field:** 1999



---

## D. PFMAM’s Thought Leadership

# Update on the Debt Ceiling

Special Report | May 2023

**pfm** asset  
management

On January 19, 2023, Treasury Secretary Janet Yellen informed Congress that the outstanding debt of the United States had reached its statutory limit and that the Treasury Department began implementing certain “extraordinary measures” to prevent the nation from defaulting on its obligations. Secretary Yellen also indicated that the period of time those measures may be deployed was subject to considerable uncertainty, but it was unlikely that cash and extraordinary measures would be exhausted before early June. Private forecasters put the so called “X-date” (the term used to reference the expected date that the U.S. Treasury would no longer be able to meet all its financial obligations) sometime in the third quarter. At that time, PFM Asset Management (PFMAM) provided [our thoughts on the debt ceiling issue](#)<sup>1</sup>.

In a more recent [letter](#)<sup>2</sup> to Congressional leaders on May 1, Secretary Yellen provided updated information noting, “our best estimate is that we will be unable to continue to satisfy all of the government’s obligations by early June, and potentially as early as June 1, if Congress does not raise or suspend the debt limit before that time.” That pulled forward the potential X-date to a date much earlier than previously anticipated.



Secretary Yellen commented in her recent letter that “waiting until the last minute to suspend or increase the debt limit can cause serious harm to business and consumer confidence, raise short-term borrowing costs for taxpayers, and negatively impact the credit rating of the United States” and that failing to act “would cause severe hardship to American families, harm our global leadership position, and raise questions about our ability to defend our national security interests.” Other economists have noted that even talking about a possible default is something that great economic powers just don’t do.

The timing of when the Treasury could run out of money is a critical factor in understanding the urgency of political negotiations, the Treasury maturities most at risk to a potential default, even if only for a short period of time, and potential market volatility leading up to that date.

<sup>1</sup> PFM Asset Management LLC. (2023, February 9). *Our Thoughts on the Debt Ceiling*. PFM Asset Management LLC. [https://www.pfam.com/docs/default-source/default-document-library/special-report--our-thoughts-on-the-debt-ceiling.pdf?s-fvrsn=470e2f6\\_0](https://www.pfam.com/docs/default-source/default-document-library/special-report--our-thoughts-on-the-debt-ceiling.pdf?s-fvrsn=470e2f6_0)

<sup>2</sup> Yellen, J. L. (2023, May 1). *Secretary of the Treasury Janet L. Yellen Letter to Congressional Leadership on the Debt Limit*. [https://home.treasury.gov/system/files/136/Debt\\_Limit\\_Letter\\_Congress\\_Members\\_05012023.pdf](https://home.treasury.gov/system/files/136/Debt_Limit_Letter_Congress_Members_05012023.pdf)

The X-date estimate remains uncertain because of the significant daily flows into and out of the Treasury General Account (TGA). While the Federal government typically runs a surplus in April due to individual income tax receipts, the U.S. has run a deficit in May for 55 straight years. June is mixed bag but has been at a surplus 70% of the time, while July and August are uniformly at deficits. However, funding capacity must be met on a day-by-day basis<sup>3</sup>.

[Moody's recently noted](#)<sup>4</sup> that April tax receipts were running 35% below last year's pace, which is meaningfully weaker than anticipated, in part because of weaker capital gains revenue because of last year's stock market declines. When Secretary Yellen wrote the original letter in January, the TGA balance was \$455 billion; it dropped to a low of \$86 billion just prior to the April 15 tax date; and was \$188 billion as of May 3<sup>5</sup>. In addition to other ongoing expenditures, there are large upcoming [Social Security benefits or supplemental security income payments](#)<sup>6</sup> on May 10, 17 and 24, and June 1 and 14<sup>7</sup>. The Treasury would expect large inflows from corporate and individual tax payments on June 15. If the Treasury can cover funding needs to June 15, inflows at that time would likely take them to late July.

Because previous expectations were that the Treasury would not hit the X-date until late July or early August, the market reacted to Yellen's updated information by initially pushing up the yield on Treasury bills maturing in early to mid-June. For example, on May 4, the Treasury sold \$50 billion of 4-week Treasury bills maturing June 6, 2023, at a [rate of 5.84%](#)<sup>8</sup>—the highest yield for any Treasury bill auction since 2000. Yields on Treasuries with maturities in the June–August timeframe remain elevated. In contrast, yield on Treasury bills maturing in May yield 100 basis points (1.00%) less than those maturing in June<sup>9</sup>.

**In addition to higher short-term yields, there are uncertain implications from a Treasury default, or even risk of cutting it too close.**

<sup>3</sup> Department of Treasury, Bureau of the Fiscal Service. (2023, April 30).

<https://fiscal.treasury.gov/files/reports-statements/mts/mts0423.pdf>

<sup>4</sup> Zandi, M. Yaros, B. (2023, April). *The Debt Limit Drama Heats Up*. Moody's.

<https://www.moodyanalytics.com/-/media/article/2023/debt-limit-drama.pdf>

<sup>5</sup> Bureau of the Fiscal Service. (2023). *Issues: Current and Archive*.

<https://fsapps.fiscal.treasury.gov/dts/issues/2023/2?sortOrder=desc#FY2023Q2>

<sup>6</sup> Social Security Administration. (2022, January). *Schedule of Social Security Benefit Payments 2023*. Social Security Administration.

<https://www.ssa.gov/pubs/EN-05-10031-2023.pdf>

<sup>7</sup> Fiscal Data. (2023, May 10). <https://fiscaldata.treasury.gov/datasets/daily-treasury-statement/operating-cash-balance>

<sup>8</sup> Department of the Treasury, Bureau of the Fiscal Service. (2023, May 4). *Treasury Auction Results*.

[https://www.treasurydirect.gov/instit/annceresult/press/preanre/2023/R\\_20230504\\_1.pdf](https://www.treasurydirect.gov/instit/annceresult/press/preanre/2023/R_20230504_1.pdf)

<sup>9</sup> Treasury Direct. (2023, May). *Announcements and Results by Auction Year*.

<https://treasurydirect.gov/auctions/announcements-data-results/announcement-results-press-releases/previous-announcements-and-results/>

In addition to higher short-term yields, there are uncertain implications from a Treasury default, or even risk of cutting it too close. Economic risks and market volatility would likely spike well before the Treasury's account balance is exhausted. In a [recent press conference](#)<sup>10</sup>, Fed Chair Jerome Powell stated: "It's essential that the debt ceiling be raised in a timely way so that the U.S. government can pay all of its bills when they're due. A failure to do that would be unprecedented. We'd be in uncharted territory, and the consequences to the U.S. economy would be highly uncertain and could be quite averse."

President Biden and House Speaker McCarthy met at the White House on May 9 to attempt to resolve the potential crisis. Initial reports suggest that the parties remain at an impasse. Congressional Republicans want to tie any debt ceiling increase to significant spending cuts, while the Biden administration wants a clean debt ceiling increase with any spending cuts to take place through normal budget negotiations ahead of the October 1 start to the next U.S. government fiscal year. A temporary option used in the past has been a [short-term extension of the debt ceiling](#)<sup>11</sup>. This could be used to get through the near-term June 1–15 critical period and provide more time for further discussion and negotiations.

## Implications for State and Local Government Series (SLGS) Securities

Yellen's May 1 letter also announced the suspension of the State and Local Government Series (SLGS) Treasury securities program. SLGS are commonly used in PFAM's Structured Products business and are used in refunding escrow portfolios. Without access to SLGS, escrow portfolios must use cash or open market securities, as permitted by bond documents and tax regulations.

PFAM continues to closely monitor this developing situation and its market impact. Should you have any questions, please reach out to your PFAM client service professional.

<sup>10</sup> Powell, J. H. (2023, May 3). Transcript of Chair Powell's Press Conference. <https://www.federalreserve.gov/mediacenter/files/FOMCpresconf20230503.pdf>

<sup>11</sup> Gangitano, A. (2023, May 4). OMB director says short-term debt ceiling extension possible. The Hill. <https://thehill.com/homenews/administration/3988519-omb-director-says-short-term-debt-ceiling-extension-possible/>

**To learn more or discuss in greater detail,  
please contact your PFAM relationship manager.**

*Links within this piece are to third-party websites/content and as such is not controlled by PFM Asset Management LLC (PFAM). PFAM has not participated in the preparation of the content and does not explicitly or implicitly endorse or approve the content.*

*PFM Asset Management LLC ("PFAM") is an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. ("USBAM"). USBAM is a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFAM.*

**NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE**

# Investment Implications of Russia's Invasion of Ukraine

Special Report | March 2022



The world has watched Russia's unprovoked invasion of Ukraine in shock and anguish, its devastating toll on the civilian population, and the resulting humanitarian and refugee crisis it has created over the past three weeks. Our hearts go out to the families affected by the evolving tragedy.

## Response and Sanctions

Countries around the world, including the U.S., UK, those in the EU, Canada, Japan, Australia and others, have acted in near unison to impose severe sanctions against Russia. Those sanctions include:

- ▶ Blocking Russia's central bank and sovereign wealth fund from using its emergency reserves by selling dollars or euros;
- ▶ Freezing assets and restricting access to U.S. dollar funding markets for Russia's largest banks;
- ▶ Removing key Russian banks from SWIFT, the international system that facilitates financial transactions and interbank payments, effectively blocking their ability to trade internationally;
- ▶ Freezing the assets of, and instituting travel bans on, several key Russian politicians, officials and oligarchs;
- ▶ Bans of Russian aircraft in EU, UK and U.S. airspace, and exports of certain technology to Russia; and
- ▶ Suspension of the Bank of Russia from the Bank for International Settlements (BIS), considered the central bank of central banks, limiting its ability to circumvent sanctions.

Most recently, the U.S. announced a ban on importing Russian oil, liquefied natural gas and coal. The UK also announced it will phase out imports of Russian oil and oil products by the end of 2022, while the EU presented a plan to cut Russian gas imports by two-thirds this year.

Multinational companies have followed suit. Below is a partial and growing list of companies suspending or limiting operations, investments or sales in Russia.

### Companies Suspending or Limiting Operations, Investments or Sales in Russia

- |                                                                                                      |                                                                                            |
|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| ▶ <b>Autos:</b> GM, Ford, Volkswagen, Toyota, Volvo, Nissan, Mercedes, Honda, BMW                    | ▶ <b>Food:</b> McDonald's, Starbucks, Pepsi, Coca Cola, Yum Brands                         |
| ▶ <b>Consumer Goods/Retail:</b> Unilever, Ikea, TJX, H&M, Canada Goose, Adidas, Levi's, 3M           | ▶ <b>Technology:</b> Amazon, Google, Microsoft, Apple, IBM, Samsung, Spotify, Oracle, Dell |
| ▶ <b>Energy:</b> Shell, BP, Exxon Mobil                                                              | ▶ <b>Shipping/Logistics:</b> UPS, FedEx, DHL                                               |
| ▶ <b>Finance:</b> American Express, Mastercard, Visa                                                 | ▶ <b>Airlines:</b> Airbus, Boeing, American Airlines, Delta, United                        |
| ▶ <b>Accounting and Consulting:</b> Deloitte, EY, KPMG, PwC, Bain, McKinsey, Boston Consulting Group | ▶ <b>Manufacturing:</b> Caterpillar, John Deere                                            |
| ▶ <b>Media:</b> Netflix, Disney, Sony, Warner Bros.                                                  |                                                                                            |



## Investment Implications

The invasion and subsequent sanctions have led to increased volatility in global bond, equity, currency and commodity markets. The Russian stock market has plummeted, and the largest Russian stock exchange remains closed. The Russian ruble has fallen in value by more than a third. Energy prices have surged, reaching a 14-year high. The turmoil has also triggered corrections of 10% or more in the S&P 500 and most other major global equity market indices.

While the humanitarian toll remains on the top of our minds, we must also consider the investment implications for our clients. We are focusing our investment analysis and attention on three key areas:

1. **Geopolitical Risk:** What does Russia's military incursion mean for the post-WWII rules-based world order? What will become of the "peace dividend" that has marked relative stability in Europe and elsewhere? What are the implications for NATO, especially the countries of Eastern Europe that share borders with Russia, Belarus or Ukraine? How will this affect globalization and supply chains in the future? At the moment, these are fundamentally unanswerable questions as the world begins a significant "rewiring" of the political economy.
2. **Inflation and Economic Growth:** The most immediate impact has been a surge in prices, particularly oil, gasoline, agricultural products and industrial metals. Even before the conflict erupted, gasoline prices were high because of supply and demand dynamics resulting from the pandemic. Russia is one of the largest exporters of energy products, including oil and gas, especially to Europe. Given that both Europe and the U.S. are reducing their energy imports from Russia, prices have risen in those regions. In the U.S., the result has been the highest gasoline prices on record, with a gallon of regular gas costing an average of \$4.30 (as of March 9, 2022).

Food prices are also surging. Russia and Ukraine make up approximately 14% of the entire world's wheat supply, so we have seen the war cause wheat prices to climb to record levels. Furthermore, Ukraine is considered the breadbasket of Europe and is a leading exporter of many agricultural products. Spring planting season is coming up, and it appears that farmers in Ukraine may be unable or unwilling to plant this season's crops, further reducing supply. Additionally, metal prices have been soaring, especially nickel and palladium, which are also large Russian exports.

This all means higher inflation – higher costs – than what we were already experiencing. Prior to the invasion, Consumer Price Index (CPI) inflation was nearing 8% on a year-over-year basis in the U.S., driven by supply chain issues and labor shortages, with energy prices and new/used car prices as main contributors. With commodity and energy prices skyrocketing, this inflationary trend is likely to get even worse. For households, it means less disposable income for other consumer goods.



For the U.S. and the global economy as a whole, it will be a significant drag on gross domestic product (GDP). Fortunately, the global economic reopening set the stage for strong anticipated growth in 2022, but the consequences of the war in Ukraine will negatively impact those expectations. The U.S., with its abundance of natural resources, will be less affected than Europe, but commodity inflation easily crosses borders and continents.

- 3. Interest Rates and the Federal Reserve (Fed):** Volatility is up, liquidity is weaker, and uncertainty is high, but the impact on financial markets has been orderly and relatively contained so far. For instance, the U.S. stock market was already trending lower prior to the invasion, and the total downturn year-to-date effectively just reversed the strong gains of the second half of 2021.

Fed Chair Jerome Powell has emphasized the need to move forward with raising short-term interest rates to combat persistent inflation, with the first expected rate hike occurring at the upcoming March Federal Open Market Committee (FOMC) meeting, despite the change in geopolitics. While Treasury yields would normally fall during significant geopolitical events, yields today remain more closely tied to expected Fed policy rather than other factors. For example, the yield on the 2-year Treasury note recently reached 1.70% (as of March 10, 2022), a new high for this cycle. We are, however, seeing a modest and logical “risk-off” sentiment, causing credit spreads to widen. At present, the Fed remains committed to following through on their plan to normalize monetary policy through rate hikes and balance sheet reduction. High inflation makes that a near necessity, but heightened uncertainty, a broader military conflict, or materially slower economic growth could push the Fed to alter its course later in the year.

We continue to seek to protect our clients’ assets by sticking to the fundamentals: adapting to emerging interest rate trends, evaluating the impact current events may have on the creditworthiness of issuers for investment in client portfolios, and maintaining broad portfolio diversification across sectors, industries and issuers.

Since most large banks and corporations operate globally, many may have some direct or indirect exposure to current events through sales, operations or loans in the affected region. We are evaluating that exposure in particular and watching emerging conditions in the financial markets carefully.

But rest assured, across all of PFM Asset Management’s fixed income investment strategies, we hold no issuers domiciled in Russia, Belarus or Ukraine, and all securities we purchase on behalf of clients are denominated in U.S. dollars.

As always, we are here to help you navigate this time of uncertainty and welcome the opportunity to discuss this in more detail with you.

**To learn more or discuss in greater detail, please contact your PFAM relationship manager**

*PFM Asset Management LLC (“PFMAM”) is an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. (“USBAM”). USBAM is a subsidiary of U.S. Bank National Association (“U.S. Bank”). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM.*

**NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE**

# COUNTY OF YOLO STATEMENT OF VALUES

Exhibit C

As Yolo County employees, we recognize this is a great place to live and work. We are committed to doing right by others through public service and maintaining the trust of our residents and peers. Together, we will continue to foster a healthy, supportive and professional environment, striving always for excellence

[Adopted by the Board of Supervisors on July 24, 2012]

**WORKERS' COMPENSATION CERTIFICATE**

I am aware of the provisions of Section 3700 of the Labor Code that 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 I will comply with such provisions before commencing any services required by this Agreement.

The person executing this certificate on behalf of Contractor affirmatively represents that she has the requisite legal authority to do so on behalf of Contractor, both the person executing this Agreement on behalf of Contractor and Contractor understand that the County is relying on this representation in entering into this Agreement.

**CONTRACTOR**By  \_\_\_\_\_

Monique Spyke, Managing Director

\_\_\_\_\_  
Print Name/Title