

**PROFESSIONAL CONSULTANT SERVICES AGREEMENT**  
**Investment Management Services**  
**Specification No. CS-2023-1418BD**

This PROFESSIONAL CONSULTANT SERVICES AGREEMENT (hereinafter referred to as “Agreement”) is made and entered into as of the date fully executed below, by and between Orange County Sanitation District (hereinafter referred to as “OC San”) and Insight North America LLC (hereinafter referred to as “Consultant”), and collectively referred to herein as the “Parties.”

**RECITALS**

WHEREAS, OC San has an investment portfolio consisting of certain funds and/or securities which, together with all additions, substitutions, and changes, is referred to in this Agreement as “Portfolio.”

WHEREAS, OC San desires to obtain investment management services to manage its Portfolio as described in Exhibit “A” attached hereto and incorporated herein by this reference (“Services”); and

WHEREAS, Consultant is qualified to provide the Services by virtue of applicable license(s), experience, training, and expertise; and

WHEREAS, OC San desires to engage Consultant to render the Services as provided herein; and

WHEREAS, OC San selected Consultant to provide the Services in accordance with the current Purchasing Ordinance; and

WHEREAS, on December 14, 2023, OC San’s Board of Directors, by minute order, authorized execution of this Agreement.

NOW, THEREFORE, in consideration of the above recitals and the mutual promises and benefits specified below, the Parties agree as follows:

**1. General.**

1.1 This Agreement and all exhibits hereto are made by OC San and the Consultant.

1.2 The following exhibits, in order of precedence, are incorporated by reference and made part of this Agreement.

- Exhibit “A” – Scope of Work
- Exhibit “B” – Proposal
- Exhibit “C” – Determined Insurance Requirement Form
- Exhibit “D” – Not used
- Exhibit “E” – Human Resources Policies
- Exhibit “F” – Consultant’s Insurance Declarations
- Exhibit “G” – Portfolio in the Custody of the Custodian
- Exhibit “H” – Investment Policy Statement

1.3 In the event of any conflict or inconsistency between the provisions of this Agreement and any of the provisions of the exhibits hereto, the provisions in the Agreement shall

control and thereafter the provisions in the document highest in precedence shall be controlling.

- 1.4 Except as expressly provided otherwise, OC San accepts no liability for any expenses, losses, or actions incurred or undertaken by Consultant as a result of work performed in anticipation of providing the Services to OC San.
- 1.5 Work Hours: All meetings with OC San staff shall be scheduled Monday through Friday, between the hours of 8:00 a.m. and 4:30 p.m. OC San will not pay for travel time.
- 1.6 Days: Shall mean calendar days, unless otherwise noted.
- 1.7 OC San holidays (non-working days) are as follows: New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve, and Christmas Day.
- 1.8 The provisions of this Agreement may be amended or waived only by an amendment executed by authorized representatives of both Parties.
- 1.9 The various headings in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any paragraph or provision hereof.

## **2. Scope of Work.**

- 2.1 Consultant shall provide the Services identified in Exhibit "A" in a competent, professional, and satisfactory manner in accordance with generally accepted industry and professional standards, including fiduciary standards, ethical practices, and standards of care and competence for its trade/profession.
- 2.2 Modifications to Scope of Work. OC San shall have the right to modify the Scope of Work at any time. All modifications must be made by an amendment signed by both Parties.
- 2.3 Performance. Time is of the essence in the performance of the provisions hereof.

## **3. Retention of Consultant as Manager.**

- 3.1 Appointment of Consultant. OC San hereby appoints Consultant as OC San's agent and authorizes Consultant to assume all investment duties to perform the Services with respect to the Portfolio in the custody of the Custodian (as defined below).
- 3.2 Authority of Consultant.
  - 3.2.1 Consultant is hereby granted full discretion to invest and reinvest OC San's Portfolio under its management in any type of security it deems appropriate, subject to the instructions given or guidelines set by OC San's Representative (defined below), provided that in investing and reinvesting OC San's Portfolio, Consultant shall comply with OC San's Investment Policy Statement attached hereto as Exhibit H and incorporated herein by reference. Consultant may direct the investments of the Portfolio and take such actions as it may deem

appropriate in respect of the Portfolio, with or without the prior consent from OC San.

- 3.2.2 The investment authority granted to Consultant shall include the authority to exercise whatever powers OC San may possess with respect to the Portfolio, including, but not limited to, the right to vote, the power to exercise rights, options, warrants, conversion privileges and redemption privileges, and to tender securities pursuant to a tender offer. Consultant shall be solely responsible for voting all proxies related to the Portfolio. Consultant shall maintain a record of how it voted and such record shall be made available to OC San upon request. It is further understood that Consultant need not and is not required to accept any direction concerning the voting of proxies from OC San. The right of Consultant to vote proxies shall continue until the earlier of the termination of this Agreement or such time as OC San specifically revokes Consultant's authority to vote proxies and specifically reserve the right to OC San or to another.
- 3.3 Transactions and Reporting. All investments shall be made on a "delivery vs. payment" basis. Consultant shall confirm to OC San, in writing, all purchases, sales, exchanges and movements of Portfolio investments, within two (2) business days of the effectuation of the same.
- 3.4 Attendance at Meetings. A representative of Consultant will personally meet with OC San's Representative (as identified below) to explain the investment management activities, and any reports related thereto, as may reasonably be requested by OC San. In addition, on a quarterly basis, a representative of Consultant shall personally meet with OC San's Treasurer to review investment performance, proposed strategies, and compliance with the Investment Policy. Consultant shall attend OC San's Administrative Committee meeting annually, or as requested by OC San, to provide investment performance results presentations.
- 3.5 Custody of the Portfolio.
- 3.5.1 OC San shall select and engage a custodial institution to act as custodian for the Portfolio that OC San has placed under Consultant's management ("Custodian"). Consultant shall not have custody or possession of the Portfolio. Consultant shall not be liable for any act or omission of the Custodian. The Custodian and account references for the Portfolio in the custody of the Custodian are listed in Exhibit "G" and are incorporated herein by this reference.
- 3.5.2 Neither Consultant nor any parent, subsidiary or related firm shall take possession of or handle any cash, securities, mortgages or deeds of trust, or other indicia of ownership of the Portfolio's investments, or otherwise act as custodian of such investments. The Custodian will collect the interest and dividends of the investments of the Portfolio in its custody and Consultant shall have no responsibility in this regard.
- 3.5.3 OC San will instruct the Custodian to (a) carry out all investment transactions as may be directed, in writing, by Consultant; and (b) confirm all completed transactions, in writing, by way of a monthly statement, to Consultant.

**4. Use of Securities Broker.**

4.1 Neither Consultant nor any parent, subsidiary, or related firm shall act as a securities broker with respect to any purchases or sales of securities which may be made on behalf of the Portfolio. Notwithstanding the foregoing limitation, Consultant may utilize the services of a securities broker which is a parent, subsidiary, or related firm provided such broker effects transactions on a “cost only” or “nonprofit” basis to itself and provides competitive execution. Consultant shall provide OC San with a list of suitable independent brokerage firms (including names and addresses) meeting the requirements of Government Code section 53601.5, and, unless otherwise directed by OC San, Consultant may utilize the service of any of such independent securities brokerage firms it deems appropriate to the extent that such firms are competitive with respect to price of services and execution.

4.2 Consultant shall maintain a log of all transactions placed through all securities brokerage firms, including the name of the firm, a description of each transaction (including the amount and the securities involved), the date of each transaction, and the amount of fees or commissions paid. Consultant shall provide a copy of the log to OC San each quarter. In addition, Consultant shall cause all securities brokerage firms to confirm all completed transactions directly to OC San, in writing, and to provide copies of such confirmations to Consultant.

**5. Agreement Term.**

5.1 The term of this Agreement shall be for five (5) years commencing on the effective date of the Notice to Proceed.

5.2 Renewals. At its sole discretion, OC San may exercise the option to renew this Agreement for up to two (2) two-year periods. OC San shall have no obligation to renew the Agreement nor to give a reason if it elects not to renew it.

5.3 Extensions. The term of this Agreement may be extended only by an amendment signed by both Parties.

**6. Compensation.**

6.1 OC San shall compensate Consultant a quarterly amount calculated on the average market value of the Portfolio, in accordance with the following schedule:

<u>Portfolio Under Management</u>	<u>Annual Investment Management Fee</u>
First \$100 million	5 basis points (0.05 of 1%)
Thereafter	3 basis points (0.03 of 1%)

6.2 OC San shall not be required to pay start-up, closing, or penalty fees.

**7. Payments and Invoicing.**

7.1 OC San shall pay itemized invoices submitted quarterly for the Services provided in accordance with Exhibit “A”, consistent with Exhibit “B”, and as specified in section 6.1 above, upon receipt of the invoice and after approval by OC San’s Representative.

7.2 Consultant shall submit its invoices to OC San Accounts Payable by electronic mail to [APStaff@OCSan.gov](mailto:APStaff@OCSan.gov).

8. **Key Personnel.** Personnel, as provided in Exhibit “B,” are considered “key” to the work under this Agreement. Consultant shall notify OC San of any changes in personnel prior to, or within five business days, of any change. If OC San asks Consultant to remove a person designated as key under this Agreement, Consultant agrees to do so immediately regardless of the reason, or the lack of reason, for OC San’s request. Consultant shall assign only competent personnel to perform Services under this Agreement.
9. **OC San’s Representative.** In its capacity as investment manager, Consultant shall receive all instructions, directions, and other communications on OC San’s behalf respecting the Portfolio from OC San’s Director of Finance or Financial Management Manager (OC San’s Representative). Consultant is hereby authorized to rely and act upon all such instructions, directions, and communications from OC San’s Representative.
10. **Ownership of Documents.** All reports, records, documents, memoranda, correspondence, computations, and all other materials prepared by Consultant, its employees, subconsultants, and agents in the performance of this Agreement shall be the property of OC San and shall be promptly delivered to OC San upon request of OC San’s Representative or designee or upon the termination of this Agreement and Consultant shall have no claim for further employment or additional compensation as a result of the exercise by OC San of its full rights of ownership of the documents and materials hereunder. Consultant shall ensure that all its contracts with its subconsultants provide for assignment to OC San of any documents or materials prepared by them. Consultant may keep copies of any such documents necessary for Consultant to comply with the recordkeeping rules and regulations applicable to their profession and licensing as registered investment advisors.
11. **Right to Review Services, Facilities, and Records.**
  - 11.1 OC San reserves the right to review any portion of the Services performed by Consultant under this Agreement, including, but not limited to, all records and documents relating to the Portfolio’s investments directed by Consultant and Consultant agrees to cooperate to the fullest extent possible in such endeavor.
  - 11.2 Consultant shall furnish to OC San such reports, statistical data, and other information pertaining to Consultant’s Services as shall be reasonably required by OC San to carry out its rights and responsibilities under its agreements with its bondholders or noteholders and any other agreement relating to the development of the project(s) and in connection with the issuance of its official statements and other prospectuses with respect to the offering, sale, and issuance of its bonds and other obligations.
  - 11.3 The right of OC San to review or approve reports, calculations, schedules, or other data that are developed by Consultant shall not relieve Consultant of any obligation set forth herein.
12. **Conflict of Interest and Reporting.**
  - 12.1 Consultant shall, at all times, avoid conflicts of interest or appearance of conflicts of interest in performance of this Agreement.
  - 12.2 Consultant affirms that it has policies and procedures in place to comply with requirements concerning disclosure, mitigation, and avoidance of conflicts of interests in the performance of services under this Agreement pursuant to the Investment Advisers Act and other applicable regulations.

- 12.3 Compliance with Political Reform Act of 1974. Consultant understands and acknowledges that Consultant is subject to the conflict-of-interest provisions of the Political Reform Act of 1974 (Government Code section 87100 et seq.) and the regulations implementing the same (California Code of Regulations Title 2, Division 6, Chapter 7). As a material provision of this Agreement, Consultant shall comply with such conflict-of-interest provisions. Specifically, the “high-level” officers and employees of Consultant who exercise primary responsibility for the Portfolio, such as principal investment or financial officers or managers (but excluding persons who work under the supervision of such principal investment or financial officers or managers) shall, in compliance with Government Code section 87100 et seq. refrain from making, participating in, or influencing decisions affecting the Portfolio in which he/she knows or should know he/she has a financial interest, and shall file disclosure statements as required by Government Code section 87200 et seq.
13. **Audit Rights.** Consultant agrees that, during the term of this Agreement and for a period of three (3) years after its expiration or termination, OC San shall have access to and the right to examine any directly pertinent books, documents, and records of Consultant relating to the invoices submitted by Consultant pursuant to this Agreement.
14. **Human Resources Policies.** OC San requires Consultant, its subconsultants, and its subcontractors to follow and ensure their employees follow all Federal, State, and local regulations when performing the Services hereunder. Consultant, its subconsultants, and all of their employees shall adhere to all applicable Human Resources Policies in Exhibit “E.”
15. **Insurance.**
- 15.1 Consultant and all its subconsultants shall purchase and maintain, throughout the term of this Agreement or extensions, insurance in amounts equal to the requirements set forth in the signed Exhibit “C” – Determined Insurance Requirement Form. Consultant shall not commence work under this Agreement until all required insurance is obtained in a form acceptable to OC San, nor shall Consultant allow any subconsultant to commence service pursuant to a subcontract until all insurance required of the subconsultant has been obtained. Failure to obtain and maintain the required insurance coverage shall result in termination of this Agreement.
- 15.2 Increased Insurance. In the event claims by others reduce the available coverage and policy limits, OC San may request Consultant to obtain additional insurance in amounts that are standard in the industry for a firm of Consultant’s size and volume. If Consultant fails to obtain the additional insurance required, OC San may exercise its right to terminate this Agreement upon 15 days’ notice.
- 15.3 Claims Reporting. Consultant has provided OC San with a declaration regarding the total amount of all claims, against errors and omissions and employee dishonesty insurance policies, for which any of Consultant’s insurance carriers has established reserves. A copy of that declaration is attached as Exhibit “F” hereto. Consultant represents and warrants that the declaration remains true and correct as of the date of execution of this Agreement. On a semi-annual basis, Consultant or its insurance carrier(s) shall provide OC San with an updated declaration of such claims and reserves.

**16. Indemnification and Hold Harmless Provision.**

16.1 To the fullest extent permitted by law, Consultant shall indemnify, defend (at Consultant's sole cost and expense and with legal counsel approved by OC San, which approval shall not be unreasonably withheld), protect, and hold harmless OC San and all of OC San's officers, directors, employees, consultants, and agents (collectively the "Indemnified Parties"), from and against any and all claims, damages, liabilities, causes of action, suits, arbitration awards, losses, judgments, fines, penalties, costs and expenses (including, without limitation, attorneys' fees, disbursements and court costs, and all other professional, expert or Consultant's fees and costs, and OC San's general and administrative expenses; individually, a "Claim"; collectively, "Claims") which may arise from or are in any manner related, directly to any work performed, or any operations, activities, or services provided by Consultant in carrying out its obligations under this Agreement to the extent of the negligent, recklessness, and/or willful misconduct of Consultant, its principals, officers, agents, employees, consultant, Subconsultants, subcontractors, and/or anyone employed directly or indirectly by any of them, regardless of any contributing negligence or strict liability of an Indemnified Party. Notwithstanding the foregoing, nothing herein shall be construed to require Consultant to indemnify the Indemnified Parties from any Claim arising solely from:

(A) the active negligence or willful misconduct of the Indemnified Parties; or

(B) a natural disaster or other act of God, such as an earthquake; or

(C) the independent action of a third party who is neither one of the Indemnified Parties nor the Consultant, nor its principal, officer, agent, employee, nor Consultant's consultant, Subconsultant, subcontractor, nor anyone employed directly or indirectly by any of them.

16.2 Exceptions (A) through (B) above shall not apply, and Consultant shall, to the fullest extent permitted by law, indemnify the Indemnified Parties, from Claims arising from more than one cause if any such cause taken alone would otherwise result in the obligation to indemnify hereunder.

16.3 Consultant's liability for indemnification hereunder is in addition to any liability Consultant may have to OC San for a breach by Consultant of any of the provisions of this Agreement. Under no circumstances shall the insurance requirements and limits set forth in this Agreement be construed to limit Consultant's indemnification obligation or other liability hereunder. The terms of this Agreement are contractual and the result of negotiation between the Parties hereto. Accordingly, any rule of construction of contracts (including, without limitation, California Civil Code Section 1654) that ambiguities are to be construed against the drafting party, shall not be employed in the interpretation of this Agreement.

**17. Independent Contractor.**

17.1 The relationship between the Parties hereto is that of an independent contractor and nothing herein shall be construed as creating an employment relationship or agency relationship beyond the Services under this Agreement.

17.2 During the performance of this Agreement, Consultant and its officers, employees, and agents shall act in an independent capacity and shall not act as OC San's officers, employees, or agents beyond the Services under this Agreement. OC San assumes

no liability for Consultant's action and performance nor assumes responsibility for taxes, funds, payments, or other commitments, expressed or implied, by or for Consultant.

- 17.3 Consultant shall not be considered an agent of OC San for any purpose whatsoever beyond the Services under this Agreement nor shall Consultant have the right to, and shall not, commit OC San to any agreement, contract, or undertaking. Consultant shall not use OC San's name in its promotional material or for any advertising or publicity purposes without prior expressed written consent of OC San.
- 17.4 Consultant shall not be entitled to any benefits accorded to those individuals listed on OC San's payroll as regular employees including, without limitation, worker's compensation, disability insurance, vacation, or holiday or sick pay. Consultant shall be responsible for providing, at Consultant's expense, disability, worker's compensation, and other insurance as well as licenses and permits usual or necessary for conducting the Services hereunder.
- 17.5 Consultant shall be obligated to pay any and all applicable Federal, State, and local payroll and other taxes incurred as a result of fees hereunder. Consultant hereby indemnifies OC San for any claims, losses, costs, fees, liabilities, damages, or penalties suffered by OC San arising out of Consultant's breach of this provision.
- 17.6 Consultant shall not be eligible to join or participate in any benefit plans offered to those individuals listed on OC San's payroll as regular employees. Consultant shall remain ineligible for such benefits or participation in such benefit plans even if a court later decides that OC San misclassified Consultant for tax purposes.
- 18. Subcontracting and Assignment.** Consultant shall not delegate any duties nor assign any rights under this Agreement without the prior written consent of OC San. Any such attempted delegation or assignment shall be void.
- 19. No Solicitation of Employees.**
- 19.1 Consultant agrees that it shall not, during the term of this Agreement and for a period of one (1) year immediately following expiration or termination of this Agreement or any extension hereof, call on, solicit, or take away any of the employees whom Consultant became aware of as a result of Consultant's Services to OC San.
- 19.2 Consultant acknowledges that OC San's employees are critical to its business and OC San expends significant resources to hire, employ, and train employees. Should Consultant employ or otherwise engage OC San's employees during the term of this Agreement and for a period of one (1) year following expiration or termination of this Agreement, Consultant shall pay OC San fifty percent (50%) of the former employee's most recent annual salary earned at OC San to accurately reflect the reasonable value of OC San's time and costs. This payment is in addition to any other rights and remedies OC San may have at law.
- 20. Confidentiality and Non-Disclosure.**
- 20.1 Consultant acknowledges that, in performing the Services hereunder, OC San may have to disclose to Consultant, orally and in writing, certain confidential information that OC San considers proprietary and has developed at great expense and effort.



20.2 Consultant agrees to maintain in confidence and not disclose to any person, firm, or corporation, without OC San's prior written consent, any trade secret, confidential information, knowledge, or data relating to the products, process, or operation of OC San.

20.3 Consultant further agrees to maintain in confidence and not to disclose to any person, firm, or corporation any data, information, technology, or material developed or obtained by Consultant during the term of this Agreement.

20.4 Consultant agrees as follows:

20.4.1 To use the confidential information only for the purposes described herein; to not reproduce the confidential information; to hold in confidence and protect the confidential information from dissemination to and use by anyone not a party to this Agreement; and to not use the confidential information to benefit itself or others.

20.4.2 To restrict access to the confidential information to its subconsultant or personnel of Consultant who (1) have a need to have such access and (2) have been advised of and have agreed in writing to treat such information in accordance with the terms of this Agreement.

20.4.3 To return all confidential information in Consultant's possession upon termination of this Agreement or upon OC San's request, whichever occurs first.

20.4.4 To hold in confidence information and materials, if any, developed pursuant to the Services hereunder.

20.4.5 The provisions of this section shall survive termination or expiration of this Agreement and shall continue for so long as the material remains confidential.

20.5 The limitations in this section shall not apply to financial information required to be reported pursuant to applicable law or regulation.

**21. Non-Liability of OC San Officers and Employees.** No officer or employee of OC San shall be personally liable to Consultant, or any successor-in-interest, in the event of any default or breach by OC San or for any amount which may become due to Consultant or to its successor, or for breach of any obligation under the terms of this Agreement.

**22. Third-Party Rights.** Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than OC San and Consultant.

**23. Applicable Laws and Regulations.** Consultant shall comply with all applicable Federal, State, and local laws, rules, and regulations. Consultant also agrees to indemnify and hold OC San harmless from any and all damages and liabilities assessed against OC San as a result of Consultant's noncompliance therewith. Any provision required by law to be included herein shall be deemed included as a part of this Agreement whether or not specifically included or referenced.

**24. Licenses, Permits, Ordinances, and Regulations.** Consultant represents and warrants to OC San that it has obtained all licenses, permits, qualifications, and approvals of whatever

nature that are legally required to provide the Services. Any and all fees required by Federal, State, County, City, and/or municipal laws, codes, and/or tariffs that pertain to the work performed under this Agreement will be paid by Consultant.

**25. Regulatory Requirements.** Consultant shall perform all work under this Agreement in strict conformance with applicable Federal, State, and local regulatory requirements.

**26. Dispute Resolution.**

26.1 In the event of a dispute as to the construction or interpretation of this Agreement, or any rights or obligations hereunder, the Parties shall first attempt, in good faith, to resolve the dispute by mediation. The Parties shall mutually select a mediator to facilitate the resolution of the dispute. If the Parties are unable to agree on a mediator, the mediation shall be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Agreement, through the alternate dispute resolution procedures of Judicial Arbitration through Mediation Services of Orange County ("JAMS"), or any similar organization or entity conducting an alternate dispute resolution process.

26.2 In the event the Parties are unable to timely resolve the dispute through mediation, the issues in dispute shall be submitted to arbitration pursuant to Code of Civil Procedure, Part 3, Title 9, sections 1280 et seq. For such purpose, an agreed arbitrator shall be selected, or in the absence of agreement, each party shall select an arbitrator, and those two (2) arbitrators shall select a third. Discovery may be conducted in connection with the arbitration proceeding pursuant to Code of Civil Procedure section 1283.05. The arbitrator, or three (3) arbitrators acting as a board, shall take such evidence and make such investigation as deemed appropriate and shall render a written decision on the matter in question. The arbitrator shall decide each and every dispute in accordance with the laws of the State of California. The arbitrator's decision and award shall be subject to review for errors of fact or law in the Superior Court for the County of Orange, with a right of appeal from any judgment issued therein.

**27. Force Majeure.** Neither party shall be liable for delays caused by accident, flood, acts of God, fire, labor trouble, war, acts of government, or any other cause beyond its control, but the affected party shall use reasonable efforts to minimize the extent of the delay. Work affected by a force majeure condition may be rescheduled by mutual consent of the Parties.

**28. Termination.**

28.1 OC San reserves the right to terminate this Agreement for its convenience, with or without cause, in whole or in part, at any time, by written notice from OC San. Upon receipt of a termination notice, Consultant shall immediately discontinue all work under this Agreement (unless the notice directs otherwise). OC San shall thereafter, within thirty (30) days, pay Consultant for work performed (cost and fee) through the date of termination. Consultant expressly waives any claim to receive anticipated profits to be earned during the uncompleted portion of this Agreement. Such notice of termination shall terminate this Agreement and release OC San from any further fee, cost, or claim hereunder by Consultant other than for work performed through the date of termination.

28.2 OC San reserves the right to terminate this Agreement immediately upon OC San's determination that Consultant is not complying with the Scope of Work requirements, if the level of service is inadequate, or for any other default of this Agreement.

28.3 OC San may also immediately terminate this Agreement for default, in whole or in part, by written notice to Consultant:

- if Consultant becomes insolvent or files a petition under the Bankruptcy Act; or
- if Consultant sells its business; or
- if Consultant breaches any of the terms of this Agreement; or
- if the total amount of compensation exceeds the amount authorized under this Agreement.

28.4 All OC San's property in the possession or control of Consultant shall be returned by Consultant to OC San on demand or at the expiration or termination of this Agreement, whichever occurs first.

28.5 Consultant may terminate this Agreement for convenience upon 90 days' notice to OC San.

29. **Attorney's Fees.** If any action at law or in equity or if any proceeding in the form of an Alternative Dispute Resolution (ADR) is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which the prevailing party may be entitled.

30. **Waiver.** The waiver by either party of any breach or violation of, or default under, any provision of this Agreement, shall not be deemed a continuing waiver by such party of any other provision or of any subsequent breach or violation of this Agreement or default thereunder. Any breach by Consultant to which OC San does not object shall not operate as a waiver of OC San's rights to seek remedies available to it for any subsequent breach.

31. **Severability.** If any section, subsection, or provision of this Agreement, or any agreement or instrument contemplated hereby, or the application of such section, subsection, or provision is held invalid, the remainder of this Agreement or instrument in the application of such section, subsection, or provision to persons or circumstances other than those to which it is held invalid, shall not be affected thereby, unless the effect of such invalidity shall be to substantially frustrate the expectations of the Parties.

32. **Survival.** The provisions of this Agreement dealing with payment, indemnity, and forum for enforcement shall survive expiration or early termination of this Agreement.

33. **Governing Law.** This Agreement shall be governed by and interpreted under the laws of the State of California and the Parties submit to jurisdiction in the County of Orange in the event any action is brought in connection with this Agreement or the performance thereof.

34. **Notices.**

34.1 All notices under this Agreement must be in writing. Written notice shall be delivered by personal service, by electronic telecommunication, or sent by registered or certified mail, postage prepaid, return receipt requested, or by any other overnight delivery service which delivers to the noticed destination and provides proof of delivery to the sender. Rejection or other refusal to accept or the inability to deliver because of changed address for which no notice was given as provided hereunder shall be deemed to be receipt of the notice, demand, or request sent. All notices shall be effective when first received at the following addresses:

OC San: Jackie Lagade  
Purchasing Supervisor  
Orange County Sanitation District  
10844 Ellis Avenue  
Fountain Valley, CA 92708  
[jlagade@ocsan.gov](mailto:jlagade@ocsan.gov)

Consultant: Insight North America LLC  
200 Park Avenue, 7th Floor  
New York, New York 10166  
Attention: Client Services  
[clientservicena@insightinvestment.com](mailto:clientservicena@insightinvestment.com)

34.2 Each party shall provide the other party written notice of any change in address as soon as practicable.

35. **Read and Understood.** By signing this Agreement, Consultant represents that it has read and understood the terms and conditions of the Agreement.
36. **Authority to Execute.** The persons executing this Agreement on behalf of the Parties warrant that they are duly authorized to execute this Agreement and that by executing this Agreement, the Parties are formally bound.
37. **Entire Agreement.** This Agreement constitutes the entire agreement of the Parties and supersedes all prior written or oral communications and all contemporaneous oral agreements, understandings, and negotiations between the Parties with respect to the subject matter hereof.

[Intentionally left blank. Signatures follow on next page.]

IN WITNESS WHEREOF, intending to be legally bound, the Parties hereto have caused this Agreement to be signed by their duly authorized representatives.

**ORANGE COUNTY SANITATION DISTRICT**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Chad P. Wanke  
Chair, Board of Directors

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Kelly A. Lore  
Clerk of the Board

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Ruth Zintzun  
Finance & Procurement Manager

**INSIGHT NORTH AMERICA LLC**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
John Ariola, Head of US Finance

DO

**EXHIBIT A**  
**SCOPE OF WORK**  
**For**  
**Investment Management Services**

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**EXECUTIVE SUMMARY/OVERVIEW**

The Orange County Sanitation District (OC San) operates the third largest wastewater agency west of the Mississippi River. Since 1954, we have safely collected, treated, and disposed of and/or reclaimed the wastewater generated by 2.6 million people living and working in central and northwestern Orange County, California.

Each day we treat approximately 188 million gallons of wastewater, enough water to fill Anaheim stadium over two and a quarter times. About 80 percent of the wastewater comes from homes – sinks, toilets, showers, laundry, and dishwashers. The remaining come from businesses – retail stores, restaurants, manufacturers, hotels, offices, and other industries.

A professional staff of more than 600 employees manages the day-to-day activities of OC San. Our facilities include 388 miles of sewer pipes, located throughout the county, and two treatment plants – one in Fountain Valley, CA and the other in Huntington Beach, CA – where wastewater is treated in accordance with strict state and federal standards. Our employees are on duty protecting health and the environment by ensuring the sewer system operates efficiently 24 hours a day, 7 days a week, and 365 days a year. We are very proud of the job we do and take pride in providing our customers with quality service

**1 Purpose**

The Orange County Sanitation District (“OC San”) is seeking an investment management firm and/or investment advisor (Consultant) to manage two strategies: (1) a “Long-Term” benchmarked to the Bank of America Merrill Lynch (ICE BofA) 1-5 Yr AAA-A US Corp & Govt Index and (2) a “Liquidity” portfolio investing in cash and cash like securities.

**2 Description**

Consultant must be registered under the Investment Advisors Act of 1940 and shall be deemed a fiduciary for OC San with respect to services rendered.

Consultant must have expertise in managing portfolios in short duration U.S. fixed income. The benchmark will be the ICE BofA 1-5 Yr AAA-A US Corp & Govt Index for the Long-Term portfolio and the ICE BofA 3-Month US Treasury Bill Index for the Liquidity portfolio. The proposed portfolio shall have risk and return characteristics similar to the benchmark. Each portfolio shall be governed by the investment guidelines in OC San’s Investment Policy (Appendix A-1) and California Government Code.

**3 Project/Work Elements**

Specific responsibilities of the Consultant will include, but will not be limited to the following:

- 3.1** Manage two portfolios within the Board-authorized investment policy, with performance measured against Board-approved benchmarks, and provide sufficient liquidity to meet cash flow needs for the next six months of expenditures as specified in the annual schedule to be provided by OC San.
- 3.2** Advise OC San on all matters pertaining to the investment management of funds.

- 3.3** Provide discretionary investment management services:
  - 3.3.1** Execute investment trades on behalf of OC San in accordance with the Investment Policy and all applicable statutes.,.
  - 3.3.2** Solicit competitive quotes from financial institutions and broker/dealers for permitted investment securities and maintain written documentation of such quotes for review by OC San, upon request.
  - 3.3.3** Interface with OC San's third-party custodian and staff to ensure the coordination of investments, delivery of securities, and availability of funds as needed. (All securities will be held by a third-party custodian in the name of OC San and all transactions will settle on a "delivery versus payment" basis. The Consultant will not provide custodial services or safekeeping.)
  - 3.3.4** Monitor the portfolio in relation to the investment market to determine if investments should be repositioned.
  - 3.3.5** Monitor the credit worthiness of financial institutions and investments in the portfolio.
- 3.4** Develop and implement sound investment strategies that will maximize the portfolio's performance within the parameters of OC San's investment policy and California Government Code. Continuously review the investment strategy and make recommendations to adjust portfolio based on changes in market conditions and other relevant factors and/or propose revisions to investment policy.
- 3.5** Provide access to daily position reports; provide monthly reports on investment activity, earnings, and the market value of the portfolio holdings. Provide quarterly investment reports for the portfolio, detailing holdings, composition, sector analysis return, weighted average maturity, and daily transaction activity. Additionally, prepare annual GASB 34 disclosures and other investment-related reports required by OC San to submit its Annual Comprehensive Financial Report.
- 3.6** Annually, review OC San's Investment Policy and make recommendations for changes as appropriate. Guidelines to include statement of purpose, definition of roles and responsibilities, investment objectives and goals, asset allocation, investment guidelines and portfolio limitations, and process for performance monitoring and rebalancing.
- 3.7** Communicate regularly with OC San staff on investment decisions and strategy, and observations of current and forecasted market and economic conditions, as needed; coordinate with OC San staff on investments and maturities to meet the cash flow needs of OC San.
- 3.8** Attend meetings with OC San staff, OC San Committees, and OC San Board of Directors, as requested.