

22. Approve an Agreement with Meeder Public Funds, Inc. for Investment Manager and Portfolio Services

**Department(s):**

**Recommended Action:** Authorize the City Manager to execute an agreement with Meeder Public Funds, Inc. to provide Investment Management and Portfolio Services in an annual aggregate amount not-to-exceed \$150,000, for a total aggregate amount not-to-exceed \$750,000 for a three-year term beginning May 8, 2024 and expiring April 31, 2027, with provisions for two, one-year extensions (Agreement No. A-2024-XXX).



**City of Santa Ana**  
**20 Civic Center Plaza, Santa Ana, CA 92701**  
**Staff Report**  
**May 7, 2024**

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**TOPIC:** Investment Manager and Portfolio Services

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**AGENDA TITLE**

Approve an Agreement with Meeder Public Funds, Inc. for Investment Manager and Portfolio Services

**RECOMMENDED ACTION**

Authorize the City Manager to execute an agreement with Meeder Public Funds, Inc. to provide Investment Management and Portfolio Services in an annual aggregate amount not-to-exceed \$150,000, for a total aggregate amount not-to-exceed \$750,000 for a three-year term beginning May 8, 2024 and expiring April 31, 2027, with provisions for two, one-year extensions (Agreement No. A-2024-XXX).

**GOVERNMENT CODE §84308 APPLIES:** Yes

**DISCUSSION**

The Finance and Management Services Agency currently manages the City's investment portfolio of \$450 million, as of February 29, 2024. The investment portfolio is managed to ensure that all investments are made under the terms and conditions of California Government Code Section 53600 and that all investments are selected in the order of safety, liquidity, and return on investments. Although the Finance department is qualified to manage the City's investment portfolio, using an independent fiduciary firm for investment management services is recommended and would complement the Finance department's ability to meet investment objectives while freeing staff time for other needs in the department. With these investment services, the City's investment portfolio would transition to being actively managed by an investment advisory firm; however, City staff will continue to maintain the discretion to approve all recommended investment transactions and management of cash flow needs.

Four investment advisory firms submitted proposals in response to the Request for Proposal (RFP) No. 23-162: Chandler Asset Management, Inc., Garcia Hamilton & Associates, L.P., Insight North America LLC, and Meeder Public Funds, Inc. The selection committee with experience in the related services evaluated proposals.

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May 7, 2024

Page 2

Based on the Committee's evaluation and review of references, Meeder Public Funds, Inc. was selected as the most qualified firm for Investment Manager and Portfolio Services. They demonstrated extensive experience in the field of investment advisory services with governments of similar size. In addition, the firm demonstrated the ability to evaluate the entire financial picture and tailor their recommendations based on the City's unique needs.

Meeder will provide the following services:

- Portfolio Management in an SEC registered fiduciary capacity with discretion/non-discretionary authority
- Deep understanding and review of investment policy and cash flow to inform a highly customized plan
- Consistent investment solutions via a highly quantitative strategy
- Safety and liquidity while maximizing investment income over the long term
- Diversified and liquid investment options permitted by state law

Staff recommends awarding an agreement to Meeder Public Funds, Inc. Their proposal demonstrated the firm has the necessary resources and expertise to complete the required services as specified in the RFP.

### **FISCAL IMPACT**

Although the agreement is for a total aggregate amount not-to-exceed of \$750,000 for a three-year term, with provisions for two, one-year extensions, the annual cost will vary depending on the assets under management. The total annual investment fee is estimated to be approximately \$150,000, subject to change-based assets under management. The estimated cost of \$25,000 for this current fiscal year will be presented with the third quarter budget report for City Council consideration. The costs for investment services will be paid out from the Finance Management & Support – Professional Services (Account No. 01110100-62300). The fees are expected to be offset by the interest earnings generated by the agreement.

### **EXHIBIT(S)**

1. Agreement

Submitted By: Kathryn Downs, Executive Director of Finance and Management Services

Approved By: Alvaro Nuñez, Acting City Manager

**AGREEMENT FOR INVESTMENT MANAGEMENT AND PORTFOLIO SERVICES  
BETWEEN MEEDER PUBLIC FUNDS, INC. AND  
CITY OF SANTA ANA**

THIS AGREEMENT is made and entered into on this 7<sup>th</sup> day of May, 2024 by and between Meeder Public Funds, Inc., (“Consultant”), and the City of Santa Ana, a charter city and municipal corporation organized and existing under the Constitution and laws of the State of California (“City”).

**RECITALS**

- A. On November 30, 2023, the City issued a Request for Proposal No. 23-162 (“RFP”), by which it sought a qualified consultant to provide Investment Management and Portfolio Services.
- B. Consultant submitted a timely and responsive proposal to the RFP that was selected by the City. Consultant represents that Consultant is able and willing to provide such services to the City as described in the scope of work that was included in the RFP, which shall be incorporated by reference as though attached hereto.
- C. In undertaking the performance of this Agreement, Consultant represents that it is knowledgeable in its field and that any services performed by Consultant under this Agreement will be performed in compliance with such standards as may reasonably be expected from a professional consulting firm in the field.

**NOW THEREFORE**, in consideration of the mutual and respective promises, and subject to the terms and conditions hereinafter set forth, the parties agree as follows:

**1. SCOPE OF SERVICES**

Consultant shall perform during the term of this Agreement, the tasks and obligations including all labor, materials, tools, equipment, and incidental customary work required to fully and adequately complete the services, as set forth in the City’s RFP, Consultant’s proposal, and Consultant’s Terms of Service – Discretionary Accounts, collectively described and set forth in **Scope of Services - Exhibit A**, attached hereto and incorporated by reference.

**2. COMPENSATION**

- a. City agrees to pay, and Consultant agrees to accept as total payment for its services for City, the rates and charges identified in **Compensation - Exhibit B**. The total amount to be expended during the term of this Agreement, including any extension periods, shall not exceed \$750,000, with an annual aggregate amount not-to-exceed \$150,000.
- b. Payment by City shall be made within forty-five (45) days following receipt of proper invoice evidencing work performed, subject to City accounting procedures. City and Consultant agree that all payments due and owing under this Agreement shall be made through Automated Clearing House (ACH) transfers. Consultant agrees to execute the

City's standard ACH Vendor Payment Authorization and provide required documentation. Upon verification of the data provided, the City will be authorized to deposit payments directly into Consultant's account(s) with financial institutions. Payment need not be made for work which fails to meet the standards of performance set forth in the Recitals which may reasonably be expected by City.

### **3. TERM**

This Agreement shall commence on **May 8, 2024** and expire on **April 31, 2027** with the option for the City to grant up to **two 1-year** extensions, exercisable by a writing by the City Manager and the City Attorney, unless terminated earlier in accordance with Section 15, below.

### **4. INDEPENDENT CONTRACTOR**

Consultant shall, during the entire term of this Agreement, be construed to be an independent Consultant and not an employee of the City. This Agreement is not intended nor shall it be construed to create an employer-employee relationship, a joint venture relationship, or to allow the City to exercise discretion or control over the professional manner in which Consultant performs the services which are the subject matter of this Agreement; however, the services to be provided by Consultant shall be provided in a manner consistent with all applicable standards and regulations governing such services. Consultant shall pay all salaries and wages, employer's social security taxes, unemployment insurance and similar taxes relating to employees and shall be responsible for all applicable withholding taxes.

### **5. OWNERSHIP OF MATERIALS**

This Agreement creates a non-exclusive and perpetual license for City to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). Consultant shall require all subcontractors to agree in writing that City is granted a non-exclusive and perpetual license for any Documents & Data the subcontractor prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were provided to Consultant by the City. City shall not be limited in any way in its use of the Documents and Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at City's sole risk.

### **6. INSURANCE**

Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the Consultant, his agents,

representatives, employees or subcontractors. Consultant shall provide the following insurance coverage:

### **MINIMUM SCOPE OF INSURANCE**

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an “occurrence” basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$1,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** ISO Form Number CA 00 01 covering any auto (Code 1), or if Consultant has no owned autos, covering hired, (Code 8) and non-owned autos (Code 9), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
3. **Workers’ Compensation:** as required by the State of California, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.
4. **Professional Liability (Errors and Omissions):** Insurance appropriate to the Consultant’s profession, with limit no less than \$2,000,000 per claim or occurrence or claim, \$2,000,000 aggregate per policy period of one year.

If the Consultant maintains broader coverage and/or higher limits than the minimums shown above, the City requires and shall be entitled to the broader coverage and/or higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

### **Other Insurance Provisions**

The insurance policies are to contain, or be endorsed to contain, the following provisions:

#### ***Additional Insured Status***

**The City, its officers, officials, employees, and volunteers are to be covered as additional insureds** on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Consultant including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Consultant’s insurance (at least as broad as ISO Form CG 20 10 11 85 or **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 forms if later edition is used).

#### ***Primary Coverage***

For any claims related to this contract, the **Consultant’s insurance coverage shall be primary** insurance coverage at least as broad as ISO CG 20 01 04 13 as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the Consultant’s insurance and shall not contribute with it.

***Notice of Cancellation***

Each insurance policy required above shall provide that **coverage shall not be canceled, except with notice to the City.**

***Waiver of Subrogation***

Consultant hereby grants to City a waiver of any right to subrogation which any insurer of said Consultant may acquire against the City by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City has received a waiver of subrogation endorsement from the insurer.

***Self-Insured Retentions***

Self-insured retentions must be declared to and approved by the City. The City may require the Consultant to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or City.

***Acceptability of Insurers***

Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the City.

***Verification of Coverage***

Consultant shall furnish the City with original certificates and amendatory endorsements (or copies of the applicable policy language effecting coverage required by this clause) and a copy of the Declarations and Endorsement Page of the CGL policy listing all policy endorsements to the City before work begins. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

***Special Risks or Circumstances***

City reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

**7. INDEMNIFICATION**

Consultant agrees to defend, and shall indemnify and hold harmless the City, its officers, agents, employees, contractors, special counsel, and representatives from liability: (1) for personal injury, damages, just compensation, restitution, judicial or equitable relief arising out of claims for personal injury, including death, and claims for property damage, which may arise from the negligent operations of the Consultant, its subcontractors, agents, employees, or other persons acting on its behalf which relates to the services described in section 1 of this Agreement; and (2) from any claim that personal injury, damages, just compensation, restitution, judicial or equitable relief is due by reason of the terms of or effects arising from this Agreement. This indemnity and hold harmless agreement applies to all claims for damages, just compensation, restitution, judicial

or equitable relief suffered, or alleged to have been suffered, by reason of the events referred to in this Section or by reason of the terms of, or effects, arising from this Agreement. The Consultant further agrees to indemnify, hold harmless, and pay all costs for the defense of the City, including fees and costs for special counsel to be selected by the City, regarding any action by a third party challenging the validity of this Agreement, or asserting that personal injury, damages, just compensation, restitution, judicial or equitable relief due to personal or property rights arises by reason of the terms of, or effects arising from this Agreement. City may make all reasonable decisions with respect to its representation in any legal proceeding. Notwithstanding the foregoing, to the extent Consultant's services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

## **8. INTELLECTUAL PROPERTY INDEMNIFICATION**

Consultant shall defend and indemnify the City, its officers, agents, representatives, and employees against any and all liability, including costs, for infringement of any United States' letters patent, trademark, or copyright infringement, including costs, contained in the work product or documents provided by Consultant to the City pursuant to this Agreement.

## **9. RECORDS**

Consultant shall keep records and invoices in connection with the work to be performed under this Agreement. Consultant shall maintain complete and accurate records with respect to the costs incurred under this Agreement and any services, expenditures, and disbursements charged to the City for a minimum period of three (3) years, or for any longer period required by law, from the date of final payment to Consultant under this Agreement. All such records and invoices shall be clearly identifiable. Consultant shall allow a representative of the City to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement during regular business hours. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement for a period of three (3) years from the date of final payment to Consultant under this Agreement.

## **10. CONFIDENTIALITY**

If Consultant receives from the City information which due to the nature of such information is reasonably understood to be confidential and/or proprietary, Consultant agrees that it shall not use or disclose such information except in the performance of this Agreement, and further agrees to exercise the same degree of care it uses to protect its own information of like importance, but in no event less than reasonable care. "Confidential Information" shall include all nonpublic information. Confidential information includes not only written information, but also information transferred orally, visually, electronically, or by other means. Confidential information disclosed to either party by any subsidiary and/or agent of the other party is covered by this Agreement. The foregoing obligations of non-use and nondisclosure shall not apply to any information that (a) has been disclosed in publicly available sources; (b) is, through no fault of the Consultant disclosed in a publicly available source; (c) is in rightful possession of the Consultant without an obligation of confidentiality; (d) is required to be disclosed by operation of law; or (e)

is independently developed by the Consultant without reference to information disclosed by the City.

#### **11. CONFLICT OF INTEREST CLAUSE**

Consultant covenants that it presently has no interests and shall not have interests, direct or indirect, which would conflict in any manner with performance of services specified under this Agreement.

#### **12. NON-DISCRIMINATION**

Consultant shall not discriminate because of race, color, creed, religion, sex, marital status, sexual orientation, gender identity, gender expression, gender, medical conditions, genetic information, or military and veteran status, age, national origin, ancestry, or disability, as defined and prohibited by applicable law, in the recruitment, selection, teaching, training, utilization, promotion, termination or other employment related activities or any services provided under this Agreement. Consultant affirms that it is an equal opportunity employer and shall comply with all applicable federal, state and local laws and regulations.

#### **13. EXCLUSIVITY AND AMENDMENT**

This Agreement represents the complete and exclusive statement between the City and Consultant, and supersedes any and all other agreements, oral or written, between the parties. In the event of a conflict between the terms of this Agreement and any attachments hereto, the terms of this Agreement shall prevail. This Agreement may not be modified except by written instrument signed by the City and by an authorized representative of Consultant. The parties agree that any terms or conditions of any purchase order or other instrument that are inconsistent with, or in addition to, the terms and conditions hereof, shall not bind or obligate Consultant or the City. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which is not embodied herein.

#### **14. ASSIGNMENT**

Inasmuch as this Agreement is intended to secure the specialized services of Consultant, Consultant may not assign, transfer, delegate, or subcontract any interest herein without the prior written consent of the City and any such assignment, transfer, delegation or subcontract without the City's prior written consent shall be considered null and void. Nothing in this Agreement shall be construed to limit the City's ability to have any of the services which are the subject to this Agreement performed by City personnel or by other Consultants retained by City.

#### **15. TERMINATION**

This Agreement may be terminated by the City upon thirty (30) days written notice of termination. In such event, Consultant shall be entitled to receive and the City shall pay Consultant compensation for all services performed by Consultant prior to receipt of such notice of

termination, subject to the following conditions:

- a. As a condition of such payment, the Executive Director may require Consultant to deliver to the City all work product(s) completed as of such date, and in such case such work product shall be the property of the City unless prohibited by law, and Consultant consents to the City's use thereof for such purposes as the City deems appropriate.
- b. Payment need not be made for work which fails to meet the standard of performance specified in the Recitals of this Agreement.

## **16. WAIVER**

No waiver of breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the party waiving the breach, failure, right or remedy. No waiver of any breach, failure or right, or remedy shall be deemed a waiver of any other breach, failure, right or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies.

## **17. JURISDICTION - VENUE**

This Agreement has been executed and delivered in the State of California and the validity, interpretation, performance, and enforcement of any of the clauses of this Agreement shall be determined and governed by the laws of the State of California. Both parties further agree that Orange County, California, shall be the venue for any action or proceeding that may be brought or arise out of, in connection with or by reason of this Agreement.

## **18. PROFESSIONAL LICENSES**

Consultant shall, throughout the term of this Agreement, maintain all necessary licenses, permits, approvals, waivers, and exemptions necessary for the provision of the services hereunder and required by the laws and regulations of the United States, the State of California, the City of Santa Ana and all other governmental agencies. Consultant shall notify the City immediately and in writing of its inability to obtain or maintain such permits, licenses, approvals, waivers, and exemptions. Said inability shall be cause for termination of this Agreement.

## **19. NOTICE**

Any notice, tender, demand, delivery, or other communication pursuant to this Agreement shall be in writing and shall be deemed to be properly given if delivered in person or mailed by first class or certified mail, postage prepaid, or sent by fax or other telegraphic communication in the manner provided in this Section, to the following persons:

To City:

Clerk of the City Council  
City of Santa Ana  
20 Civic Center Plaza (M-30)  
P.O. Box 1988  
Santa Ana, CA 92702-1988  
Fax: 714- 647-6956

With courtesy copies to:

Executive Director, Finance and  
Management Services Agency  
City of Santa Ana  
20 Civic Center Plaza (M-30)  
P.O. Box 1988  
Santa Ana, California 92702  
Fax: 714-647-6956

To Consultant:

Meeder Public Funds, Inc.  
6125 Memorial Drive  
Dublin, OH 43017  
Fax: 614-923-1145

A party may change its address by giving notice in writing to the other party. Thereafter, any communication shall be addressed and transmitted to the new address. If sent by mail, communication shall be effective or deemed to have been given three (3) days after it has been deposited in the United States mail, duly registered or certified, with postage prepaid, and addressed as set forth above. If sent by fax, communication shall be effective or deemed to have been given twenty-four (24) hours after the time set forth on the transmission report issued by the transmitting facsimile machine, addressed as set forth above. For purposes of calculating these time frames, weekends, federal, state, County or City holidays shall be excluded.

## **20. MISCELLANEOUS PROVISIONS**

- a. Each undersigned represents and warrants that its signature herein below has the power, authority and right to bind their respective parties to each of the terms of this Agreement, and shall indemnify City fully, including reasonable costs and attorney's fees, for any injuries or damages to City in the event that such authority or power is not, in fact, held by the signatory or is withdrawn.
- b. All Exhibits referenced herein and attached hereto shall be incorporated as if fully set forth in the body of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the date and year first above written.

**ATTEST:**

**CITY OF SANTA ANA**

\_\_\_\_\_  
Jennifer L. Hall  
City Clerk

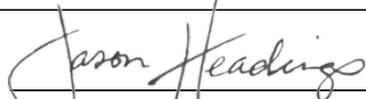
\_\_\_\_\_  
Alvaro Nuñez  
Acting City Manager

**APPROVED AS TO FORM:**

SONIA R. CARVALHO  
City Attorney

**CONSULTANT:**

By:   
\_\_\_\_\_  
Andrea Garcia-Miller  
Assistant City Attorney

  
\_\_\_\_\_  
Name: Jason Headings  
\_\_\_\_\_  
Title: Sr. Vice President  
\_\_\_\_\_

**RECOMMENDED FOR APPROVAL:**

  
Kathryn Downs (Apr 19, 2024 11:06 PDT)  
\_\_\_\_\_  
Kathryn Downs, CPA  
Executive Director  
Finance and Management Services Agency

**EXHIBIT A**

**SCOPE OF SERVICES**



## CITY OF SANTA ANA

### EXHIBIT I

### SCOPE OF SERVICES

#### I. BACKGROUND

The City invests its idle cash in accordance with applicable state statutes and the City of Santa Ana's Investment Policy (EXHIBIT III). The City has a pooled investment portfolio. The most recent quarterly investment report for the period ended September 30, 2023 is attached (EXHIBIT IV). The approximate balance of the portfolio is \$500 million.

Restricted bond proceeds are invested in compliance with this investment policy and applicable bond resolutions. Individual employee retirement contribution funds and deferred compensation are excluded from this policy.

Investment income from the pooled portfolio is allocated to each fund on the City's general ledger based contributing balance.

#### II. CONSULTANT REQUIREMENTS

The City seeks separate proposals for discretionary and non-discretionary investment services. Each proposal should include a detailed task list. Based on the proposals, the City will decide which service to use.

The City's minimum requirements for non-discretionary service follow.

1. Annually review the City's Investment Policy for compliance with state law. The City Council adopts the policy on an annual basis in June of each year.
2. Prepare an initial analysis of the existing portfolio and make recommendations for improvement.
3. On an ongoing basis, propose and vet investments for the City's consideration.
4. As needed, provide staff education with regard to investment strategies and legal requirements.
5. Prepare monthly and quarterly investment reports, including all required elements.
6. Prepare quarterly summaries of investment portfolio performance, including one suitable for City Council and one suitable for internal staff.
7. Participate in quarterly meetings of the internal investment committee comprised of staff. Present the portfolio's quarterly performance, current market conditions, and both short-term and long-term strategies.

# Services Provided

A description of proposed services to be provided and how they meet the needs of the City as described in Section III – Scope of Services (Above).

## HOLISTIC VIEW

At Meeder, we believe in always evaluating the entire financial picture of a client, and then providing a recommendation on how much they should be maintaining in cash and equivalent investments, as well as how much they should be investing longer-term.

Over time, the amount invested in cash versus longer-term investments is meant to increase or decrease as the financial situation of the City changes. By monitoring the seasonal trends of cash and investment balances along with daily cash inflows and outflows, we seek to maximize the amount of funds that can be invested into the portfolio. With a regular flow of maturities in the portfolio serving as backup liquidity, we are able to keep the portfolio fully invested in order to maximize income without sacrificing available liquidity to the City.

## DISCRETIONARY/NON-DISCRETIONARY MANAGEMENT

Meeder Public Funds (“Meeder”) provides both discretionary and non-discretionary investment advisory services for public entity clients. Under discretionary investment advisory, we outline parameters and targets for investing, based upon future cash flow needs and the current economic outlook, and then execute strategy. We recommend monthly calls to discuss the portfolio, which allows the entity’s team to stay in touch with the structure and economic conditions. With non-discretionary clients, we will do all the above, but will reach out for client approval on all trades before they are placed.

Both options are available to the client, however, from our client feedback, discretionary investment advisory services are favored more from clients. This option allows us to manage the portfolio without having to get in contact for every trade we need to do.

## INVESTMENT PHILOSOPHY

Meeder has secured the trust of state and local government investment officers for more than 30 years. Meeder understands the complexities public entities face in creating an optimal investment program using a simplified process, to safely navigate dynamic markets and shifting rate cycles. Our staff is readily available to begin working with the Municipality and able to turnaround reporting within the first three business days of each month.

### Meeder provides:

- » Portfolio management in an SEC registered fiduciary capacity with discretionary/non-discretionary authority
- » Deep understanding and review of investment policy and cash flow to inform a highly customized plan
- » Consistent investment solutions via a highly quantitative strategy
- » Safety and liquidity while maximizing investment income over the long term
- » Diversified and liquid investment options permitted by state laws

## TEAM

Meeder has what we consider to be one of the deepest, most highly qualified investment teams amongst advisors serving public entities. Meeder has over 130 associates, 34 of which are dedicated to working exclusively with public entities. Meeder is poised to take advantage of opportunities in the market and to assist clients with their needs.

## STRATEGY

We practice a consistent, highly quantitative strategy for the fixed-income portfolios of public entities. Through detailed cash flow analysis, we help our clients construct a custom portfolio to meet the unique needs of their entity. These portfolios reflect our emphasis on safety and liquidity while attempting to maximize investment income.

## INVESTMENT POLICY REVIEW

Meeder has extensive experience drafting and revising investment policies and portfolio management guidelines for many of our public entity clients. Creating and/or reviewing investment policies is one of the first steps we take with all clients. We encourage a clear and concise investment policy that provides adequate guidance and control without undue administrative burden. At least annually, Meeder will review the Investment Policy of the City and recommend any changes.

# Services Provided



## PORTFOLIO MANAGEMENT

Meeder will develop a strategy that takes into consideration the liquidity needs of the City as well as the current market environment to create a custom portfolio for the City.

This portfolio will shift amongst various asset classes as opportunities present themselves in the market, as well as adjusting the duration of the portfolio in accordance with current market conditions.

After looking at Santa Ana's 2023 audited financials, we recommend the following:

### NON-CALLABLE SECURITIES

As of 2023, the portfolio has approximately \$205,000,000 in callable securities. With interest rates projected to be at the beginning of a downtrend trend as inflation stabilizes, and the Federal Reserve ("Fed") is projected to cut rates in 2024, the portfolio would benefit from locking in non-callable securities.

### OVERNIGHT OPTIONS

Santa Ana holds \$130,811,141 in Local Agency Investment Fund ("LAIF"). Compared to the other Joint Powers Authority investment pools, LAIF is underperforming as its strategy is of a longer duration. We recommend placing funds with higher liquidity needs in overnight funds paying higher interest than LAIF. If and when the Fed cuts, there may be an inflection point that LAIF outperforms the other pools. At that time, we would recommend moving liquid funds back over to LAIF.

### DIVERSIFICATION

Santa Ana holds 25% in LAIF, 72% in Agencies, 2% in Treasuries, and 1% in Negotiable CDs. We recommend utilizing a broader mix of securities that are allowed under California Government Code 53600 that will not only help with liquidity needs and swap opportunities but also help elevate the opportunity to increase yield. Some notable security classes recommended to incorporate into the portfolio are Medium-Term Notes (Corporate bonds,) State Obligations, and Commercial Paper.

### RIGHT-SIZING

Santa Ana holds about 25% of its funds in LAIF; we recommend providing the City with a detailed cash flow analysis to help determine the optimal amount of funds invested in a longer-term securities and determine if we can lessen the amount held in LAIF/ JPA pools as data shows the income benefits of keeping funds invested longer term over time compared to a short-term pool.

## ACTIVE MANAGEMENT

### SAFETY

Meeder's investment process provides safety by limiting investments to high-quality fixed income securities issued by the US Treasury, US Government agencies and instrumentalities, and high-quality commercial paper and credit issuers. Issuer-specific research on credit issuers/commercial paper issuers provides additional levels of due diligence by providing only the highest-quality issuers.

### BEST EXECUTION

Meeder's extensive dealer network is used by its trading desk to source and execute all investment transactions. Meeder's trading desk searches for and executes investment transactions at the best price/highest yield for each client, based on the needs of the portfolio and the relative value of each asset class.

### LIQUIDITY

Meeder structures investment portfolios to ensure funds are available to meet day-to-day operating expenses, together with future expenditures. Funds are invested using a combination of securities that balances the need for liquidity while maximizing return. Portfolios are monitored dynamically to ensure the proper balance between invested balances and cash or equivalents, such as third-party money market mutual funds. With a regular flow of maturities in the portfolio serving as backup liquidity, Meeder keeps the portfolio fully invested in order to maximize income without sacrificing available liquidity.

### PERFORMANCE MONITORING

The portfolio strategy is reviewed daily to ensure it remains aligned with market conditions. Formal investment policy and strategy meetings are conducted monthly or as needed to ensure strategy is tracking with the economic environment. Regular discussions are also scheduled based on marketplace developments and events.

### COMPLIANCE MONITORING

Meeder employs an industry-leading compliance monitoring and reporting system, Charles River. This compliance suite supports compliance rule-building, testing and maintenance, customizable reporting, and a complete audit history. A powerful data administration facility helps monitor and improve data quality. The scalable compliance engine supports high volumes of trades and compliance rules. This allows Meeder to ensure full legality with the entity's investment policy, state codes, GASB and GAAP report standards, and other applicable laws, rules, and regulations.

# Services Provided

## CASH FLOW REVIEW/RIGHT-SIZING PORTFOLIO

Meeder's investment approach looks at the entire financial picture of the entity. We determine how to invest the portfolio together with how much should be invested, how long, and whether the entity's bank/LGIP rates are competitive. Meeder right-sizes a client's core investment portfolio to:

- » Prudently structure a consistent maturity schedule
- » Monitor seasonal cash trends and investment balances, along with daily cash inflows and outflows
- » Efficiently manage cash and attain proper positions for ongoing, long-term benefit
- » Minimize idle and low-yielding funds due to uncertainty around revenues and expenses

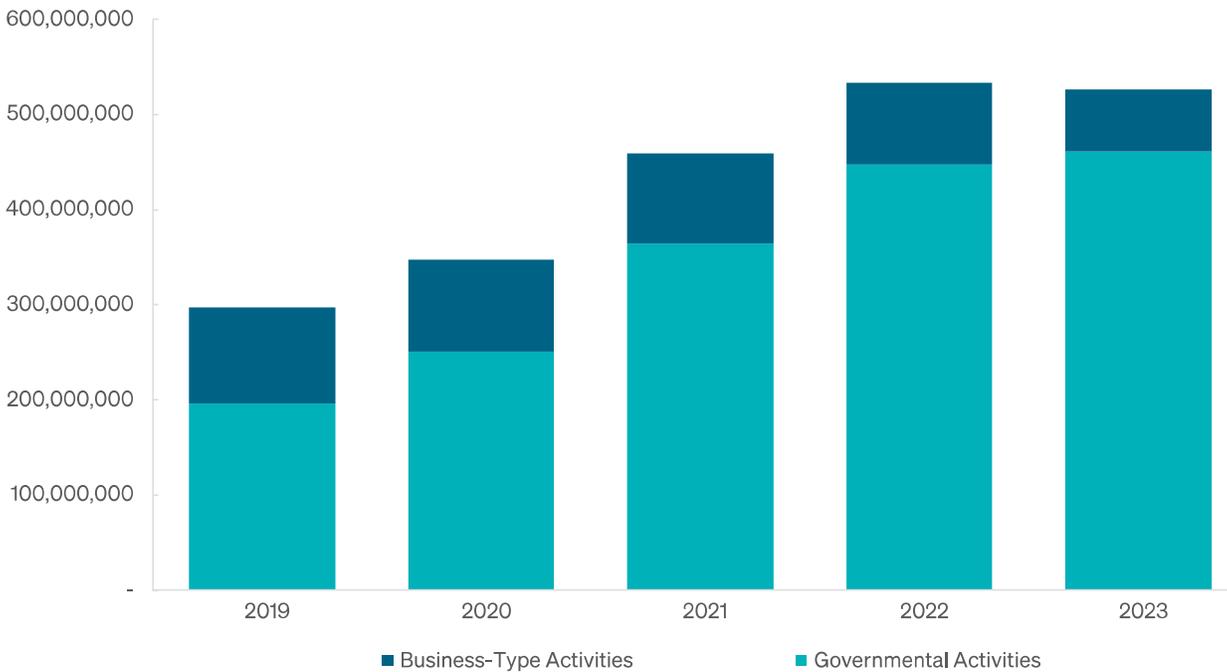
Our investment management approach is to conduct a cash flow analysis to determine how much should be invested vs. remaining liquid. We call this process right sizing your core portfolio. This strategy focuses on maximizing income over the long term.

It is common to see excess cash sitting idle due to the uncertainty surrounding revenues and expenses. Our process minimizes idle and low yielding funds. With proper cash flow analysis and planning, along with prudently structuring a consistent maturity schedule, we are able to help our clients efficiently manage cash and attain proper positions for ongoing, long-term benefit.

Our cash flow modeling and forecasting tool will break down historical low points on cash and help to determine a baseline cash policy for the City. Below is an example of the annual cash balances from data provided in the City's annual comprehensive financial reports.

### CASH FLOW ANALYSIS

#### HISTORICAL DATA



# Services Provided



Based on the City's Historical Cash Flow, the 2023 Audit, and the California Government Code, we recommend the following portfolio allocation:

## Hypothetical Portfolio Illustration

Santa Ana, CA portfolio as of 12/18/2023

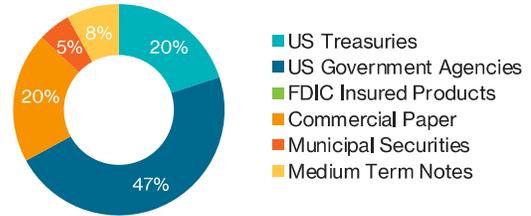
### Sample Portfolio

LAIF/JPA	\$105,000,000
Securities	\$420,807,778
Total Portfolio	\$525,807,788

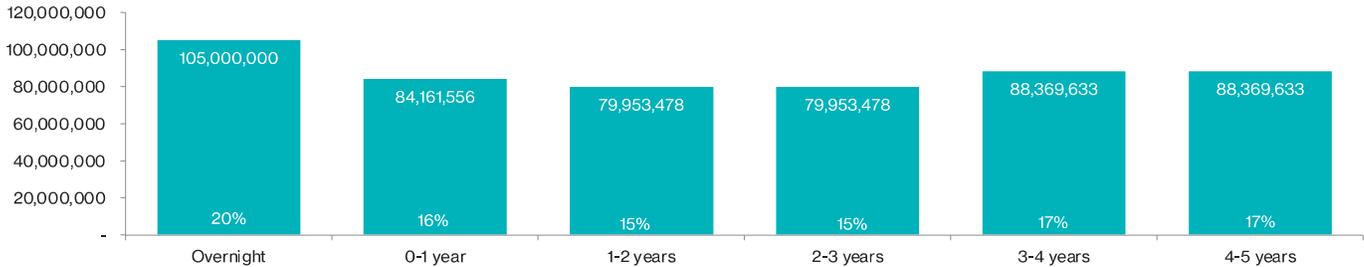
### Sample Securities

Weighted Average Maturity	2.07 years
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### Sample Asset Allocation



### Sample Maturity Distribution



PORTFOLIO ILLUSTRATION IS HYPOTHETICAL IN NATURE, DOES NOT REFLECT ACTUAL INVESTMENT RESULTS, AND DOES NOT GUARANTEE FUTURE RETURNS.

## REPORTING/COMMUNICATION

One of the biggest differentiators from our competitors is our ability and willingness to customize reporting for our clients. Our firm uses both the Charles River and Clearwater systems, we are able to continue making significant enhancements to the regular reporting packages and ensure it meets all the City's needs. Additionally, the accessibility of our client service and investment teams, and our desire to be open and communicate throughout the investment process will result in a reliable and trustworthy relationship between the City and Meeder as the City's investment advisor, which cannot be overstated.

# Services Provided

## CREDIT ANALYSIS AND RESEARCH

We incorporate a broad spectrum of market data and issuer-specific information through the following channels:

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<b>BLOOMBERG</b>	Utilize it to track and oversee issuer-specific fundamental metrics, news updates, and trading metrics, as well as perform data analysis for issuers, markets, and economic indicators.
<b>STANDARD &amp; POOR'S CAPITAL IQ</b>	Use it to monitor the overarching methodology framework related to regions, sectors, and issuers.
<b>COMPANY INVESTOR RELATIONS</b>	Access issuer-supported websites for investor presentations, annual and quarterly financial reports, regulatory disclosures, and governance compliance information.
<b>CAPITAL MARKET RESEARCH</b>	Obtain geopolitical, economic, and sector insights from capital market professionals.
<b>INDUSTRY-SPONSORED EVENTS</b>	Participate in sector and issuer-specific investor events.

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### FREQUENCY OF CREDIT ANALYSIS:

To uphold the credibility of Approved Issuer Lists, continuous monitoring is conducted on all approved issuers to assess the influence of evolving economic, competitive, financial, and strategic circumstances. Consequently, the written credit documentation for each issuer is revised as needed to incorporate any fresh insights stemming from earnings announcements, merger and acquisition activities, management transitions, strategic declarations, regulatory actions, and so forth, which could significantly affect the team's credit risk assessment. At a minimum, an annual written report is mandatory.

### DESCRIPTION OF CREDIT REPORTS:

Issuer-specific analytical reviews comprise an independent, written summary that consolidates the analysis of various metrics, including but not limited to:

- » Analytical examination of pertinent global and regional geopolitical conditions, focusing on governing leaders, legislative initiatives, and political stability.
- » Analytical review of relevant global and regional macroeconomic conditions, emphasizing factors such as growth, inflation, central bank actions, and the stability of capital markets.
- » Analytical assessment of the industries in which issuers operate, with a focus on business cycles, innovations, emerging risks, and market position.
- » Analytical evaluation of issuer fundamentals, giving attention to the identification of business strengths, risks, financial stability, profitability, solvency, liquidity, and overall business viability.
- » Analytical scrutiny of an issuer's board, senior management, corporate governance practices, financial risk management, competitive strategy, and the execution of said strategy.
- » Analytical review of an issuer's Environmental, Social, and Governance (ESG) policies, with consideration of their implications for strategy, business continuity, and financial performance.
- » Analytical assessment of rating agency perspectives and opinions and their potential impact on investment value.

# Services Provided

## BROKER-DEALER DUE DILIGENCE

Meeder performs due diligence on all broker-dealers approved to conduct business with our trading desk on behalf of our clients. We trade with a vast array of primary and regional broker-dealers nationwide to ensure access to all of the City's eligible investment options at the most competitive pricing. Below is our current approved broker-dealer list:

### APPROVED BROKER/DEALER LIST – 12/31/2023

Academy Securities <sup>2</sup>	Hilltop Securities	Raymond James
Bank of America/Merrill Lynch <sup>1</sup>	Huntington Bank	RBC Securities <sup>1</sup>
Barclays Capital Inc. <sup>1</sup>	InspereX (formerly InCapital)	Rice Financial
Blaylock Van, LLC <sup>2</sup>	Jefferies <sup>1</sup>	Robert W. Baird
BMO Capital Markets <sup>1</sup>	JPMorgan Securities <sup>1</sup>	Santander US Capital Markets <sup>1</sup>
BNY Capital Markets	Keybank Capital Markets	Siebert Williams Shank <sup>2</sup>
BOK Financial	Loop Capital Markets	Stephens Inc
Brean Capital	MarketAxess Corporation	Stifel Nicolaus
Cantor Fitzgerald & Co. <sup>1</sup>	Mizuho Securities <sup>1</sup>	StoneX Group Inc.
CastleOak Securities <sup>2</sup>	Moreton Capital Markets	TD Securities <sup>1</sup>
D.A. Davidson	Morgan Stanley <sup>1</sup>	TRUIST Securities Inc. (formally Suntrust)
Daiwa Capital Markets <sup>1</sup>	Multi-Bank Securities <sup>2</sup>	UBS Financial <sup>1</sup>
FHN Financial	Oppenheimer	UMB Financial Services
Goldman Sachs & Co. <sup>1</sup>	Piper Sandler & Co	Wells Fargo <sup>1</sup>
Great Pacific <sup>2</sup>	PNC Capital Markets LLC	

Note: Direct issuers of CP and CDs are considered to be approved counterparties if approved as an issuer.

<sup>1</sup>Primary Government Securities Dealer

<sup>2</sup>Minority, Woman-owned, or Service Disabled-Veteran-owned Enterprise

### IMPORTANT DISCLOSURES

This list is current as of the effective date only and is subject to change without notice. This list is for informational purposes only, and may not be relied upon for any other purpose. The list does not imply counterparty approval for derivatives of any type. This information is confidential and may not be distributed without prior written consent of Meeder Public Funds, Inc.

## MEETINGS

Meeder recommends and will commit to quarterly in-person meetings, with regularly scheduled monthly calls to discuss changes to the interest rate environment and any changes that may be taking place with the City. The frequency and timing of meetings and calls can be adjusted at the City's discretion.

## STAFF TRAINING/EDUCATION

Throughout the year Meeder will host training seminars both in person and online for client staff. This training consists of six modules designed to provide staff with a basic understanding of the investment process. Participants should leave the training with an understanding of what investments are permissible under state law and their investment policy, characteristics and definitions of the various permissible investments, investment accounting and reconciliation, and investment strategy. Additionally, Meeder will proactively reach out to staff to ensure that they are up to speed on current market events and conditions.



# Terms of Service – Discretionary Accounts

## Meeder Public Funds

The following Terms of Service are applicable to services offered by Meeder Public Funds, Inc. (“Meeder”) and shall be incorporated into any agreement for investment advisory services (“Agreement”).

1. **Appointment.** Client appoints Meeder as discretionary investment manager to invest, reinvest and manage the securities, cash and other assets of the Account subject to the investment guidelines (“Investment Guidelines”) provided by Client.

2. **Trading Authorization.** Client grants Meeder discretionary trading authority and appoints Meeder as agent and attorney-in-fact with respect to investments in the Account. Meeder may direct the purchase, sale, exchange, conversion, delivery or other acquisition or disposition of securities and other investments in the Account and act on behalf of Client in all other matters incidental to the handling of Account investments, all without prior consultation with Client.

3. **Custody.** Meeder shall not act as custodian for the Account or any portion of it. Custody and possession of Account assets shall be the sole obligation of the Account’s separately appointed “qualified custodian.” (“Custodian”). Client acknowledges that it receives, or will receive from the Custodian, at least quarterly, an account statement that identifies the assets in the Account with the Custodian at the end of the period and that lists all transactions in the Account for the period.

4. **Investment Objectives and Restrictions.** Client may provide Meeder with written Investment Guidelines, setting forth the investment objectives and any specific investment restrictions or limitations which govern the Account. Meeder shall be entitled to rely on such guidelines, objectives and restrictions relating to the Account as it may receive from Client. It is Client’s responsibility to inform Meeder in writing of any changes or modifications to these directions, which shall be given ten days in advance of any such change.

5. **Brokerage.** Meeder will generally use the execution services of such broker-dealers as it may select to effect transactions for the purchase and sale of securities and other investments in the Account. When selecting brokers through which transactions for Client accounts will be executed, Meeder’s primary consideration will be the broker’s ability to provide best execution of trades and Meeder may consider the quality and reliability of the brokerage services, trade price and commission, as well as research and other services provided by the broker-dealers. The responsibility to obtain best execution shall not be deemed to obligate Meeder to solicit competitive bids for each transaction. Client may direct that Meeder execute transactions through specific broker-dealers in connection with a discount brokerage or directed brokerage program established by Client. Client acknowledges that by directing brokerage to a particular broker-dealer it may forgo any benefits from savings on execution costs that Meeder may obtain for its other clients through volume discounts on aggregated orders and may pay higher commission rates than other clients of Meeder.

6. **Fees.** For the services provided in accordance with this Agreement, Client shall pay Meeder an annual fee (“Fee”) as follows: Fees are billed either  monthly or  quarterly in arrears as selected by Client. The Fee will be  deducted directly from Client’s Account or  invoiced directly to Client, as selected by Client. Where Client has elected to have fees deducted Client authorizes the Custodian to deduct fees from the Account and pay them to Meeder. The account statements will reflect the fee amount withdrawn in any period. Client is responsible for notifying Meeder of any exceptions or objections to the amount billed within thirty days from the billing date.

7. **Promoter Arrangements.** Meeder accepts Clients referred through unaffiliated third parties (“Promoters”) and may pay cash compensation for the endorsement of Meeder’s services, which provides the Promoter with an incentive to refer clients. Clients will not incur any additional fees for being referred to Meeder by a Promoter.

Clients that engage Meeder as their investment adviser as a result of a referral by a Promoter will receive a written Promoter disclosure statement describing the nature and terms of the arrangement, including the amount payable to the Promoter.

8. **Local Government Investment Pools.** Where appropriate, Meeder may recommend the use of local government investment pools in which Meeder or one of its affiliates earn advisory and/or administration fees. Assets placed in these pools are not included among eligible assets when calculating the investment advisory fee. Because Meeder or its affiliates receive fees in connection with programs we sponsor or recommend, use of these programs presents a conflict of interest.

9. **Third-Party Payments.** Meeder or its affiliates receive compensation from unaffiliated third parties for endorsing or recommending certain financial products to its clients. This arrangement presents a conflict of interest because it provides Meeder with an incentive to solicit and secure participation in the program. Asset based advisory fees are not charged for assets invested in products that pay indirect compensation to Meeder.

10. **Proxy Voting.** Meeder does not accept or assume authority to vote proxies for its public fund clients. Clients will receive their proxies or other solicitations directly from their Custodian. Client agrees that Meeder will not advise or act for Client in any legal proceedings, including bankruptcies or class actions, involving securities held or previously held by the Account or the issuers of such securities.

11. **Electronic Delivery.** Client consents to electronic delivery of all documents from Meeder, including but not limited to a copy of the executed Agreement, statements, confirmations, Meeder's Form ADV Part 2 and amendments thereto, and other general communications delivered to Client's electronic mail address of record. Delivery of communications to Clients in this fashion will be deemed effective unless Meeder is notified otherwise. Client is responsible for maintaining an accurate and up to date email address and to ensure that Client at all times has the ability to receive communications directed in this manner.

12. **Confidentiality.** All information and advice furnished by either party to the other, including their respective agents and employees, shall be treated as confidential and shall not be disclosed to third parties except as otherwise required by law or as agreed to in writing by Client. Notwithstanding the foregoing, Client consents to the use of Client's name in sales and marketing material used by Meeder or its affiliates solely for the purpose of identifying the Client as an investment advisory client.

13. **Services to Other Clients.** Client understands that Meeder serves as investment adviser for other Clients and will continue to do so. Client also understands that Meeder, its personnel and affiliates ("Affiliated Persons") may give advice or take action in performing their duties to other clients, or for their own accounts, that differ from advice given to or action taken for Client. Meeder is not obligated to buy, sell or recommend for Client any security or other investment that Meeder or its Affiliated Persons may buy, sell or recommend for any other client or their own accounts.

14. **Meeder's Representations.** Meeder represents that it is a registered investment adviser under the Investment Advisers Act of 1940.

15. **Client's Representations.** Client represents and acknowledges that: (i) Client is the sole owner of the Account assets and has full power and authority to enter into this Agreement and to commit the assets to Meeder's management and supervision; (ii) that the person signing this Agreement on behalf of Client is authorized and empowered to establish accounts and commit the assets to Meeder's management and supervision on the entity's behalf; (iii) Client has received Meeder's current Form ADV, Part 2A and B; and (iv) Client has received a copy of Meeder's Privacy Policy.

**EXHIBIT B**  
COMPENSATION

# Cost Proposal



All proposers are required to submit separate proposals for discretionary and nondiscretionary investment services. Each proposal should include a detailed task list and rate fee schedule. Pricing instructions should be clearly defined to ensure fees proposed can be compared and evaluated. Cost Proposal must include a payment schedule if applicable. City reserves the right to negotiate compensation and/or payment schedule prior to award of any resulting agreement. The City shall not provide reimbursement for travel-related expenses, mileage, parking, lodging, meals, incidental fees, insurance, freight/shipping and handling/delivery, and any other business expenses, supplies and materials related to providing services as specified herein. Additional costs will not be considered and will not be reimbursed by the City, therefore, such costs must be absorbed in Proposer's cost proposal fee structure. Any language related to travel reimbursement shall be stricken from the document by the City and if not stricken, shall be deemed invalid. If providing hourly rate sheets, Proposer shall not include rate ranges or averages. Proposals shall be valid for a minimum of one hundred eighty (180) days following Proposal deadline. The cost for developing the Proposal is the sole responsibility of the Proposer. All Proposals submitted become property of the City.

Our fees reflect both discretionary and non-discretionary investment services.

Meeder proposes an asset based advisory fee based on the following schedule:

ASSETS UNDER MANAGEMENT	ANNUAL ADVISORY FEE
\$0 to \$100 million	0.05%
\$100 to \$250 million	0.04%
Over \$250 million	0.03%

The investment advisory fee is inclusive of all fees associated with the management of this account and the services listed below will encompass any optional extensions, with the exception of custodial fees. MPF receives no other compensation from any source, including third-parties or mark ups on security prices.

- INCLUDES:**
- » Investment Policy Review
  - » Cash Flow Analysis
  - » Portfolio Management
  - » Investment Management
  - » Monthly Reconciliation
  - » Reporting – Monthly & Quarterly
  - » Duration Management
  - » Security Selection
  - » Best Execution
  - » Compliance Monitoring
  - » Custom Reporting
  - » Credit Analysis
  - » Meetings
  - » Staff Training/Education

# Meeder Public Funds Inc. - Investment Management and Portfolio Services - signed by CAO 4-19-24(384188.1)

Final Audit Report

2024-04-19

Created:	2024-04-19
By:	Kristin Andrade (kandrade@santa-ana.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAIb3hD1VSw-x3sVZ3eRIojkhcUisR8Ek

## "Meeder Public Funds Inc. - Investment Management and Portfolio Services - signed by CAO 4-19-24(384188.1)" History

 Document created by Kristin Andrade (kandrade@santa-ana.org)  
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 Document e-signed by Kathryn Downs (kdowns@santa-ana.org)  
Signature Date: 2024-04-19 - 6:06:47 PM GMT - Time Source: server

 Agreement completed.  
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