

**FIRST AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF CORONA
AND
CHANDLER ASSET MANAGEMENT, INC.
(PROFESSIONAL INVESTMENT ADVISORY SERVICE – RFP 21-049SB)**

1. PARTIES AND DATE.

This First Amendment to the Professional Services Agreement (“First Amendment”) is made and entered into this 10th day of September, 2024 by and between the City of Corona (“City”) and Chandler Asset Management, Inc., a California corporation (“Consultant”). City and Consultant are sometimes individually referred to as “Party” and collectively as “Parties” in this First Amendment.

2. RECITALS.

2.1 Agreement. City and Consultant entered into that certain Professional Services Agreement dated April 7, 2021 (“Agreement”), whereby Consultant agreed to provide professional investment advisory services.

2.2 Amendment. City and Consultant desire to amend the Agreement for the first time to (1) exercise the first option to extend the Term of the Agreement through June 30, 2025 including the two optional renewal years; (2) amend the Rate and Total Compensation by \$843,000 to \$1,522,500; (3) to replace Exhibit “B” (Schedule of Services) with Exhibit “B-1” (Schedule of Services), and (4) to replace Exhibit “C” (Compensation) with Exhibit “C-1” (Compensation).

3. TERMS.

3.1 Term. Section 3.1.2 (Term) of the Agreement, hereby deleted in its entirety and replaced with the following:

“3.1.2 Term. The term of this Agreement shall be from May 1, 2021 to June 30, 2025 (“Term”), unless earlier terminated as provided herein. Consultant shall complete the Services within the Term of this Agreement, and shall meet any other established schedules and deadlines. The Parties may, by mutual, written consent, extend the Term of this Agreement one or more times by executing a written amendment pursuant to section 3.6.9 below (each a “Renewal Term”). The terms “Term” and “Renewal Term” may sometimes be generally and collectively referred to as “Term” in this Agreement.”

3.2 Rates & Total Compensation. Section 3.3.1 (Rates & Total Compensation) of the Agreement, are hereby deleted in their entirety and replaced with the following:

“3.3.1 Rates & Total Compensation. Contractor shall receive compensation, including authorized reimbursement, for all Services rendered under this agreement at the rates set forth in Exhibit “C-1” attached hereto and incorporated herein by reference. The total compensation, including authorized reimbursements, shall not exceed One Million Five Hundred Twenty-Two Thousand and Five Hundred Dollars (\$1,522,500.00) (“Total Compensation”) without written approval of the City’s Representative. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.”

3.3 Exhibit “B-1”. Exhibit “B” (Scope of Services) of the Agreement is hereby deleted in its entirety and replaced with Exhibit “B-1” (Scope of Services) attached hereto and incorporated herein by reference.

3.4 Continuing Effect of Agreement. Except as amended by this First Amendment, all provisions of the Agreement shall remain unchanged and in full force and effect. From and after the date of this First Amendment, whenever the term “Agreement” appears in the Agreement, it shall mean the Agreement as amended by this First Amendment.

3.5 Adequate Consideration. The Parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this First Amendment.

3.6 Counterparts. This First Amendment may be executed in duplicate originals, each of which is deemed to be an original, but when taken together shall constitute but one and the same instrument.

[SIGNATURES ON FOLLOWING PAGE]

CITY'S SIGNATURE PAGE FOR
CITY OF CORONA
FIRST AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT
WITH CHANDLER ASSET MANAGEMENT, INC.
(PROFESSIONAL INVESTMENT ADVISORY SERVICE – RFP 21-049SB)

IN WITNESS WHEREOF, the Parties have entered into this First Amendment to Professional Services Agreement as of the date noted on the first page of the Amendment.

CITY OF CORONA

By: 
9496702550D64D5
Kim Sitton
Finance Director

Reviewed By: 
C477487B2FB3438
Christine Thompson
Accounting Manager

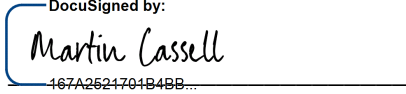
Reviewed By: 
F8FEFE3136B4492
Yasmin Lopez
Purchasing Manager

Attest By: _____
Sylvia Edwards, City of Corona, CA
City Clerk

CONSULTANT'S SIGNATURE PAGE FOR
CITY OF CORONA
FIRST AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT
WITH CHANDLER ASSET MANAGEMENT, INC.
(PROFESSIONAL INVESTMENT ADVISORY SERVICE – RFP 21-049SB)

IN WITNESS WHEREOF, the Parties have entered into this First Amendment to Professional Services Agreement as of the date noted on the first page of the Amendment.

CHANDLER ASSET MANAGEMENT, INC.
a California corporation

By: 
Martin Cassell
CEO

By: 
Nicole Drago
COO/CCO/Secretary

EXHIBIT "B-1" SCOPE OF SERVICES

Consultant shall perform the Services within the Term of this Agreement, in accordance with the Schedule of Services set forth in herein.

The following schedule below details the plan the Consultant will follow to transition the City’s investment program into the Consultant’s care.

| Implementation Plan and Milestones | | |
|---|---|---|
| Discovery Phase and Trust Set-Up | Account Set-Up | Portfolio Implementation |
| 1-30 Days | 30-60 Days | 60-90 Days |
| <ul style="list-style-type: none"> • Contract signed to begin relationship • Chandler holds meeting to “kick-off” engagement and formulate checklist of prioritized items • Chandler discusses liability profile and conducts asset allocation study • Investment Policy development • Write and Finalize the Trust documents (Wagner Law Group) • Write and finalize Opinion Letter (Wagner Law Group) • Documentation and Account Preparation/Set-up (Custodian/Trustee) | <ul style="list-style-type: none"> • Custodian/Trustee Bank reviews and confirms agreement with the Trust • Investment Policy is finalized • The City staff present Trust and Investment Policy to City Council for approval • Chandler sets up accounts in internal portfolio management and accounting systems • Chandler grants City staff access to account information via online Client Portal | <ul style="list-style-type: none"> • Chandler implements investment strategy • Securities are purchased using dollar cost averaging aligning with market conditions |

The City retains the right to exercise option year renewals at its sole discretion.

Option 1: one-year, if exercised, shall be effective July 1, 2025 through June 30, 2026.

Option 2: one-year, if exercised, shall be effective July 1, 2026 through June 30, 2027.

Actual option year pricing shall be negotiated with the Consultant prior to exercising of any given option year. The City’s fiscal year runs from July 1 to June 30 including Option years shall become effective only upon issuance by the City of a duly authorized Purchase Order each fiscal year.

**EXHIBIT "C-1"
COMPENSATION**

Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth herein.

| Operating Funds Investment Portfolio - 1-5 Year Fixed Income Strategy Fixed Annual Fee Schedule | | |
|--|-------------------------|----------------------|
| Contract Year | Fixed Annual Fee | |
| Year 1 Fiscal Year 2024-25 | \$172,000.00 | (\$14,333 per month) |
| Year 2 Fiscal Year 2025-26 | \$196,000.00 | (\$16,333 per month) |
| Year 3 Fiscal Year 2026-27 | \$220,000.00 | (\$18,333 per month) |

Section 115 Trust:

The Consultant will pay all costs associated with the establishment of the City’s single-employer trust, as well as the opinion letter that it is lawful for a 115 Trust to hold assets for OPEB liabilities and pension stabilization funds. The cost to the City of Corona will be zero dollars.

| Section 115 Pension Trust - Multi-Asset Class Strategy Proposed Fee Schedule | | |
|---|-------------------------|------------------------|
| Contract Year | Fixed Annual Fee | |
| Year 1 Fiscal Year 2024-25 | \$83,000.00 | (\$6,917.00 per month) |
| Year 2 Fiscal Year 2025-26 | \$85,000.00 | (\$7,083.00 per month) |
| Year 3 Fiscal Year 2026-27 | \$87,000.00 | (\$7,250.00 per month) |

Fees are charged monthly in arrears and can be debited directly from the City’s third-party custody account. Fees are firm for the entire three (3) year contract term so long as the Trust’s assets remain under sixty million dollars (\$60,000,000). During the initial three-year term, if the market value of the assets under the Consultant’s management exceeds sixty million dollars (\$60,000,000) for three consecutive months, the Consultant and the City will negotiate a new fee schedule reflective of the current assets under management. Fees for the two (2) optional one-year renewal periods will be negotiated prior to the City’s exercising said options as indicated in Exhibit B.

Typically, the Consultant’s fees are based on assets under management. Because the City has requested a flat annual fee and due to the uncertainty around when the Trust will fund, the Consultant will not bill any fees for the Section 115 Pension Trust until the assets have funded at the custodian bank.

The fees expressed above are inclusive of the fees The Wagner Law Group will charge to create the Trust and provide the requisite Opinion Letter. The annual fees referenced above do not include any future legal services required by the City subsequent to Trust creation. The City will

be responsible for paying the attorney’s hourly rates which range from \$450-\$550/hour for any future legal services required after the Trust is created.

The Consultant’s fee is separate from and does not include brokerage commissions, dealer spreads and other costs associated with the purchase or sale of securities, Custodian fees, interest, taxes, and other Account expenses. These expenses will be the responsibility of the City. The Consultant receives no indirect compensation from any entity other than the City as a result of its services to City.

The Trust anticipates using low-cost index and exchange-traded funds (ETFs) as investments. All fees paid to the Consultant for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. Each vehicle will have an associated expense ratio which generally includes a management fee, other fund expenses, 12b-1 fees and possible distribution or redemption fees. The fees and expenses charged by mutual funds and ETFs are described in each fund’s prospectus and are included in the daily Net Asset Value calculation (NAV) of the fund and because they are embedded in the performance of the fund, they are not charged directly to the City.

The Consultant anticipates the expense ratio for the portfolio will equal a weighted average expense of 10 basis points (0.10%) per year. Please note that fund returns are provided net of this cost.

ADDITIONAL SERVICES

Consultant’s proposed fees are inclusive of all the services the City requests for full investment program management as described in our proposal. Additional services related to investment advisory and portfolio management that are outside the scope of this Request for Proposal are to be determined and will be billed hourly as follows:

| Additional Services | Fee(s) (per hour) |
|--|--------------------------|
| Senior Portfolio Manager/Strategist | \$450.00 |
| Portfolio Manager/Analyst | \$350.00 |
| Senior Relationship Manager | \$225.00 |
| Operations Specialist/Client Service Manager | \$175.00 |
| Clerical/Data Entry | \$125.00 |

Summary of Rates & Total Compensation Section 3.3.1 above

| | |
|---|-----------|
| Operating Funds Investment Portfolio | \$588,000 |
| Section 115 Pension Trust | \$255,000 |
| Total for Fiscal Year 2025, 2026 & 2027 | \$843,000 |

Total Compensation for Fiscal Year 2021 (2 months only) 2022,2023 &2024: \$679,500