

## **INVESTMENT ADVISORY AGREEMENT**

THIS AGREEMENT, entered into as of the 2<sup>nd</sup> day of April, 2018, by and between **JACKSONVILLE AVIATION AUTHORITY**, a public agency (hereinafter the "Client"), and **PFM ASSET MANAGEMENT LLC**, a Delaware limited liability company with an office in Orlando, Florida (hereinafter the "Advisor").

### **WITNESSETH**

**WHEREAS**, the Client has funds available for investment purposes (the "Initial Funds") for which it intends to conduct an investment program; and

**WHEREAS**, Client issued a Request for Proposals 17-08-31001 (the "RFP") in order to procure a firm licensed, qualified and interested in providing investment advisory services ("Services"); and

**WHEREAS**, the Advisor submitted a bid (the "Proposal") and has been selected to perform the Services; and

**WHEREAS**, the Client desires to avail itself of the experience, sources of information, advice, assistance and facilities available to the Advisor; to have the Advisor undertake certain duties and responsibilities; and to perform certain services as investment advisor on behalf of the Client, as provided herein; and

**WHEREAS**, the Advisor is willing to provide such services on the terms and conditions hereinafter set forth, in addition to the requirements of the RFP and the Proposal.

**NOW, THEREFORE**, in consideration of the premises and mutual covenants herein contained, the parties hereto, intending to be legally bound, agreed as follows:

#### **1. SERVICES OF ADVISOR.**

The Client hereby engages the Advisor to serve as investment advisor under the terms of this Agreement with respect to the Initial Funds and such other funds as the Client may from time to time assign by written notice to the Advisor (collectively the "Managed Funds"), and the Advisor accepts such engagement. In connection therewith, the Advisor will provide investment research

and supervision of the Managed Funds investments and conduct a continuous program of investment, evaluation and, when appropriate, sale and reinvestment of the Managed Funds assets. The Advisor acknowledges that Client has an Investment Policy, which may be modified by the Client's Board of Directors from time to time. The Client agrees to promptly provide to the Advisor any such modifications or amendments to the Investment Policy. The Advisor shall continuously monitor investment opportunities and evaluate investments of the Managed Funds. The Advisor shall furnish the Client with statistical information and reports with respect to investments of the Managed Funds. The Advisor shall place all orders for the purchase, sale, loan or exchange of portfolio securities for the Client's account with brokers or dealers recommended by the Advisor and/or the Client, and to that end the Advisor is authorized as agent of the Client to give instructions to the custodian designated by the Client (the "Custodian") as to deliveries of securities and payments of cash for the account of the Client. In connection with the selection of such brokers and dealers and the placing of such orders, the Advisor is directed to seek for the Client the most favorable execution and price, the determination of which may take into account, subject to any applicable laws, rules and regulations, whether statistical, research and other information or services have been or will be furnished to the Advisor by such brokers and dealers. The Custodian shall have custody of cash, securities and other assets of the Client. The Advisor shall not take possession of or act as custodian for the cash, securities or other assets of the Client and shall have no responsibility in connection therewith. Authorized investments shall include only those investments which are currently authorized by the state investment statutes and applicable covenants and as supplemented by such other written instructions as may from time to time be provided by the Client to the Advisor. The Advisor shall be entitled to rely upon the Client's written advice with respect to anticipated drawdowns of Managed Funds. The Advisor will observe the instructions of the Client with respect to broker/dealers who are approved to execute transactions involving the Managed Funds and in the absence of such instructions will engage broker/dealers which the Advisor reasonably believes to be reputable, qualified and financially sound. Anything herein to the contrary notwithstanding, the Client hereby engages the Advisor to perform the services as set forth in the RFP. The services shall be done strictly in accordance with this Agreement, the RFP, and all addendums to the RFP (incorporated by reference) and the Proposal (incorporated by reference) (collectively, the "Contract Documents"), and non-discriminatory laws, statutes and authorities, set forth in attached **Appendix "A"**, all of which are hereby specifically made a part hereof by reference to the same extent as if fully set out herein.

**2. COMPENSATION.**

(a) For services provided by the Advisor pursuant to this Agreement, the Client shall pay the Advisor an annual fee, in monthly installments, based on the daily net assets under management at the rate of eight (8) basis points (0.08%) during the initial term of this Agreement (December 1, 2017 through November 30, 2020).

Thereafter, during any renewal term of this Agreement, the annual fee shall be according to the schedule below

<u>Average Assets Under Management</u>	<u>Fees</u>
First \$25 million	10 basis points (0.10%)
Next \$25 million	8 basis points (0.08%)
Above \$50 million	7 basis points (0.07%)

“Daily net assets” is defined to include the amortized value of securities, accrued interest and cash or any money market fund balance.

(b) The Advisor will bill the Client monthly for service performed under this Agreement, said bill to include a statement indicating the basis upon which the fee was calculated. The Client shall pay to the Advisor the amount payable pursuant to this Agreement not later than on the 15th day of the month following the month during which the Advisor's statement was rendered.

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

(d) If and to the extent that the Client shall request the Advisor to render services other than those to be rendered by the Advisor hereunder, such additional services shall be compensated separately on terms to be agreed upon between the Advisor and the Client.

### **3. EXPENSES.**

(a) The Advisor shall furnish at its own expense all necessary administrative services, office space, equipment, clerical personnel, telephone and other communication facilities, investment advisory facilities, and executive and supervisory personnel for managing the Managed Funds.

(b) Except as expressly provided otherwise herein, the Client shall pay all of its own expenses including, without limitation, taxes, commissions, fees and expenses of the Client's independent auditors and legal counsel, if any, brokerage and other expenses connected with the execution of portfolio security transactions, insurance premiums, and fees and expenses of the Custodian.

### **4. REGISTERED ADVISOR; DUTY OF CARE.**

The Advisor hereby represents it is a registered investment advisor under the Investment Advisers Act of 1940, as amended. The Advisor shall immediately notify the Client if at any time during the term of this Agreement it is not so registered or if its registration is suspended. The Advisor agrees to perform its duties and responsibilities under this Agreement with reasonable care. The federal securities laws impose liabilities under certain circumstances on persons who act in good faith. Nothing herein shall in any way constitute a waiver or limitation of any rights which the Client may have under any federal securities laws. The Client hereby authorizes the Advisor to sign I.R.S. Form W-9 on behalf of the Client and to deliver such form to broker-dealers or others from time to time as required in connection with securities transactions pursuant to this Agreement.

### **5. ADVISOR'S OTHER CLIENTS.**

The Client understands that the Advisor performs investment advisory services for various other clients which may include investment companies, commingled trust funds and/or individual portfolios. The Client agrees that the Advisor, in the exercise of its professional judgment, may give advice or take action with respect to any of its other clients which may differ from advice given or the timing or nature of action taken with respect to the Managed Funds. The Advisor shall not have any obligation to purchase, sell or exchange any security for the Managed Funds solely by reason of the fact that the Advisor, its principals, affiliates, or employees may purchase, sell or exchange such security for the account of any other client or for itself or its own accounts.

### **6. TERM AND TERMINATION.**

The Term of this Agreement shall be December 1, 2017 to November 30, 2020 with renewals up to two (2) additional years available at the sole discretion of the Client and based on the Advisor's performance, annual approved budgeted funds and adherence to all terms and conditions

of this Agreement. This Agreement may be terminated by the Client in the event of any material breach of its terms immediately upon notice to the Advisor by certified mail, return receipt requested. This Agreement may be terminated by the Client at any time, on not less than thirty (30) days' written notice to the Advisor. The Advisor may terminate this Agreement immediately upon any material breach of its terms by the Client, or at any time after one year upon thirty (30) days' written notice to the Client. Termination of this Agreement in accordance with its agreed termination provisions will not give rise to any claims of improper termination, termination in bad faith, or the like or to the payment of any compensation, recoupment of expenditures made by the Advisor pursuant to this Agreement, or the like predicted in such termination, except to the extent that the Advisor is entitled to payment hereunder for work satisfactorily performed to the date of such termination. This Agreement is always subject to availability of budgeted funds. The Client shall promptly notify the Advisor of any unavailability of budgeted funds.

**7. FORCE MAJEURE.**

The Advisor shall have no liability for any losses arising out of the delays in performing or inability to perform the services which it renders under this Agreement which result from events beyond its control, including interruption of the business activities of the Advisor or other financial institutions due to acts of God, acts of governmental authority, acts of war, terrorism, civil insurrection, riots, labor difficulties, or any action or inaction of any carrier or utility, or mechanical or other malfunction.

**8. DISCIPLINARY ACTIONS.**

The Advisor shall promptly give notice to the Client if the Advisor shall have been found to have violated any state or federal securities law or regulation in any final and unappealable judgment in any criminal action or civil suit in any state or federal court or in any disciplinary proceeding before the Securities and Exchange Commission ("SEC") or any other agency or department of the United States, any registered securities exchange, the Financial Industry Regulatory Authority, or any regulatory authority of any State based upon the performance of services as an investment advisor.

**9. INDEPENDENT CONTRACTOR.**

The Advisor, its employees, officers and representatives shall not be deemed to be employees, agents (except as to the purchase or sale of securities described in Section 1), partners, servants, and/or joint ventures of the Client by virtue of this Agreement or any actions or services rendered under this Agreement.

**10. BOOKS AND AUDIT.**

The Advisor shall maintain records of all transactions in the Managed Funds. The Advisor shall provide the Client with a monthly statement showing deposits, withdrawals, purchases and sales (or maturities) of investments, earnings received, and the value of assets held on the last business day of the month. The statement shall be in the format and manner that is mutually agreed upon by the Advisor and the Client. At all reasonable times, the Client shall have the right, through its representatives, to audit records of the Advisor relating to providing the Services set forth herein. The Client shall provide 5 business days' notice of the Client's intent to perform such audit. If the audit establishes that there was any error in accounting for the Services set forth herein, such error(s) will be corrected within thirty (30) days of the date such error(s) is identified.

**11. THE ADVISOR'S BROCHURE AND BROCHURE SUPPLEMENT.**

The Advisor warrants that it has delivered to the Client prior to the execution of this Agreement the Advisor's current SEC Form ADV, Part 2A (brochure) and Part 2B (brochure supplement). The Client acknowledges receipt of such brochure and brochure supplement prior to the execution of this Agreement.

**12. MODIFICATION.**

This Agreement shall not be changed, modified, terminated or discharged in whole or in part, except by an instrument in writing signed by both parties hereto, or their respective successors or assigns.

**13. SUCCESSORS AND ASSIGNS.**

The provisions of this Agreement shall be binding on the Advisor and its successors and assigns, provided, however, that the rights and obligations of the Advisor may not be assigned without the consent of the Client.

**14. NOTICE.**

Written notices required under this Agreement shall be sent by regular mail, certified mail, overnight delivery or courier, and shall be deemed given when received at the parties' respective addresses shown below. Either party must notify the other party in writing of a change in address.

Client's Address

Jacksonville Aviation Authority  
14201 Pecan Park Rd.  
Jacksonville, FL 32218  
Attention: Chief Executive Officer

With a copy to:

Jacksonville Aviation Authority  
14201 Pecan Park Rd.  
Jacksonville, FL 32218  
Attn: Devin Reed, Director of Procurement

Advisor's Address

PFM Asset Management LLC  
300 South Orange Avenue  
Suite 1170  
Orlando, FL 32801  
Attn: Richard Pengelly

With copy to:

PFM Asset Management LLC  
1735 Market Street  
43<sup>rd</sup> Floor  
Philadelphia, PA 19103  
Attn: Controller

**15. APPLICABLE LAW.**

This Agreement shall be construed, enforced, and administered according to the laws of the State of Florida. The Advisor and the Client agree that, should a disagreement arise as to the terms or enforcement of any provision of this Agreement, each party will in good faith attempt to resolve said disagreement prior to filing a lawsuit.

**16. PUBLIC RECORDS.**

If the Advisor has questions regarding the application of chapter 119, Florida statutes, to the Advisor's duty to provide public records, the Advisor shall contact the Client's custodian of public records:

Michael Stewart, Director of External Affairs  
14201 Pecan Park Road  
Jacksonville, Florida 32218  
904.741.2721

**17. EXECUTION AND SEVERABILITY.**

Each party to this Agreement represents and warrants that the person or persons signing this Agreement on behalf of such party is authorized and empowered to sign and deliver this Agreement for such party. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

**18. ENTIRE UNDERSTANDING.**

This Agreement constitutes the entire agreement between the parties hereto for the Scope of

Services to be performed and furnished by the Advisor hereunder. No statement, representation, writing, understanding, agreement, course of action or course of conduct made by either party, or any representative of either party, which is not expressed herein shall be binding. All changes to, additions to, modifications of, or amendment to this Agreement, or any of the terms, provisions and conditions hereof, shall be binding only when in writing and signed by the authorized officer, agent or representative of each of the parties hereto.

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**SIGNATURE LINES FOLLOW**



**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their authorized representatives as of the date set forth in the first paragraph of this Agreement.

**PFM ASSET MANAGEMENT LLC**

By:  \_\_\_\_\_

Name: Steven Alexander

Title: Managing Director


**JACKSONVILLE AVIATION  
AUTHORITY**

By:  \_\_\_\_\_

Name: Steve Grossman

Title: Chief Executive Officer

**Approved as to Form and Legality  
For the Use and Reliance of the  
Jacksonville Aviation Authority Only.**

  
\_\_\_\_\_  
Debra A. Braga  
Chief Legal Officer

## APPENDIX A

### **REQUIRED TITLE VI PROVISIONS FOR CONTRACTORS:**

1. **Civil Rights – 49 USC § 47123:** Contractor agrees to comply with pertinent statutes, Executive Orders and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. This provision binds Contractor and sub-tier contractors from the solicitation period through the completion of the Agreement. This provision is in addition to that required of Title VI of the Civil Rights Act of 1964.
2. **Nondiscrimination:** During solicitations of subcontracts, labor, materials and/or equipment and during the performance of this contract, the Contractor, for itself, subcontractors, representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree not to participate directly or indirectly in discriminatory activity or any kind and that no person on the ground of race, color, or national origin, will be subjected to discrimination in the execution of this Agreement, including employment practices (see Appendix B of 49 CFR Part 21). With respect to the Agreement, in the event of breach of the above nondiscrimination covenant, the Authority will have the right to terminate the Agreement and to pursue should remedies against Contractor as may be permitted by applicable law.
3. **Title VI and Related Law Compliance:** During solicitations of subcontracts, labor, materials and/or equipment and during the performance of this contract, Contractor, for itself, subcontractors, its assignees, and successors in interest, agrees to comply with the following non-discrimination statutes and authorities, as may be amended from time to time, including but not limited to:
  - a) Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
  - b) 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
  - c) The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
  - d) Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 et seq.), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27;
  - e) The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 et seq.), (prohibits discrimination on the basis of age);
  - f) Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
  - g) The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
  - h) Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;
  - i) The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
  - j) Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against

minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;

- k) Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100); and
  - l) Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq).
4. **Federal Fair Labor Standards Act (Federal Minimum Wage) – 29 USC § 201, et seq.:** All contracts and subcontracts that result from this Agreement incorporate by reference the provisions of 29 CFR Part 201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text. The FLSA sets minimum wage, overtime pay, recordkeeping, and child labor standards for full and part time workers. Contractor has full responsibility to monitor compliance to the above-referenced statute and regulation. Contractor must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.
5. **Solicitations for Subcontracts, Including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding or negotiation, made by Contractor for work required under this Agreement, to be performed under a subcontract, which also includes procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by Contractor of the contractor's obligations under this Agreement and the Nondiscrimination Acts and Authorities on the grounds of race, creed, color, national origin, sex, age, or disability. Contractor will incorporate this Agreement (the Prime Contract) into its subcontract agreements, such that its subcontractors are obligated to Contractor to the same extent Contractor is obligated to JAA under the Prime Contract. However, nothing contained in the Prime Contract creates any contractual relationship between Subcontractor and JAA. Contractor's subcontract agreements shall require its subcontractors to generally agree to comply with all applicable federal, state and local laws, including the Civil Rights Act of 1964 as amended, as well as those non-discrimination statutes and authorities listed in Paragraph 3, above. For purposes of compliance with this section, Contractor shall furnish documented proof that each of its subcontract or sub-consultant agreements contain provisions that require compliance with the above.
6. **Occupational Safety and Health Act of 1970 – 20 CFR Part 1910:** All contracts and subcontracts that result from this Agreement incorporate by reference the requirements of 29 CFR Part 1910 with the same force and effect as if given in full text. Contractor must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. Contractor retains full responsibility to monitor its compliance and its sub-Contractors' compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (20 CFR Part 1910). Contractor must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration.
7. **Information and Reports:** The Contractor will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by JAA or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts And Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, the Contractor will so certify to JAA or the Federal Aviation Administration, as appropriate, and

will set forth what efforts it has made to obtain the information.

8. **Sanctions for Noncompliance:** In the event of a contractor's noncompliance with the Non-discrimination provisions of this contract, JAA will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to: (i) Withholding payments to the Contractor under the contract until the Contractor complies; and/or (ii) Cancelling, terminating, or suspending a contract, in whole or in part.
9. **Incorporation of Provisions:** The Contractor will: (i) include the above in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto; and (ii) take action with respect to any subcontract or procurement as JAA or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the Contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the Contractor may request JAA to enter into any litigation to protect the interests of JAA. In addition, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.

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