

**HAYWARD
GEOLOGIC HAZARD ABATEMENT DISTRICT**

TO: Hayward GHAD Board of Directors

**FROM: GHAD Manager
GHAD Treasurer**

BOARD MEETING DATE: February 25, 2020

SUBJECT: Resolution Authorizing the Change in Treasurer Designation from Watermark Asset Management, Inc. to GHAD Treasurer, Inc. and Authorizing the Board Chair to Execute a Contract with GHAD Treasurer, Inc.

RECOMMENDATION(S):

Staff recommends that the Hayward GHAD Board of Directors adopt Resolution 20-02 authorizing the change in treasurer designation from Watermark Asset Management, Inc. to GHAD Treasurer, Inc., in addition to a contract of services between GHAD Treasurer, Inc. and Hayward GHAD.

SUMMARY:

The Board of Directors adopted Resolution 16-01 appointing Watermark Asset Management, Inc. as Treasurer of the Hayward GHAD. Watermark Asset Management was acquired by CAPTRUST and formed GHAD Treasurer, Inc to separate the functions of the GHAD Treasurer and investment manager. Resolution 20-02 is provided to formally change the name of the treasurer and approve a contract for treasurer and investment services.

BACKGROUND AND DISCUSSION:

The Hayward City Council adopted Resolution 16-030 approving the formation of the Hayward GHAD on March 1, 2016. The Plan of Control for The Reserve (La Vista) development within the Hayward GHAD was adopted with approval of Resolution No. 16-03 on October 25, 2016. As part of the formation of the Hayward GHAD, the GHAD Board of Directors appointed a treasurer pursuant of Public Resources Code Section 26585. On May 17, 2016, with Resolution 16-001, the GHAD Board of Directors appointed Watermark Asset Management as GHAD Treasurer. On September 13, 2016, with Resolution 16-002, the GHAD Board of Directors approved Watermark Asset Management's GHAD Treasurer scope of services.

On December 6, 2018, Watermark Asset Management was acquired by CAPTRUST. In October 2019, three former principals of Watermark Asset Management Inc. formed GHAD Treasurer, Inc. for the purpose of separating treasurer functions from investment functions. A contract of services between GHAD Treasurer, Inc. and Hayward GHAD is provided. Services include collecting, holding, investing, appropriating, and expending GHAD funds as necessary to carry out the operations of the GHAD in accordance with budgets approved by the GHAD Board.

FISCAL IMPACT:

Watermark Asset Management charged the GHAD an annual fee of 0.25%, or 25 basis points, per year on the account balance of the GHAD. That fee will remain the same for the services of GHAD Treasurer, Inc. In addition, the GHAD Treasurer proposes an annual fee of 0.25% or 25 basis points per year on the account balance managed by the investment manager, CAPTRUST Advisors.

NEXT STEPS:

If approved, the GHAD Treasurer will complete actions necessary to change treasurer functions from Watermark Asset Management to GHAD Treasurer, Inc.

Prepared by: The GHAD Manager and GHAD Treasurer

Recommended by: GHAD Manager

ATTACHMENTS:

- A. Resolution No. 20-02

BOARD OF DIRECTORS
HAYWARD GEOLOGIC HAZARD ABATEMENT DISTRICT (GHAD)
RESOLUTION NO. 20-02

RESOLUTION AUTHORIZING A CHANGE IN GHAD TREASURER DESIGNATION

WHEREAS, on March 1, 2016, the City Council adopted Resolution No. 16-030 approving and ordering the formation of the Hayward Geologic Hazard Abatement District (GHAD), which is a governmental district, a political subdivision of the State of California, governed in accordance with Public Resources Code Sections 26500, et seq., and a legal entity entirely distinct and separate from the City of Hayward;

WHEREAS, on March 1, 2016 the City Council, in accordance with Public Resources Code Section 26567, appointed itself as the Board of Directors for the Hayward GHAD (“GHAD Board”);

WHEREAS, on March 1, 2016 the GHAD Board approved Resolution No. 16-01 which authorized Watermark Asset Management, Inc. as the GHAD Treasurer.

WHEREAS, in January of 2019, Watermark Asset Management, Inc. reorganized for the purpose of acting as treasurer for various GHADs in order to separate treasurer functions from GHAD funds investment management functions.

NOW, THEREFORE, the GHAD Board of Directors resolves and orders that:

The Board of Directors of the GHAD HEREBY RESOLVES THAT:

1. GHAD Treasurer, Inc. is now designated as the Hayward GHAD Treasurer.
2. The recitals are incorporated herein by this reference.

This Resolution shall become effective immediately upon its passage and adoption.

Adopted by the Board of Directors of the Hayward Geologic Hazard Abatement District at a regular meeting on February 25, 2020 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

GHAD Board Chair

ATTEST:

Miriam Lens, Clerk of the
Hayward GHAD

CONTRACT FOR PROFESSIONAL SERVICES

THIS CONTRACT FOR GHAD TREASURER SERVICES (this "Contract") is made and entered into this 25th day of February 2020, by and between the Hayward Geologic Hazard Abatement District, a political subdivision of the State of California, ("GHAD"), and GHAD Treasurer, Inc. ("GHAD Treasurer") (individually, a "Party" and collectively the "Parties"), for professional services more particularly described herein.

The GHAD and GHAD Treasurer, for mutual consideration as defined herein, agree to the following terms, services and conditions.

1. **Contract Documents.** This Contract is comprised of the following documents: (i) this Contract for GHAD Treasurer Services, (ii) Addendum A to Contract for GHAD Treasurer Services attached hereto and incorporated herein by reference ("**Addendum A**").
2. **Term.** This Contract between the parties is effective as of the date of execution and shall remain in effect until terminated in accordance with the provisions set forth in Section 10 of this Contract.
3. **Services.** GHAD Treasurer will, in accordance with the terms of this Contract, perform professional services, which are described in Addendum A (the "**Services**").
4. **Fees.** The GHAD agrees to pay the GHAD Treasurer on a monthly basis for the Services pursuant to this Contract in the amount described in the Addendum A. The GHAD Treasurer will submit invoices to the GHAD Manager on an as-needed basis but no more frequently than once a calendar quarter.
5. **Expenses.** GHAD Treasurer shall be reimbursed by the GHAD for the actual cost of those reimbursable expenses incurred by GHAD Treasurer listed in Addendum A, if any.
6. **Laws, Rules and Regulations.** GHAD Treasurer shall perform the Services in accordance with all applicable local, state and federal laws and regulations.
7. **Indemnity.** GHAD Treasurer shall indemnify, defend, save and hold harmless GHAD, its directors, officers and employees and other related parties for any acts or omissions arising out of the performance of this Contract from and against any and all claims, damages, losses, liabilities and expenses.
8. **Insurance.** GHAD Treasurer shall purchase and maintain with an insurer or insurers acceptable to GHAD, a commercial general liability policy with a minimum of \$1 Million in coverage.
9. **Confidentiality.** Each Party shall maintain confidentiality of all such confidential information exchanged in connection with the performance of this Contract, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to applicable laws or regulations. This Section shall survive the termination of this Agreement for any reason.
10. **Contract Modification or Termination.** GHAD and GHAD Treasurer agree that the terms and conditions of this Contract shall constitute the entire agreement between the parties hereto as to the subject matter of this Contract, and shall supersede all prior and contemporaneous negotiations and agreements on that subject matter. GHAD and GHAD Treasurer may modify the terms of this Contract only by executing a written amendment which shall reference this Agreement and shall be executed by the parties hereto. This Contract shall be terminated in writing by either Party upon 30 days' notice to the other.
11. **Contract Administration.** GHAD Treasurer acknowledges that the GHAD Manager will administer this Agreement on behalf of the GHAD Board of Directors.

12. **Counterparts.** This Contract may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. For convenience, the parties may exchange scanned copies of the signature pages to this Contract, which copies shall be binding as originals.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed the day and year first above written.

Hayward Geologic Hazard Abatement District:

GHAD Treasurer, Inc.:

By: _____
Name: Barbara Halliday
Chair of the Hayward Geologic Hazard Abatement District

By: _____
Name: Dave Fernandez

Dated: _____

Dated: _____

Address:
2010 Crow Canyon Place, Suite 250
San Ramon, CA 94583

Address:
2010 Crow Canyon Place, Suite 210
San Ramon, CA 94583

Email: eharrell@engeo.com

Email: dave.fernandez@captrust.com

Addendum A

The Treasurer shall provide the following professional services:

1. The GHAD Treasurer is responsible for the general oversight of the district's fiscal resources working in close collaboration and cooperation with the GHAD Manager. The role of the GHAD Treasurer includes providing accurate cash projections of the GHAD's revenues, the expeditious accounting of tax revenue collected by the County, the control of disbursements and the cost-effective management of custodial relations.
2. The GHAD Treasurer has the authority to select a firm(s) or individual(s) to manage the GHAD investment accounts consistent with the provisions of the GHAD-adopted Statement of Investment Policy. Fees and costs associated with the GHAD investment management services are payable by the GHAD.
3. The GHAD Treasurer coordinates closely with the GHAD Manager on budget, cash flow and disbursements. The GHAD Treasurer has further authority to engage the services of one or more third party custodians ("Custodian") to provide safekeeping and custody of assets, and issuance of requested and approved disbursements of GHAD funds.
4. The Treasurer has the authority to disburse funds from GHAD accounts held by the Custodian with the written or electronic consent of the GHAD Manager. The GHAD Manager is responsible for authorizing disbursements (i.e., invoices) consistent with the GHAD budget approved by the GHAD Board of Directors. The Treasurer is responsible for reviewing, approving and authorizing disbursements submitted by the GHAD Manager. Such disbursements are, in turn, issued by a Custodian upon authorization by the Treasurer.
5. The GHAD Treasurer shall annually review the Statement of Investment Policy in conjunction with the GHAD Manager. The GHAD Treasurer and GHAD Manager have the authority to determine whether modifications to the Policy are necessary and, if so, to report such recommended modifications to the Board of Directors.
6. The GHAD Treasurer is responsible for providing the following reports:

A. Monthly

The GHAD Treasurer will coordinate with the Custodian(s) to provide a monthly institutional brokerage statement, and bank statements, with an investment and transaction summary to the GHAD Manager.

B. Quarterly

The GHAD Treasurer shall submit quarterly financial reports to the GHAD Manager and the GHAD Board .

The quarterly report shall highlight key aspects of information contained in the investment reports; a summary of investment activity for each GHAD, total account balance, balance by position, quarterly performance summary of the investment portfolio and review of cash flow required to meet expenditures for the next six months.

C. Other

The GHAD Treasurer shall present to the GHAD Manager an annual report on the investment program and investment activity no later than 180 days following the end of the fiscal year. The annual report may include a performance summary, and following consultation with the Investment Manager, suggest policies and improvements that might enhance the investment program, and include an investment plan for the ensuing fiscal year. The GHAD Treasurer will provide additional data deemed necessary by the GHAD Manager to facilitate any additional accounting or reporting requirement.

7. The GHAD Treasurer shall maintain a list of financial institutions authorized to provide custodial services. Assets are held directly with the Custodian which provides independent verification of assets through

monthly institutional account statements. The GHAD Treasurer is responsible for the coordination, review and monitoring of GHAD cash disbursements. Through a dual control verification process, the GHAD Treasurer must verify disbursement requests from the GHAD Manager. GHAD Managers shall only submit check requests for vendors approved by the GHAD Manager. The GHAD Treasurer coordinates and verifies disbursements from the Custodian to the approved vendors.

8. The GHAD Treasurer shall attend a up to 4 (four) GHAD Board meetings per year. Additional meeting attendance, if necessary, can be billed on a time and materials basis.

9. Fees: GHAD Treasurer shall be paid an annual fee of 0.25% of assets billed on an quarterly basis.

10. Reimbursable Expenses: GHAD Treasurer shall be reimbursed for expenses including mileage at the rate of \$57.5 cents/mile, which such rate may be increased from time to time.