## AGREEMENT FOR PROFESSIONAL

**INVESTMENT MANAGEMENT SERVICES**

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This Agreement for Professional Investment Management Services (Agreement) is made by and between the Texas Municipal League Intergovernmental Risk Pool (Pool), acting pursuant to statutory authority under the provisions of the Public Funds Investment Act, found in Chapter 2256 of the Texas Government Code, as amended and/or restated from time to time (Investment Act) and other provisions of Chapter 504 of the Texas Labor Code, as amended and/or restated from time to time, related to the establishment of an account and investment of funds for workers’ compensation death and lifetime income benefits, and <COMPANY NAME> (Advisor), an investment management firm (collectively the Parties).

The addresses of the Parties, which may be changed by either Party by giving notice in writing to the respective other Party, are as follows:

**POOL**

Texas Municipal League

Intergovernmental Risk Pool

1821 Rutherford Lane, First Floor

Austin, Texas 78754

Attn: Chief Financial Officer

**ADVISOR**

<COMPANY NAME>

<STREET ADDRESS>

<CITY, STATE ZIP CODE>

Attn: <JOB TITLE>

All notices required under this Agreement should be sent to the current address of the Party being notified, as determined above.

The Pool is charged with the management of the Pool’s assets (Fund) and has the authority to authorize contracts for management services in the administration of the Fund. Advisor has shown the Pool that it possesses the requisite degree of competence and expertise essential to providing such services.

The Pool has determined that it is in the best interest of the Fund to enter into an agreement with the Advisor for investment management services. The Pool and Advisor, for and in consideration of the mutual covenants and agreements herein contained, do agree as follows:

**I. SCOPE OF SERVICES**

1. Advisor is a duly organized company validly existing in the State of <STATE NAME>. Advisor is authorized to conduct business in the State of Texas. Advisor has the corporate power and authority to execute and deliver this Agreement and each of the other documents and instruments to which it is a party and to consummate the transactions and perform its obligations contemplated hereby and thereby through its duly authorized officer(s).

2. Advisor shall be, with respect to the Fund, both an Investment Manager, within the meaning of Section 3(38) of the Employee Retirement Income Security Act of 1974 (ERISA) and Section 802.204 of the Texas Government Code, as amended and/or restated from time to time, and a Fiduciary within the meaning of Section 3(21) of ERISA and Section 802.203 of the Texas Government Code Section, as amended and/or restated from time to time, with respect to all the duties and responsibilities herein imposed upon Advisor. Advisor represents it is a registered investment adviser under the Investment Advisers Act of 1940, and covenants that it shall always maintain such registration during the term of this Agreement. Advisor agrees that as soon as it knows or has reason to know its registration as an investment adviser may lapse or cease to be effective or has lapsed or become ineffective it will forthwith notify the Pool in writing as provided herein, of any such matter. Advisor certifies it is an equal opportunity employer.

3. Advisor shall act as the agent of the Pool and as Investment Manager for the portion of the Fund which is assigned to the Advisor, in writing, by the Pool, herein identified as the Portfolio. The Portfolio shall consist of the Fund assets delivered from time to time to the Custodian Account assigned to the Portfolio as hereinafter defined; PROVIDED, HOWEVER, nothing herein contained shall preclude the Pool from removing or adding to the assets of the Portfolio to meet the requirements and needs of the Pool. The Pool shall provide written notification when the assets in the Portfolio will be increased or decreased. Such Portfolio shall be managed within the scope of the objectives, guidelines, and restrictions of the Pool, which are set forth in Exhibit A hereto. Advisor may rely on such written objectives, guidelines, and restrictions of the Pool until informed in writing by the Pool of any changes in such policy. Any changes of which the Advisor is so notified shall constitute a modification to or replacement of Exhibit A.

4. The Advisor understands the Chief Financial Officer of the Pool is the principal contact and authority for the Pool within the objectives, guidelines, and restrictions set forth by the Pool. As such, correspondence, reports, and other actions for the Pool will be made through its Chief Financial Officer, unless otherwise indicated herein or upon written notification from the Pool to the contrary.

5. Advisor may, without consultation with or approval by the Pool and its Chief Financial Officer, from time to time while this Agreement is in effect, subject to the restrictions contained herein: (a) invest any part of the Portfolio assigned to Advisor, upon such terms as Advisor deems proper, (b) invest and reinvest funds in the Portfolio assigned to Advisor, (c) make such investment adjustments in the Portfolio assigned to Advisor as are required by any applicable state statutes, and (d) otherwise exercise complete management and investment discretion and control of the Portfolio assigned to Advisor within the objectives, guidelines, and restrictions of the Pool and its Chief Financial Officer. Further, the Chief Financial Officer of the Pool, or the Comptroller in the absence of the Chief Financial Officer, must approve in advance any transactions which do not produce a realized gain. Realized gain shall mean that portion of the sales price which is greater than the book value of the security. The Pool shall furnish the book value of any security assigned to Advisor upon request by Advisor.

6. Advisor agrees to promptly analyze the Portfolio and to provide continuous review as is appropriate for the purpose of investment management and compliance with the Investment Act, and any other applicable statutes. Except as limited by the objectives, guidelines, and restrictions set forth in Exhibit A, or applicable federal and state law, Advisor shall have full power and authority to buy, sell, or otherwise effect transactions in bonds, other securities, and any other assets for the Pool’s account and in the Pool’s name and shall have all investment powers otherwise granted to the Pool under the Investment Act. If the Pool or Advisor becomes aware of any changes or pending changes in applicable federal or state law they shall notify the other party. This authorization shall extend only to those assets of the Portfolio which are assigned to Advisor by the Pool’s Chief Financial Officer.

7. Advisor shall obtain and evaluate pertinent information about significant economic developments, and statistical and financial data, whether affecting the economy generally or the Portfolio. Advisor shall, at regular intervals determined by the Pool’s Chief Financial Officer, present to the Pool a review of its research with respect to economic conditions, securities markets, and trends, along with the conclusions it has reached with respect to managing the Portfolio. Advisor shall submit monthly to the Pool’s Chief Financial Officer a comprehensive report detailing the Portfolio activities for the preceding month and the exact amount of any new cash contributions credited to Advisor’s Portfolio during that month. Advisor shall quarterly review the preceding quarter’s Custodial asset and transaction statements relating to Advisor’s Portfolio and shall reconcile such statements to the purchase and sale transactions directed by Advisor for the same period. In addition, Advisor shall review Custodian’s monthly investment performance calculations. Advisor shall include in its quarterly report any apparent discrepancies between the Custodial statements and Advisor’s records and any apparent disparities between the Custodian’s investment performance calculations as they relate to Advisor’s Portfolio. The report for a given month shall be submitted on a timely basis during the following month, and shall include the information and be presented in a format substantively similar to the attached Exhibit B. Advisor shall submit annually to the Pool’s Chief Financial Officer at a time determined by him, a written report concerning the Portfolio’s investment transactions for the preceding year and describing in detail the investment position of the Portfolio as of the date of the report.

8. During the term of the Agreement, Advisor shall, at the request of the Pool, meet with either the Board of Trustees or staff of the Pool up to a maximum of four times each calendar year to present the aforesaid management information and/or participate in investment discussions.

9. Except as otherwise instructed in writing by the Pool’s Chief Financial Officer, Advisor may select and employ broker-dealers to effect any transaction authorized herein. As Investment Manager of the Portfolio assigned to Advisor, Advisor will use reasonable efforts to obtain the best price and execution with respect to securities transactions placed with a broker or brokers for the account of the Portfolio by Advisor. However, Advisor may, in the ordinary course of business, pay a broker a commission for a Fund transaction in excess of the amount of commission another broker would have charged, if Advisor determines that such increased commission was reasonable in relation to the value of the brokerage and research services provided by such broker. Advisor shall provide to the Pool such information regarding (i) the brokerage transactions of the Portfolio (including but not limited to information on the brokerage commissions generated in connection with OTC transactions, agency trades, or principal trades), and (ii) the research services purchased in connection with such brokerage transactions (including but not limited to computer hardware and software, equipment, and other services), all as set forth in Exhibit C.

10. Advisor recognizes that the Pool may from time to time contract with a professional investment consulting service for the purpose of evaluating the performance of Advisor and other investment advisors who are directly charged with the responsibility of investment of the Fund assets. Advisor shall supply to any such person or entity employed by the Pool to perform such function all requested documentation related solely to the services performed by Advisor hereunder, including but not limited to, correspondence, ledgers, and accounts. Advisor agrees formal procedures for the transmission of such information shall be established within 30 days of receipt of written notification from the Pool that a professional investment consulting service has been engaged.

1. Advisor shall be responsible for supplying and verifying the Pool’s Tax Identification Number to appropriate payors as may be required to avoid backup withholding. The Pool’s Tax Identification Number for such purposes is 74-2455725.
2. Advisor shall provide notice to the Pool if Advisor or any employee or official of Advisor or its parent companies are indicted, fined, placed under investigation, or ordered to be removed from office by any law enforcement agency or regulatory agency of the United States or any State thereof. The notifications required herein shall be provided to the Pool by Advisor within 10 days of Advisor’s learning of the event described herein.

**II. CUSTODIANSHIP OF THE SECURITIES**

The investment assets of the Portfolio assigned to Advisor shall be deposited with <BANK NAME>, or such other national banking institution to be selected from time to time in the sole discretion of the Pool, as Custodian. For those assets in the Custodian’s account assigned in writing to Advisor, Advisor is hereby authorized to give instructions to the Custodian with respect to the consummation of transactions on behalf of the Pool, and the Custodian shall be directed to act in response to such instructions given by Advisor. All income or principal payable or attributable to assets in the Portfolio over which Advisor has discretion shall be paid directly to the Custodian. Except to the extent that the Pool gives written instructions to the contrary, the income attributable to such assets shall be added to the principal and reinvested in accordance with the terms of this Agreement.

**III. COOPERATION BY THE POOL**

1. The Pool, acting through its Chief Financial Officer or otherwise, shall provide Advisor with any information in its possession which is necessary for Advisor to accomplish the services to be performed by Advisor under this Agreement. This information shall include but is not necessarily limited to the following: financial data, studies, records, and other such information pertinent to the Portfolio assigned to Advisor. Any claim that the Pool has failed to deliver requested information or has failed to cooperate with Advisor in any manner shall be of no force and effect unless Advisor shall have, by letter sent by certified mail, return receipt requested, notified the Pool of any requirement which has not been met.

2. The Pool, acting through its Chief Financial Officer or Executive Director, may at any time notify Advisor, in writing, of its intention to limit or prohibit Advisor from investing assets from the Portfolio in certain types of investments or limit the amount of certain types of investments. Advisor agrees to abide by such guidelines set by the Pool, which guidelines are set forth in Exhibit A, subject to amendment as provided herein or by operation of law.

3. The Pool and its Chief Financial Officer have established objectives, guidelines, and restrictions for the investment of the Portfolio in the Custodian’s account assigned to Advisor. Advisor agrees that it shall manage the assets of the Portfolio assigned to Advisor in accordance with said objectives, guidelines, restrictions, and any applicable state and federal law. The current guidelines which have been approved by the Pool are attached hereto as Exhibit A and incorporated herein for all purposes. Advisor further agrees that it has reviewed and considered the objectives, guidelines, and restrictions of the Pool and understands the Pool’s investment objectives and goals. Advisor further represents that those objectives, guidelines, and restrictions establish a framework within which Advisor can manage the investment of the Portfolio assigned to it.

4. The Pool reserves the right to amend, from time to time, the objectives, guidelines, and restrictions attached hereto as Exhibit A. The Pool’s Chief Financial Officer reserves the right to amend guidelines and objectives set forth by him. Such amendment shall become effective upon receipt by Advisor. Advisor agrees to conform to and abide by such amendment in a timely and prudent manner.

**IV. FIDUCIARY RESPONSIBILITIES**

1. Advisor hereby acknowledges and agrees to discharge its duties with respect to the Pool and the Fund solely in the interest of the participants and the beneficiaries of the Fund, and for the exclusive purpose of providing benefits to such participants and beneficiaries, and defraying reasonable expenses of administering the Portfolio with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with matters of the type would use in the conduct of an enterprise with like character and like aims, by diversifying the investments of the Portfolio to minimize the risk of large losses, unless under the circumstances, it is clearly prudent not to do so; and to do same in accordance with the documents and instruments governing the Fund to the extent that they do not conflict with applicable state and federal law. Advisor agrees not to engage in any prohibited transactions within the meaning of any applicable state or federal law.

Any liability of Advisor to the Fund and the Pool shall be subject to the aforesaid and the following:

(a) Advisor may not act in any transaction involving the Portfolio assigned to Advisor on behalf of a party whose interests are known to Advisor to be adverse to the Fund, the Fund participants and beneficiaries, or the Pool; and

(b) Advisor may not receive any consideration from any party other than the Pool in connection with any dealings involving assets in the Portfolio.

Advisor is authorized to accept written direction(s) from the Pool which are passed by resolution of the Board of Trustees and entered into the Minutes of the Pool, or which are certified by the secretary as being authorized by the Board of Trustees. Advisor may rely conclusively upon any such direction(s) as well as directions from the Pool’s Chief Financial Officer consistent with the directives of the Pool’s Board and shall be protected in acting upon any such written direction(s).

2. Advisor shall indemnify, defend, exonerate, and hold the Pool, its Board of Trustees, and officers harmless from any loss, liability, or claims concerning or arising out of Advisor’s negligence, misfeasance, bad faith, gross negligence, or reckless disregard of its obligations in managing the Portfolio assigned to Advisor under the terms of this Agreement.

3. Advisor shall be responsible only for managing the investments of the Portfolio assigned to it by the Pool’s Chief Financial Officer. Advisor shall have no responsibility whatsoever for the management of any other assets of the Fund or for any administration of the Fund’s affairs and shall incur no liability for any loss or other damage which may result from the management of such other assets or the administration of such affairs.

4. It is understood that Advisor and its affiliates perform investment advisory services for various clients other than the Fund and the Pool. Advisor may give advice and act in the performance of its duties with respect to any of its other clients which may differ from the advice given, or the timing or nature of action taken, with respect to the Portfolio. Nothing in this Agreement shall be deemed to impose upon Advisor any obligation to purchase or sell for the Pool any security, bond, or other property which Advisor purchases or sells for its own account or for the account of any other client, if in the opinion of Advisor it is undesirable or impractical to take such action for the Pool.

5. Advisor shall always maintain during the term of this Agreement an Errors and Omissions Policy with minimum policy limits of $1,000,000 issued by an insurance company duly qualified to do business in the State of Texas. Advisor shall provide the Pool Certificates of Insurance evidencing the above coverages, signed by an authorized representative of the insurance company, and setting forth the Pool as the Certificate holder. Further the Certificate of Insurance shall evidence that the insurance coverage may be canceled only by mailing written notice of such cancellation to the named insured not less than ten days prior to the date of cancellation, with a copy to the holder of the Certificate of Insurance. Any such Errors and Omissions Policy shall be payable by reason of any act, error, omission, misstatement, neglect, or breach of duty.

**V. AUDIT**

At any time it so desires, the Pool may request that an audit of the assets of the Portfolio assigned to Advisor be conducted during normal business hours by a third party at no expense to Advisor. In addition, in connection with the preparation of the Pool’s annual report, an auditing firm approved or employed by the Pool shall audit such Portfolio assigned to Advisor at such times as the Pool shall request.

Each year that Advisor provides services to the Pool under this Agreement, Advisor shall provide to the Pool during such year complete and current financial statements of all operations of Advisor, and such financial statements shall have been audited by a nationally recognized certified public accounting firm.

**VI. TERM**

The term of this Agreement is <MONTH> <DAY>, <YEAR>, to <MONTH> <DAY>, <YEAR>. This Agreement may be renewed for additional two-year periods by the Board of Trustees of the Pool by giving notice of renewal to Advisor at least 30 days prior to the end of the initial term or the end of the first renewal period. For any year this Agreement is renewed, the terms, conditions, and fees set forth herein shall apply.

**VII. TERMINATION**

The Pool or Advisor may terminate this Agreement at any time upon 30 days’ notice, in writing, to the other Party. Upon receipt of such notice from the Pool, Advisor shall immediately discontinue all services provided in connection with the performance of Advisor’s duties under this Agreement and shall promptly proceed to cancel all cancelable existing orders and subagreements insofar as such orders and subagreements are chargeable to this Agreement. Provided, however, that during such 30-day period Advisor shall not refrain from taking those actions originally provided for under this Agreement, if such restraint would have a substantially adverse economic impact on the investment portfolio assigned to Advisor. As soon as practicable after receipt of such notice from the Pool, but not more than 15 days thereafter, Advisor shall submit a statement to the Pool showing in detail the services to be performed by Advisor under this Agreement to the date of termination. Following receipt of such statements, the Pool shall finally approve any payments due and owing for those services actually performed by Advisor under this Agreement pursuant to the rates set out in Section VIII of this Agreement.

**VIII. COMPENSATION**

For the services rendered under this Agreement, including any renewals and extensions as provided in Article VI above, Advisor shall be entitled to receive as compensation a fee computed at the rate set out in Exhibit D, which is attached hereto and made a part hereof for all purposes. All fees payable to Advisor under this section shall be billed quarterly and in arrears and shall be computed upon the value of the total assets of the Portfolio assigned to Advisor as of the last day of the calendar quarter to which such bill relates.

If the services to be rendered by Advisor hereunder commence on a day other than the first day of a calendar quarter or terminate other than on the last day of a calendar quarter, the fee payable to Advisor shall be fairly and equitably prorated. For this section, the term “total assets” shall mean the sum of the values of the assets of the Portfolio assigned to Advisor by the Pool’s Chief Financial Officer, taken at the market value of all such assets as of the relevant date.

**IX. BREACH**

Each Party hereto covenants, agrees, and recognizes that each party to this Agreement may, for any failure of the other Party to comply with the obligations, covenants, conditions, and provisions of this Agreement, declare the other party in breach of this Agreement and avail itself of any and all remedies available at law or in equity.

**X. PLACE OF PERFORMANCE**

The place of performance under the terms of this Agreement shall be within Austin, Travis County, Texas, and any questions or disputes arising as to the meaning or the intent of this Agreement shall be controlled by the terms of this Agreement, the Investment Act, and any other applicable laws of the State of Texas.

**XI. OWNERSHIP OF DOCUMENTS**

It is understood and agreed that all reports and documents prepared in accordance with this Agreement shall become the property of the Pool. It is further agreed that Advisor shall make no distribution of work specially produced for the Pool under this Agreement to others without the express written consent of the Pool and/or its Chief Financial Officer.

In the event of default, breach, or termination of this Agreement for any reason, all originals and copies of all finished or unfinished reports, studies, financial reports, or other evaluations relating to the assets of the Portfolio assigned to Advisor shall become the property of the Pool and Advisor shall immediately deliver them to a representative of the Pool. However, Advisor may make and retain a separate copy of such materials if required to maintain a copy under the Investment Adviser Act of 1940.

It is understood that at all times during the term of this Agreement, Advisor shall maintain all original reports and documents, including all finished and unfinished reports, studies, financial reports, or other evaluations prepared pursuant to this Agreement in a place and form which is made accessible and moveable by the Pool, during normal business hours, within the State of <STATE NAME>.

**XII. CONFIDENTIALITY**

All information, recommendations, and advice furnished by Advisor to the Pool or its staff under this Agreement shall be regarded as confidential by said Parties to the extent allowed by and not otherwise in violation of the Texas Public Information Act.

**XIII. REMEDIES CUMULATIVE**

The rights and remedies contained in this Agreement shall not be exclusive but rather shall be cumulative of all the rights and remedies, now or hereafter existing, whether by statute, at law, or in equity; provided, however, that neither Party shall terminate this Agreement except in accordance with the provisions hereof.

**XIV. NON-WAIVER**

The failure of either Party hereto to insist, in any one or more instances upon performance of any of the terms, covenants or conditions of this Agreement shall not be construed as a waiver or relinquishment of the future performance of any such term, covenant, or condition by the other Party hereto, but the obligation of such Party with respect to such future performance shall continue with full force and effect.

**XV. SUCCESSORS AND ASSIGNS**

This Agreement shall bind and benefit the respective Parties and their legal successors, but shall not be assignable, in whole or in part, by any Party hereto without first obtaining the written consent of the other Party.

**XVI. RULE 204-3**

The Pool has been provided with a copy of the Advisor’s FORM ADV, Part 2. Pursuant to the SEC requirements in Rule 204-3 of the Investment Advisers Act of 1940, please be advised that in the event the Pool enters into this Agreement less than 48 hours after the Pool received the ADV Part 2, the Pool has the right to terminate this Agreement without penalty within five business days after entering into this Agreement.

**XVII. ENTIRE AGREEMENT**

This Agreement comprises the complete and entire agreement between the Parties. This Agreement may not be altered except in writing approved by an act of the Pool, through its Executive Director, and executed on behalf of Advisor.

**XVIII. CAPTIONS**

The captions of the Sections of this Agreement are guides and labels to assist in locating and reading such Sections and will be given no effect in construing this Agreement and shall not be restrictive of the subject matter of any Section or part of this Agreement.

EXECUTED on this the \_\_\_\_\_\_\_\_ day of <MONTH>, <YEAR>, by the parties hereto, acting through their duly authorized officials.

TEXAS MUNICIPAL LEAGUE

INTERGOVERNMENTAL RISK POOL

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

Jeffrey R. Thompson

Executive Director

APPROVED:

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

Tito Villegas

Chief Financial Officer & Chief Investment Officer

<COMPANY NAME>

By:

Name:

Title:

EXHIBIT D

INVESTMENT MANAGEMENT FEES