



AGENDA

Finance Administration and Police Subcommittee Meeting

Meeting Date: Thursday, April 28, 2016

Meeting Time: 5:00 p.m.

Meeting Location: City Hall

124 N. Cloverdale Blvd., Cloverdale, CA

Subcommittee Members

Councilmember Mary Ann Brigham, Chair

Councilmember Gus Wolter

City Manager, Paul Cayler

Police Chief, Stephen Cramer

Finance Manager, Joanne Cavallari

- 1. Call to Order:**
- 2. Communications:** Committee may discuss written communications sent to Committee Members since the last Subcommittee meeting.
- 3. Public Comment:** Members of the public may comment on any item not on this agenda. Please limit comments to three minutes. Members of the public may comment on items on the agenda when the subcommittee considers that item.
- 4. Approval of Minutes:** February 25, 2016
- 5. Current Items for Discussion:**
 - a) Review Council Members compensation
 - b) Proposal for Investment Services from Exchange Bank
 - c) Review Coastland contract amendment
- 6. Information Only Memos:**
- 7. Future Agenda Items (subject to change):**
- 8. Pending Items:**
- 9. Good of the Order:**
- 10. Adjournment:**

CERTIFICATION – Pursuant to Government Code § 54954.2, the agenda for this meeting was properly posted on 04/21/16.



DRAFT MINUTES

Finance Administration and Police Subcommittee Meeting

Meeting Date: Thursday, February 25, 2016

Meeting Time: 2:00 p.m.

Meeting Location: City Hall

124 N. Cloverdale Blvd., Cloverdale, CA

Subcommittee Members

Mayor Mary Ann Brigham, Chair
Vice Mayor Gus Wolter

City Manager, Paul Cayler
Police Chief, Stephen Cramer
Finance Manager, Joanne Cavallari

1. **Call to Order:** Chair, Mayor Brigham called the meeting to order at 2:00 p.m.
2. **Communications:** None
3. **Public Comment:** None
4. **Approval of Minutes:** The minutes for November 19, 2015, and January 28, 2016, were approved.
5. **Current Items for Discussion:**
 - a) Review Council Members compensation
Discussion was held regarding compensation for councilmembers.
The subcommittee directed Staff to obtain data for compensation paid to councilmembers in Sonoma County incorporated cities, as well as compensation paid to board members of the Cloverdale Unified School District and the Fire District.
6. **Information Only Memos:** None
7. **Future Agenda Items (subject to change):** None
8. **Pending Items:** None
9. **Good of the Order:** None
10. **Adjournment:** Chair Mayor Brigham adjourned the meeting at 2:20 p.m. to a special meeting on Wednesday, April 27, 2016, 2:00 p.m., at the City Hall Conference Room, or alternate date as requested.



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MEMORANDUM

Via Electronic Mail

DATE: March 28, 2016
TO: Joanne Cavallari,
Finance Manager, City of Cloverdale
FROM: Jose M. Sanchez, City Attorney
BY: Alex J. Mog
COPY: Paul Cayler, City Manager
RE: **City Council Compensation**

Issues Presented:

1. May the City Council increase the salary for Council Members, and if so, to what amount?
2. May Council Members receive a payment in-lieu of City provided health insurance?
3. May Council Members receive additional payment for serving on other boards and commissions, such as the Successor Agency Board.

Short Answers:

1. Yes. The City Council may adopt an ordinance that increases the salary for Council Members to \$555 per month.
2. No. Council Members may not receive a payment in-lieu of health insurance.
3. Possibly. Council Members may receive additional payment for serving on other boards and commissions if that payment is authorized by California Law.

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Discussion:

Salary

Government Code section 36516 establishes limits on salaries for council members. For a city that has a population of 35,000 people or less, as Cloverdale does, these salaries are capped at \$300 per month. (Gov't Code § 36516(a)(2)(A).) However, the City Council can adopt an ordinance increasing this salary, as long as the increase does not exceed five percent (5%) for each calendar year from the date of the last salary adjustment. (Gov't Code § 36516(a)(4).) This ordinance may not provide for automatic future increases. (Id.)

The Cloverdale Municipal Code sets the salary for Councilmembers at \$300 per month. (CMC § 2.04.010.) It appears that the salary took effect in December, 1998. (Id.) Therefore, the City Council has the authority to adopt an ordinance increasing Councilmembers' salaries by five percent for each of the seventeen years that has elapsed since the \$300 monthly salary was established. In determining the new salary, compound calculations are prohibited, meaning that it would be five percent (5%) of \$300 for each year since 1998. (89 Ops. Cal. Atty. Gen. 159 (2006).) Accordingly, the City Council may adopt an ordinance increasing the Councilmembers' salaries by up to \$255 per month, for a new salary of up to \$555 per month.¹ Please note, a salary approved by the voters is not subject to any cap. (Gov't Code § 36516(b).)

Any salary increase adopted by the City Council cannot take effect until after one or more members of the City Council begins a new term. (Gov't Code § 36516.5.) For this reason, a salary increase adopted now could not take effect until Council Members are sworn in after the 2016 election.

Payment In-Lieu of Healthcare Insurance

State law allows a city to provide health and welfare benefits, such as medical, dental and life insurance, to Council Members. (See Gov't Code § 53200 *et seq.*) However, Council Members may not receive health insurance benefits greater than those received by any non-safety Cloverdale employee. (Gov't Code § 53208.5.)

State law does not address whether cities may provide council members with in-lieu payments for health and welfare benefits. However, the Attorney General has opined that

¹ 5% of \$300 is \$15. \$15 times 17 years is \$255.

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that Government Code section 53200 *et seq.*, does not authorize in-lieu payments for health benefits. (83 Ops. Cal. Atty. Gen. 124 (2000).) The Attorney General further advised that the making and accepting of unauthorized in-lieu healthcare payments may constitute a criminal offense or be grounds for removal from office. Although Attorney General Opinions are not binding, they are afforded great weight by courts.

Please note, the Attorney General has also advised that a city may redirect the value of health benefits offered to a council member to a deferred compensation plan, if that same option is given to regular city employees. (89 Ops. Cal. Atty. Gen 107 (2006).) Deferred compensation is a retirement benefit, and payment of a retirement benefit does not count against a council member's compensation limit.

Compensation for Service on Other Boards

Any payment a council member receives for service on a commission, committee, board or similar body on which the council member serves counts toward the council member's maximum permitted compensation. (Gov't Code § 36516(d.) However, there is an exception if the payment is specifically authorized by statute. (*Id.*) For example, a commissioner on a local housing authority board is specifically authorized to receive up to \$50 per meeting for each meeting of the authority, up to 4 meetings per month. (Health & Safety Code § 34274.) Similarly, State law authorizes members of a successor agency board to receive up to \$30 per meeting of the successor agency, up to 4 meetings per month. (Health & Safety Code § 33114.5)² Accordingly, if a Cloverdale Council Member serves on a board for which payment is authorized by statute, the Council Member may receive that statutorily authorized payment. However, if the payment is not authorized by statute, the payment counts toward the Council Member's maximum permitted compensation.

We would need a list of commissions, committees and boards that the City Council Members sit on to determine whether any statute specifically authorizes any compensation for their participation.

² Members of redevelopment agency boards were eligible for this payment. (Health & Safety Code § 33114.5) While members of the a successor agency oversight board may not receive compensation of any kind, compensation for board members of a successor agency itself is not specified. (*See* Health & Safety Code § 34179(c).) Successor agencies are vested with all the power and authority of redevelopment agencies, unless such power was repealed, restricted or revised by law. (Health & Safety Code § 33173(b).) It does not appear that the provision authorizing redevelopment agencies to provide compensation to board members has been repealed or restricted. Accordingly, successor agencies have that same power to provide compensation to their board members.

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This was meant to be a quick summary regarding compensation options related to City Council Members. Please contact me if you have questions regarding whether payment for service on a certain board is authorized by law, or if you have any other questions.

JS:ajm

adopted by the council under Govt C §36516.1. See also 89 Ops Cal Atty Gen 159 (2006).

§1.208 c. Making Appointments

An elected mayor, "with the approval of the city council, shall make all appointments to boards, commissions, and committees unless otherwise specifically provided by statute." Govt C §40605.

§1.209 3. Mayor Pro Tempore

The mayor pro tempore is selected by the city council. Govt C §§34905, 36801. In the absence of the mayor, the mayor pro tempore must exercise certain powers granted to the mayor. Govt C §40601.

D. Compensation and Expenses

§1.210 1. Strict Construction

It is "the settled rule that compensation for official services depends entirely on the law; that statutes relating to such compensation are strictly construed in favor of the government; that a public officer may only collect and retain such compensation as is specifically provided by law, and that any money paid by a governmental agency without authority of law may be recovered from such officer." *County of San Diego v Milotz* (1956) 46 C2d 761, 767. See also *Madden v Riley* (1942) 53 CA2d 814, 822 (same rules apply to expense reimbursements).

An expense must meet four requirements to be reimbursable (65 Ops Cal Atty Gen 517, 521 (1982) (interpreting Govt C §36514.5)):

- (1) It must be an expense of a member of the city council;
- (2) It must be an "actual" expense;
- (3) The expense must have been "incurred in the performance of official duties"; and
- (4) It must be a "necessary expense."

Moreover, these statutes authorize but do not require reimbursement; the ultimate decision is made by the council itself. 65 Ops Cal Atty Gen at 523.

NOTE► In addition to the limitations on council compensation, expense reimbursement, and benefits provided by state and federal law, local legislation on these subjects helps reduce or eliminate payments to which an official would otherwise be entitled. 65 Ops Cal Atty Gen 517, 524 (1982). Provisions dealing with these topics may take a variety of forms and include a variety of reimbursable expenses.

§1.211 a. Gifts of Public Funds

An unauthorized payment to a public officer can also be challenged as a gift of public funds. Cal Const art XVI, §6. See *Albright v City of S. San Francisco* (1975) 44 CA3d 866, 870.

§1.212 b. Ethics Training

If a city provides any type of compensation or payment of expenses to council members, then all of the council members are required to have 2 hours of specified ethics training. Govt C §53235. See §2.161.

PRACTICE TIP► For options on obtaining or conducting the training, see the Institute for Local Government website (www.ca-ilg.org).

§1.213 2. Compensation

The salary of council members of general law cities is controlled by Govt C §36516(a), which allows a city council to establish by ordinance a salary up to a ceiling determined by the city's population. The electorate may approve a higher salary. Govt C §36516(b). A council member appointed or elected to fill a vacancy is compensated in the same amount as his or her predecessor. Govt C §36515.

A directly elected mayor may receive additional compensation with the consent of the electorate or by ordinance of the city council. Govt C §36516.1. Council members may waive any or all of the authorized compensation. Govt C §36516(f).

PRACTICE TIP► Although Govt C §36516 applies to general law cities, a housing authority or community development commission is created under authority of state statute. Thus, an argument can be made that those entities, as opposed to the charter city itself, may still be subject to compensation limits in state statutes.

§1.214 a. Salary Adjustments

A salary established by council action may be increased, "but the amount of the increase shall not exceed an amount equal to 5 percent for each calendar year from the operative date of the last adjustment of the salary." Govt C §36516(a)(4). The Attorney General has opined that the 5 percent increase is noncompounded (5 percent times the number of years since last salary adjustment). 89 Ops Cal Atty Gen 159 (2006). Ordinances cannot provide for automatic salary increases for council members. Govt C §36516(a)(4).

Any salary increase may take effect only when at least one member of the council commences a new term. Govt C §36516.5. See 54 Ops Cal Atty Gen 112, 114 (1971) (salary increase triggered by increase in census population takes effect following next municipal election). The salary of a council member may not be reduced during his or her term. Govt C §36516.5; 80 Ops Cal Atty Gen 119 (1997).

NOTE► The provisions of Govt C §36516.5 have no application to a charter city. Cal Const art XI, §5(b)(4). See also 57 Ops Cal Atty Gen 11 (1974) (compensation and reimbursement of expenses of local officers and employees is matter of local concern that city charter may expressly control).

§1.215 b. Compensation for Service on Other Commissions, Committees, Boards, or Authorities

Unless specifically authorized by another statute, a city council may not enact an ordinance providing for compensation to city council members, including compensation for service on a commission, committee, board, or authority, in excess of the limits in Govt C §36516. Govt C §36516(c). If the other statute does not specify the amount of compensation for service on a particular commission, committee, board, or authority, then the maximum compensation must be \$150 per month. Govt C §36516(c). The Attorney General has opined that compensation received by a council member for service on commissions, committees, boards, or authorities may not be reduced during his or her term. 89 Ops Cal Atty Gen 159 (2006). See §1.214. Until the dissolution of redevelopment agencies under Health & S C §34172, council members in a city with a population less than 200,000 in which the city council designated itself as a redevelopment agency could be compensated for agency service by up to \$30 per meeting, up to four meetings per month. Health & S C §33114.5. For cities with a community development commission, the limits on compensation are somewhat different. Health & S C §34130.5.

NOTE► If all members of a city council serve on the board of another agency ex officio, no additional compensation is permitted absent express statutory authorization; if fewer than all council members serve, additional compensation may be permissible. Compare 44 Ops Cal Atty Gen 170 (1964) (before adoption of Health & S C §33114.5, city council could not receive additional compensation for service to redevelopment agency, notwithstanding Health & S C §33114) with 50 Ops Cal Atty Gen 87 (1967) (two of five county supervisors who serve on local agency formation commission may receive additional compensation for that service).

NOTE► If simultaneous or serial order meetings are held by the legislative body, a clerk or member of the convened legislative body must verbally announce, before the meeting of the subsequent legislative body, the amount of compensation or stipend, if any, that each member will be entitled to receive as a result of convening the simultaneous or serial meeting. However, this announcement is not required to include the amount of the compensation if it is prescribed in statute and no additional compensation has been authorized by a local agency. See Govt C §54952.3(a). See §2.33.

§1.216 c. Compensation for Attendance Beyond Certain Meetings

If council members are to be compensated for attending occurrences/events beyond council meetings, meetings of an advisory body, conferences, or organized educational activities, the city council must adopt a compensation policy

at a public meeting. Govt C §53232.1(b). An exception applies for those council members receiving a “salary,” as defined by the statute. Govt C §53232.1(c).

§1.217 3. Expenses

“City council members may be reimbursed for actual and necessary expenses incurred in the performance of official duties.” Govt C §36514.5. See also Health & S C §34130.5 (similar authority regarding expenses of community development commission members). If a city reimburses council members for such expenses, the city council must adopt a policy at a public meeting on payment of expenses for council members. Govt C §53232.2(b). In addition, if a city provides any type of compensation or payment of expenses to council members, then all of the council members are required to have 2 hours of ethics training every 2 years. Govt C §§53234-53235.

PRACTICE TIP► For model expense policies, see the Institute for Local Government’s website (<http://www.ca-ilg.org>).

NOTE► Some cities provide equipment to council members, such as fax machines, or provide a telephone calling card, rather than reimburse for these expenses.

§1.218 a. Expenses for Meals for Third Parties

The Attorney General has opined that city council members cannot be reimbursed for purchasing meals for third parties, such as constituents, legislators, and private business owners. 85 Ops Cal Atty Gen 210, 214 (2002).

§1.219 b. Expenses of Council Spouses

The Attorney General has twice opined the expenses of spouses who accompany public officials in the conduct of their public duties cannot be reimbursed. 75 Ops Cal Atty Gen 20, 25 (1992); 65 Ops Cal Atty Gen 517, 521 (1982). See also *Albright v City of S. San Francisco* (1975) 44 CA3d 866, 869 (unauthorized reimbursement is illegal gift).

§1.220 c. Flat Expense Allowances

There has been some debate about whether a council may authorize a flat monthly expense allowance for which council members are not required to submit receipts. See Govt Code §1223 (auto allowances); *Citizen Advocates, Inc. v Board of Supervisors* (1983) 146 CA3d 171; *Albright v City of S. San Francisco* (1975) 44 CA3d 866, 870; 93 Ops Cal Atty Gen 9 (2010) (city may provide a vehicle allowance). However, Govt C §53232.3 requires a council member to submit, within a reasonable period of time as determined by the legislative body, an expense report form with receipts to document expenses incurred. All documents related to reimbursable agency expenditures are public

records subject to disclosure under the California Public Records Act (Govt C §§6250-6270).

§1.221 4. Benefits

A city may provide health and welfare benefits, such as medical, dental, and life insurance, to members of its city council. Govt C §§53200-53210. "Any amounts paid by a city for retirement, health and welfare, and federal social security benefits" are not subject to the salary limits in the Government Code, "provided that the same benefits are available and paid by the city for its employees." Govt C §36516(d). See 83 Ops Cal Atty Gen 124 (2000); 89 Ops Cal Atty Gen 107 (2006) (addressing cash in-lieu payments for waived benefits). However, for council members whose first service begins after January 1, 1995, such benefits may not exceed the most generous schedule of benefits being received by any category of nonsafety employees. Govt C §53208.5.

NOTE► Although it is beyond the scope of this handbook, federal law provides complex rules governing tax-exempt benefits that limit the degree to which benefits may distinguish between council members and members of staff.

§1.222 E. Limitations on the Right to Hold Office

The right to hold public office is not generally characterized as fundamental unless its infringement is coupled with a corresponding infringement on the right to vote. However, "the rights of voters and the rights of candidates do not lend themselves to neat separation; laws that affect candidates always have at least some theoretical, correlative effect on voters." *Anderson v Celebrezze* (1983) 460 US 780, 786, 103 S Ct 1564; *Bullock v Carter* (1972) 405 US 134, 143, 92 S Ct 849 (struck down Ohio's early filing deadline for independent candidates); *Edelstein v City & County of San Francisco* (2002) 29 C4th 164, 175 (upheld ban on write-in voting in run-off election). Thus, when an elections law discriminates on the basis of some suspect classification or on the basis of wealth or poverty, it is invalid unless justified after it is "closely scrutinized" and found reasonably necessary to accomplish legitimate state objectives." *Bullock*, 405 US at 144. See *Clements v Fashing* (1982) 457 US 957, 967, 102 S Ct 2836 (no close scrutiny required and no discrimination found when state law requires certain officeholders to complete terms before running for certain other public offices); *Stiles v Blunt* (8th Cir 1990) 912 F2d 260, 266 (minimum candidacy age requirement was rationally related to legitimate state interest and was not subject to strict scrutiny).

§1.223 1. Analyzing Limitations on the Right to Hold Public Office

The California Supreme Court has determined term limitations do not impermissibly infringe on a candidate's right to hold public office or on an individual's right to vote for the candidate of his or her choice. *Legislature of the State*

Chapter 2.04 CITY COUNCIL*

Sections:

2.04.010 Compensation for council members.

2.04.020 Fringe benefits.

2.04.030 Meetings.

* Prior ordinance history: Ordinance 259 N.S.

2.04.010 Compensation for council members.

From and after the effective date of the ordinance adopting this section, each member of the city council shall receive the sum of three hundred dollars per month compensation as provided by Government Code Section 36516(a). (Ord. 525-98, 1998)

2.04.020 Fringe benefits.

Members of the city council are eligible for fringe benefits as allowed to city employees generally, including, but not limited to, health insurance benefits for eligible dependents, as allowed by general law. (Ord. 626-2004 § 1, 2004; Ord. 411-86 § 3, 1986)

2.04.030 Meetings.

A. Meetings of the city council shall be held and conducted in accord with Section 54954 of the California Government Code, and all other provisions of the general law of the state.

B. The city council shall establish by resolution the time and place of its regular meetings. (Ord. 384-83 § 2, 3, 1983)

The Cloverdale Municipal Code is current through Ordinance 699-2015, passed March 25, 2015.

Disclaimer: The City Clerk's Office has the official version of the Cloverdale Municipal Code. Users should contact the City Clerk's Office for ordinances passed subsequent to the ordinance cited above.



GOVERNMENT CODE - GOV

TITLE 4. GOVERNMENT OF CITIES [34000 - 45345] (Title 4 added by Stats. 1949, Ch. 79.)

DIVISION 3. OFFICERS [36501 - 41805] (Division 3 added by Stats. 1949, Ch. 79.)

PART 1. GENERAL [36501 - 36525] (Part 1 added by Stats. 1949, Ch. 79.)

36516. (a) (1) A city council may enact an ordinance providing that each member of the city council shall receive a salary based on the population of the city as set forth in paragraph (2).

(2) The salaries approved by ordinance under paragraph (1) shall be as follows:

(A) In cities up to and including 35,000 in population, up to and including three hundred dollars (\$300) per month.

(B) In cities over 35,000 up to and including 50,000 in population, up to and including four hundred dollars (\$400) per month.

(C) In cities over 50,000 up to and including 75,000 in population, up to and including five hundred dollars (\$500) per month.

(D) In cities over 75,000 up to and including 150,000 in population, up to and including six hundred dollars (\$600) per month.

(E) In cities over 150,000 up to and including 250,000 in population, up to and including eight hundred dollars (\$800) per month.

(F) In cities over 250,000 population, up to and including one thousand dollars (\$1,000) per month.

(3) For the purposes of this subdivision, the population of a city shall be determined by the last preceding federal census, or a subsequent census, or estimate validated by the Department of Finance.

(4) The salary of council members may be increased beyond the amount provided in this subdivision by an ordinance or by an amendment to an ordinance, but the amount of the increase shall not exceed an amount equal to 5 percent for each calendar year from the operative date of the last adjustment of the salary in effect when the ordinance or amendment is enacted. No ordinance shall be enacted or amended to provide automatic future increases in salary.

(b) Notwithstanding subdivision (a), at any municipal election, the question of whether city council members shall receive a salary for services, and the amount of that salary, may be submitted to the electors. If a majority of the electors voting at the election favor it, all of the council members shall receive the salary specified in the election call. The salary of council members may be increased beyond the amount provided in this section or decreased below the amount in the same manner.

(c) Unless specifically authorized by another statute, a city council may not enact an ordinance providing for compensation to city council members in excess of that authorized by the procedures described in subdivisions (a) and (b). For the purposes of this section, compensation includes payment for service by a city council member on a commission, committee, board, authority, or similar body on which the city council member serves. If the other statute that authorizes the compensation does not specify the amount of compensation, the maximum amount shall be one hundred fifty dollars (\$150) per month for each commission, committee, board, authority, or similar body.

(d) Any amounts paid by a city for retirement, health and welfare, and federal social security benefits shall not be included for purposes of determining salary under this section, provided that the same benefits are available and paid by the city for its employees.

(e) Any amounts paid by a city to reimburse a council member for actual and necessary expenses pursuant to Section 36514.5 shall not be included for purposes of determining salary pursuant to this section.

(f) A city council member may waive any or all of the compensation permitted by this section.

(Amended by Stats. 2009, Ch. 332, Sec. 68. Effective January 1, 2010.)



MANAGED AGENCY AGREEMENT

Client hereby appoints Exchange Bank ("Bank") as agent to act as custodian of cash, securities, real property and any other property now or in the future deposited by Client with Bank.

Account Title: City of Cloverdale

Such assets are to be held in an Agency Account referred to in this Agreement as the "Account."

All securities in the Account will be held either by (1) Bank or a bank correspondent, or (2) a securities depository authorized by California law to accept deposit of securities. Securities will be registered in the name of (1) a nominee of Bank or a bank correspondent, or (2) a nominee of a securities depository.

Accountholder(s):

If more than one person or entity opens the Account, Client agrees that all singular references in this Agreement shall be read as if plural and to include all such account holders.

Management:

Bank is authorized and instructed to invest, sell, reinvest and manage the principal assets in the Account.

Income:

Bank is to receive income on the assets placed in the Account and pay income as Client may direct, from time to time, in writing. Bank shall initially pay income according to these following instructions:

Reinvest until directed otherwise in writing.

Standing Instructions and Authorizations:

Unless Client instructs otherwise, Bank is authorized to do the following in the administration of the Account:

1. Exchanges: To exchange stock certificates where required when their stated par value is revised by an issuing corporation or where merger or other corporate reorganization requires the exchange.

2. Sale of Fractional Shares: To sell all fractional shares of stock received as a result of stock dividends or other corporate action.
3. Proxies and Corporate Literature: To execute all proxies for shareholders' meetings for any securities now or subsequently held for the account.
4. Delivery of Documents: To deliver any instrument or document necessary to register securities or to complete sales or deliveries of them and, if necessary, to sign Client's name and guarantee it as Client's signature.
5. Signing of Documents: To sign and file on Client's behalf any declarations, affidavits, certificates of ownership or other documents required to service the Account.
6. Pledge of Securities: At Client's direction, to pledge securities or other property in the Account when required to furnish collateral for loans or advances for which I become obligated to Exchange Bank. Any interest on these obligations may be charged to the Account.

Frequency of Statements:

Bank will furnish Client with Monthly statements of assets and transactions.

Written Instructions:

Bank will make free delivery of securities or other non-cash property in the Account only on Client's written instructions. All instructions to Bank will be signed by Client or Client's authorized representative. If there is more than one accountholder, such instructions may be signed by any single account-holder, except as follows: Any two authorized signers may instruct Bank.

Pending receipt of written authority (including email and facsimile), Bank may in its absolute discretion at any time accept oral instructions from Client or Client's agent, provided Bank believes in good faith that the instructions are genuine.

Client agrees to indemnify Bank for any loss or expense it may incur as a result of its good faith efforts in following instructions regarding the Account from Client or Client's agent.

Value of Assets:

Client agrees to furnish Bank with the income tax cost basis and dates of acquisition of all principal assets in the Account to be carried on Bank's records. Bank will have no duty to verify the accuracy of the information furnished by Client. If Client fails to furnish such information, Bank will carry the assets at nominal value. Assets purchased in the Account will be carried at cost. All securities sales will employ the First In, First Out (FIFO) methodology for the disposition of security positions comprised of multiple tax lots.

Compensation:

Bank will be paid Account fees in accordance with its Schedule of Fees currently in effect. Client acknowledges having received and read a copy of the current Schedule. Bank shall provide a copy of any changes to the Schedule of Fees, and Client agrees that these charges will become effective 30 days after Bank mails or otherwise provides Client with such copy. Bank will also be paid for its necessary out-of-pocket expenses and reasonable compensation for services requested or approved by Client and which are beyond the scope of those duties described in this Agreement.

If this Agreement is terminated within one (1) year of its effective date, Bank will receive compensation for a full one-year period in accordance with its Schedule of Fees. If termination occurs more than one (1) year from the effective date, compensation will be pro-rated to the termination date. "Termination date" means the date when the securities and other property in the Account are delivered in accordance with Client instructions for termination. Bank will be reimbursed for its reasonable and necessary costs related to termination.

Charging the Account:

Bank is authorized to charge directly to any available funds in the Account, its authorized fees and incidental expenses as well as the amount necessary for Bank to complete any purchase (including purchase-related expenses), to make any directed disbursement, or to take any other necessary action regarding the Account. Bank shall have no duty to make any purchase, exchange, or disbursement, or to incur any expense, unless the necessary funds are available in the Account. If an overdraft is created in the Account, Bank may charge a fee to the Account. In the event of insufficient funds, Bank may, in its discretion, charge any Exchange Bank account held in Client's name, whether individually or jointly.

Allocation of Fees and Expenses for Irrevocable Trust Agency Accounts:

Unless otherwise directed in writing by the trustee(s) of an irrevocable trust, Bank shall allocate fees for investment management services 50% to income and 50% to principal pursuant to California Probate Code Section 16370 (a). All other receipts and disbursements shall be allocated to income or principal in accordance with the Uniform Principal and Income Act of the California Probate Code.

Termination:

This Agreement may be terminated at any time by thirty (30) days written notice from Client to Bank or Bank to Client, and all assets in the Account shall be delivered according to Client instructions. In addition, the Account will terminate upon actual written notification to the Bank of Client's incapacity or death. Such notification shall be that a conservator or executor of Client's estate has been appointed by a court of competent jurisdiction.

Collections:

Bank shall have no duty to enforce collections of any property, including, but not limited to, securities. However, to the extent such property is received by Bank, it shall be added to the Account.

Modification and Addendum Provisions:

This Agreement may be modified at any time in writing, signed by both Bank and Client. Any provisions or instructions contained in a signed or initialed Addendum to this Agreement which modify or change the above standard provisions shall override such standard provisions.

Governing Law:

The validity and construction of this Agreement shall be controlled by the laws of the State of California.

Real Estate:

Bank will not hold real estate as an asset unless named as Client's attorney-in-fact under a Power of Attorney prepared by Client's attorney. Bank will not be responsible for obtaining and/or maintaining hazard insurance on real estate held as an asset per above nor for payment of real estate taxes on such property unless I so direct. In that event, Bank shall be compensated for time spent on such maintenance and payments at its then existing hourly fee rate.

Rental Property and Notes (Secured and Unsecured):

Bank will collect and maintain record of rent receipts subject to a separate agreement as to its duties and fees. Bank will collect and maintain record of Note payments subject to a separate agreement as to its duties and fees.

Limitation of Liability

Bank's liability for any act or failure to act shall be limited to any direct resulting loss that Client incurs, plus interest. Unless otherwise required by law, Bank will not be liable for any damages Client incurs in connection with the Account, even if Bank is aware of the possibility of such damages. Bank shall not be liable or responsible for any damages or costs resulting from any act or omission of any broker or other agent Bank selects to purchase, sell, or hold securities for Client's account. If Client is acting in a fiduciary capacity, Bank shall not be responsible for Client's compliance with fiduciary law, or with the terms of the agreement under which the Client is acting. Bank shall not be liable for any failure to perform under this Agreement resulting from any act, negligence, omission, or default of Client or any third party, government action, mechanical or electrical breakdown, natural disaster or other event beyond the Bank's control.

The undersigned hereby agree to the terms of this Agreement, including the above standard provisions and the following attached Addenda:

Date

City of Cloverdale
Client

Accepted: EXCHANGE BANK
Santa Rosa, CA

Signature

124 N. Cloverdale Blvd.
Street Address

By: _____

Cloverdale, CA 95425
City, State, Zip Code

Signature

124 N. Cloverdale Blvd.
Street Address

Cloverdale, CA 95425
City, State, Zip Code



**City of Cloverdale
Schedule of Fees
Local Agency Investment Management**

◆ Annual Charges Based on Market Value

First	\$1,000,000	0.60%
Next	\$1,000,000	0.50%
Next	\$1,000,000	0.40%
Next	\$2,000,000	0.30%
Next	\$5,000,000	0.20%
Minimum Annual Fee		\$3,000

NOTES

- ◆ Fees for termination and extraordinary services are charged on the basis of \$150 per hour.
- ◆ Fees are charged monthly in arrears.

By: _____ Date: _____

By: _____ Date: _____

Effective August 2012
(This schedule may be revised from time to time)

**City of Cloverdale
Investment Management Account**

Authorized Signers

I, _____, Secretary of _____
_____, hereby certify that the
persons whose names are set forth below are authorized to direct Exchange Bank in
the administration of the above referenced accounts, including but not limited to
asset deposits and withdrawals. Exchange Bank shall act on the instructions of any
two persons and shall not be held liable for acting in good faith on said instructions.

By: _____ Date: _____
Secretary

PRINT NAME

SIGNATURE

**FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF CLOVERDALE AND COASTLAND CIVIL
ENGINEERING INC. DATED OCTOBER 22, 2015**

This First Amendment to the Agreement for Professional Services ("Amendment") is made and entered into this _____ day of _____, 2016 by and between the City of Cloverdale, a California Municipal Corporation, 124 North Cloverdale Boulevard, Cloverdale, California, 95425, hereinafter referred to as "City," and, Coastland Civil Engineering, Inc., a California Corporation, hereinafter referred to as "Consultant." City and Consultant are hereinafter collectively referred to as the "Parties."

RECITALS

WHEREAS, the Parties entered into a Professional Services Agreement ("PSA") dated October 22, 2015 for the purpose of providing interim city engineering services following the departure the City's current City Engineer; and

WHEREAS, the City is satisfied with Consultant's services and wish to retain the services of Consultant for an additional four (4) months; and

WHEREAS, this Amendment will extend the term of the existing agreement and increase compensation accordingly.

NOW, THEREFORE, City and Consultant, for the consideration hereinafter described, mutually agree as follows:

AGREEMENT

1. The Parties agree to modify the end date of the PSA from April 30, 2016 to September 1, 2016. Paragraph 2, "TERM," is hereby amended to read as follows:

"The Agreement term will commence upon execution and expire on September 1, 2016 unless the Agreement term is amended or terminated in accordance with its terms."

2. The Parties agree to increase the compensation amount under the PSA from \$25,000 to \$100,000, thereby increasing compensation by an additional \$75,000. The third sentence in Paragraph 3, "PAYMENT TERMS AND NOT TO EXCEED AMOUNT," is hereby amended to read as follows:

"In no event will the City's obligation to pay the Consultant under this Agreement exceed One Hundred Thousand Dollars (\$100,000) (the 'Not to Exceed

Amount'), unless this Agreement is first modified in accordance with its terms."

3. All other terms and conditions in the PSA shall remain in full force and effect to the extent they are not in conflict with this Amendment.

IN WITNESS HEREOF, the parties have caused their authorized representative to execute this Agreement on this _____ day of _____, _____.

CITY

CONSULTANT

By: _____
Paul Cayler
City Manager

By: _____
Name: _____
Its: _____

ATTEST:

[Attach Notary Page]

By: _____
Linda Moore, Deputy City Clerk

APPROVED AS TO FORM:

By: _____
Jose M. Sanchez, City Attorney

**Coastland - Interim City Engineer Charges
October - March 2016**

	Not		
	Reimbursable	Reimbursable	Total
October	18,333	1,807	20,140
November	9,221	13,528	22,749
December	12,821	15,125	27,946
January	7,953	14,780	22,733
February	7,999	15,129	23,128
March	10,305	10,380	20,685
	<hr/> 66,632	<hr/> 70,749	<hr/> 137,381
6 mos Average	\$ 11,105.33	\$ 11,791.50	\$ 22,896.83