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PURCHASING ITEM FOR COUNCIL AGENDA

1. Agenda Item Number: 33

2. Council Meeting Date: June 12, 2014

TO: MAYOR & COUNCIL

THROUGH: CITY MANAGER

3. Date Prepared: May 2, 2014

4. Requesting Department: Management Services

5. SUBJECT: Financial Advisor Services

6. RECOMMENDATION: Recommend award of Agreement No. MS4-946-3357 to Piper Jaffray & Co. for professional financial advisor services.

7. HISTORICAL BACKGROUND/DISCUSSION: It has been seven years since the City of Chandler has issued a Request for Proposal (RFP) for financial advisor services. To ensure the City is receiving the most comprehensive financial advisor services at the best value, staff felt it prudent to issue a RFP. A financial advisor is used for their expertise on all items of financing necessary to the City's operations, which include General Obligation Bonds, Street and Highway User Revenue Bonds, Water and Sewer Revenue Bonds, Municipal Property Corporation and Improvement District Bonds, Excise Tax Revenue Obligations, Refunding Bonds, and other related financial services. In addition, a financial advisor assists the City in developing a bond issuance strategy, preparing bond documents, marketing bonds to investors, arranging and preparing materials for rating agency presentations, and monitoring the market for refunding opportunities to reduce the City's overall debt service costs when possible.

The finance professional is relied on to proactively identify creative solutions to meet the City's financing needs and goals and understand innovative debt financing methods which can reduce costs, always focusing on the City's best interest. Piper Jaffray & Co. has filled this role for over 12 years. .

8. EVALUATION PROCESS: On March 20, 2014, staff issued RFP No. MS4-946-3357 to all registered financial advisor service providers. Eight proposals were received including First Southwest Company; Stifel, Nicolaus & Company, Inc.; Public Financial Management, Inc.; JNA Consulting Group, LLC; Wedbush Securities, Inc.; RBC Capital Markets, LLC; Lewis Young Robertson & Burningham, Inc.; and Piper Jaffray & Co. (the City's current provider). A committee evaluated the proposals in accordance with the City's established process, scoring experience of firm, method of approach, expertise of key personnel and fees.

It was determined that the proposal from Piper Jaffray & Co. scored the most points overall and is being recommended for award. Staff has been highly satisfied with Piper Jaffray & Co.'s professional team and service.The lead Managing Director, William Davis, would continue as the City's trusted financial advisor. The contract is for two years commencing July 1, 2014, and allows for two, two-year extensions.

9. FINANCIAL IMPLICATIONS: Financial advisory fees associated with bond sales and incidental expenses related to each bond issue will be paid from individual bond proceeds and are priced based on the type of issue. Advisory fees for special projects that are not related to a specific bond transaction and require four hours or more of work and the preparation of written responses will be charged a competitive hourly fee based on the team member providing the services and will be paid from the appropriate related Fund.

10. PROPOSED MOTION: Move to approve the award of Agreement No. MS4-946-3357 to Piper Jaffray & Co. for professional financial advisor services.

ATTACHMENT: Agreement No. MS4-946-3357

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ATTACHMENT: Agreement No. MS4-946-3357	
APPROVALS	
11. Requesting Department Kathy Riccomini	**12. Department Head** Dawn Lang
13. Procurement Officer Carolee Stees, CPPB	**14. City Manager** Rich Dlugas

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CITY OF CHANDLER
PROFESSIONAL SERVICES AGREEMENT

Project No. MS4-946-3357

Project Name: Financial Advisor Services

THIS AGREEMENT is made and entered into this _____ day of May, 2014, by and between the City of Chandler, a Municipal Corporation of the State of Arizona, hereinafter referred to as "CITY", and Piper Jaffray & Co. hereinafter referred to as "CONSULTANT".

WHEREAS, the Mayor and City Council of the City of Chandler is authorized and empowered by provisions of the City Charter to execute contracts for professional services; and

WHEREAS, CONSULTANT represents that CONSULTANT has the expertise and is qualified to perform the services described in the Agreement.

NOW THEREFORE, in consideration of the mutual promises and obligations set forth herein, the parties hereto agree as follows:

1. CONTRACT ADMINISTRATOR:

1.1. To provide the professional services required by this Agreement CONSULTANT shall act under the authority and approval of the Management Services Director or designee, (the Contract Administrator), who shall oversee the execution of this Agreement, assist the CONSULTANT with any necessary information, audit billings, and approve payments. The CONSULTANT shall channel reports and special requests through the Contract Administrator.

1.2. CITY reserves the right to review and approve any/all changes to CONSULTANT'S key staff assigned to the CITY project by the firm during the term of this Agreement.

2. SCOPE OF WORK: CONSULTANT shall provide those services described in Exhibit B attached hereto and made a part hereof by reference.

3. ACCEPTANCE AND DOCUMENTATION: Each task shall be reviewed and approved by CITY to determine acceptable completion. All documents, including but not limited to, data compilations, studies, and reports which are prepared in the performance of this Agreement, shall be and remain the property of CITY and shall be delivered to CITY before final payment is made to CONSULTANT.

4. FEE SCHEDULE: For the services described in paragraph 2 of this Agreement, CITY shall pay CONSULTANT in accordance with the fee schedule attached hereto as Exhibit C and incorporated herein by reference.

5. TERM: The base term of this Agreement is two (2) years commencing on July 1, 2014 but may be extended by mutual agreement of the parties for up to two (2) additional successive terms of two years each.

6. COOPERATIVE USE OF CONTRACT. In addition to the City of Chandler and with approval of the CONSULTANT, this Contract may be extended for use by other municipalities, school districts and government agencies of the State. A current listing of eligible entities may be found at www.maricopa.gov/materials and then click on

'Contracts', 'S.A.V.E.' listing and 'ICPA'. Any such usage by other entities must be in accordance with the ordinance, charter and/or procurement rules and regulations of the respective political entity.

If required to provide services on a school district property at least five (5) times during a month, CONSULTANT shall submit a full set of fingerprints to the school district in accordance with A.R.S. 15-512 of each person or employee who may provide such service. The District shall conduct a fingerprint check in accordance with A.R.S. 41-1750 and Public Law 92-544 of all CONSULTANTS, sub-CONTRACTORS or vendors and their employees for which fingerprints are submitted to the District. Additionally, the CONSULTANT shall comply with the governing body fingerprinting policies of each individual school district/public entity. CONSULTANT, sub-contractors, vendors and their employees shall not provide services on school district properties until authorized by the District.

Orders placed by other agencies and payment thereof will be the sole responsibility of that agency. The CITY shall not be responsible for any disputes arising out of transactions made by other agencies who utilize this Agreement.

7. TERMINATION:

7.1. Termination for Convenience: CITY reserves the right to terminate this Contract or any part thereof for its sole convenience with thirty (30) days written notice. In the event of such termination, CONSULTANT shall immediately stop all work hereunder, and shall immediately cause any of its suppliers and subcontractors to cease such work. As compensation in full for services performed to the date of such termination, the CONSULTANT shall receive a fee for the percentage of services actually performed. This fee shall be in the amount to be mutually agreed upon by the CONSULTANT and CITY, based on the agreed Scope of Work. If there is no mutual agreement, the Management Services Director shall determine the percentage of work performed for each task detailed in the Scope of Work and the CONSULTANT's compensation shall be based upon such determination and CONSULTANT's fee scheduled included herein.

7.2 Termination for Cause: City may terminate this Contract for Cause upon the occurrence of any one or more of the following events:

1) If CONSULTANT fails to perform pursuant to the terms of this Agreement

2) If CONSULTANT is adjudged a bankrupt or insolvent;

3) If CONSULTANT makes a general assignment for the benefit of creditors;

4) If a trustee or receiver is appointed for CONSULTANT or for any of CONSULTANT'S property;

5) If CONSULTANT files a petition to take advantage of any debtor's act, or to reorganize under the bankruptcy or similar laws;

6) If CONSULTANT disregards laws, ordinances, rules, regulations or orders of any public body having jurisdiction;

7) Where Agreement has been so terminated by CITY, the termination shall not affect any rights of CITY against CONSULTANT then existing or which may thereafter accrue.

7.3. **Availability of Funds for the next Fiscal Year.** Funds may not presently be available under this agreement beyond the current fiscal year. No legal liability on the part of the CITY for services may arise under this agreement beyond the current fiscal year until funds are made available for performance of this agreement. The CITY may reduce services or terminate this agreement without further recourse, obligation, or penalty in the event that insufficient funds are appropriated. The City Manager shall have the sole and unfettered discretion in determining the availability of funds.

8. **INSURANCE REQUIREMENTS:** CONSULTANT shall provide and maintain the insurance as listed in Exhibit D attached hereto and made a part hereof by reference.

9. **ENTIRE AGREEMENT:** This Agreement constitutes the entire understanding of the parties and supersedes all previous representations, written or oral, with respect to the services specified herein. This Agreement may not be modified or amended except by a written document, signed by authorized representatives or each party.

10. **ARIZONA LAW:** This Agreement shall be governed and interpreted according to the laws of the State of Arizona.

10.1. Pursuant to the provisions of A.R.S. § 41-4401, the CONSULTANT hereby warrants to the City that the CONSULTANT and each of its subcontractors ("Subcontractors") will comply with all Federal Immigration laws and regulations that relate to the immigration status of their employees and the requirement to use E-Verify set forth in A.R.S. §23-214(A) (hereinafter "CONSULTANT Immigration Warranty").

10.2. A breach of the CONSULTANT Immigration Warranty (Exhibit A) shall constitute a material breach of this Contract that is subject to penalties up to and including termination of the contract.

10.3. The City retains the legal right to inspect the papers of any CONSULTANT or Subcontractor employee who works on this Contract to ensure that the CONSULTANT or Subcontractor is complying with the CONSULTANT Immigration Warranty. The CONSULTANT agrees to assist the City in the conduct of any such inspections.

10.4. The City may, at its sole discretion, conduct random verifications of the employment records of the CONSULTANT and any Subcontractors to ensure compliance with CONSULTANTs Immigration Warranty. The CONSULTANT agrees to assist the City in performing any such random verification.

10.5. The provisions of this Article must be included in any contract the CONSULTANT enters into with any and all of its subcontractors who provide services under this Contract or any subcontract. "Services" are defined as furnishing labor, time or effort in the State of Arizona by a CONSULTANT or subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.

10.6. In accordance with A.R.S. §35-393.06, the CONSULTANT hereby certifies that the offeror does not have scrutinized business operations in Iran.

10.7. In accordance with A.R.S. §35-391.06 the CONSULTANT hereby certifies that the offeror does not have scrutinized business operations in Sudan.

11. CONFLICT OF INTEREST:

11.1. **No Kickback.** CONSULTANT warrants that no person has been employed or

retained to solicit or secure the Agreement upon an agreement or understanding for a commission, percentage, brokerage or contingent fee; and that no member of the City Council or any employee of the CITY has any interest, financially or otherwise, in the firm unless this interest has been declared pursuant to the provisions of A.R.S. section 38-501. Any such interests were disclosed in CONSULTANT'S proposal to the CITY.

11.2. **Kickback Termination.** CITY may cancel any contract or agreement, without penalty or obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the agreement on behalf of the CITY is, at any time while the Agreement or any extension of the Agreement is in effect, an employee of any other party to the Agreement in any capacity or a CONSULTANT to any other party to the Agreement with respect to the subject matter of the Agreement. The cancellation shall be effective when written notice for CITY is received by all other parties, unless the notice specifies a later time (A.R.S. 38-511).

11.3. **No Conflict.** CONSULTANT stipulates that its officers and employees do not now have a conflict of interest and it further agrees for itself, its officers and its employees that it will not contract for or accept employment for the performance of any work or services with any individual business, corporation or government unit that would create a conflict of interest in the performance of its obligations pursuant to this project.

11.4. **Arizona Law.** This Agreement shall be governed and interpreted according to the laws of the State of Arizona.

11.5. **Jurisdiction and Venue.** The parties agree that this Agreement is made in and shall be performed in Maricopa County. Any lawsuits between the Parties arising out of this Agreement shall be brought and concluded in the courts of Maricopa County in the State of Arizona, which shall have exclusive jurisdiction over such lawsuits.

11.6. **Fees and Costs.** Except as otherwise agreed by the parties, the prevailing party in any adjudicated dispute relating to this Agreement is entitled to an award of reasonable attorney's fees, expert witness fees and costs including, as applicable, arbitrator fees; provided, however, that no award of attorney's fees shall exceed ten percent (10%) of the damages awarded the prevailing party unless the non-prevailing party has been determined to have acted in bad faith or in a frivolous manner during the adjudication.

12. **NOTICES:** All notices or demands required to be given pursuant to the terms of this Agreement shall be given to the other party in writing, delivered by hand or registered or certified mail, at the addresses set forth below, or to such other address as the parties may substitute by written notice given in the manner prescribed in this paragraph.

In the case of City:
City of Chandler
Purchasing Division
P.O. Box 4008, Mail Stop 901
Chandler, AZ 85244-4008
480.782. 2400

In the case of CONSULTANT:
Piper Jaffray & Co.
William Davis
2525 E. Camelback Road, Suite 925
Phoenix, AZ 85016
602.808.5428

Notices shall be deemed received on date delivered, if delivered by hand, and on the delivery date indicated on receipt if delivered by certified or registered mail.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names to this ____ day of May 2014.

CITY OF CHANDLER

_____
Mayor Date

APPROVE AS TO FORM

_____
City Attorney

ATTEST:

_____
City Clerk

SEAL

CONSULTANT

By: William C. Davis

ATTEST: If Corporation

_____
Secretary

EXHIBIT A

CONSULTANT Immigration Warranty
To Be Completed by CONSULTANT Prior to Execution of Contract

A.R.S. § 41-4401 requires as a condition of your contract verification of compliance by the CONSULTANT and subcontractors with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of its employees.

By completing and signing this form the CONSULTANT shall attest that it and all subcontractors performing work under the cited contract meet all conditions contained herein.

Contract Number: MS4-946-3357		
Name (as listed in the contract): Piper Jaffray & Co.		
Street Name and Number: 2525 E. Camelback Road, Suite 925		
City: Phoenix	**State: AZ**	**Zip Code: 85016**

I hereby attest that:

1. The CONSULTANT complies with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of those employees performing work under this contract;

2. All subcontractors performing work under this contract comply with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of their employees.

Signature of CONSULTANT (Employer) or Authorized Designee:

William C. Davis

Printed Name: William C. Davis

Title: Managing Director

Date (month/day/year): May 27, 2014

EXHIBIT B
SCOPE OF WORK

The CONSULTANT shall provide financial advisory services including, but not limited to:

A. For each debt issue, the Consultant shall:

(1) Provide advice and assistance in planning debt issues, determining the principal amount of debt to be sold, maturity schedules, call and put features and premiums, acceptable risk and legal constraints and taking into account the CITY'S overall financial program. Identify and analyze key issues associated with pending bond sale.

(2) Monitor and provide advice concerning bond-refunding opportunities.

(3) Analyze the market conditions prior to, during and subsequent to the sale of bonds. Summarize the reception of the bonds in the market and evaluate performance relative to the market and other securities of similar credit.

(4) Assist and advise in debt structuring and/or restructuring decisions, the development of debt limits, debt service coverage rations, reserve funds or other debt policies as requested.

(5) Assist in the marketing and sale of bonds. In a competitive sale, provide recommendation of the firms to whom the bid form should be sent, the timing of the sale; attend debt issue bid openings and assist CITY staff in evaluating bids.

(6) Prepare preliminary and offering statements for each sale for CITY staff and bond counsel review, provide evaluation and editorial review of tables and sections of test for offering statements and notices of sale prepared by CITY staff and special consultants, print and mail offering statements to prospective bidders, provide explanation and interpretation of the CITY'S offerings to prospective bidders in the municipal securities markets, prepare bond sale documents, bid information and other relevant financing documents.

(7) Arrange for bond closings with successful bidder, registrar and trustee; bond counsel and CITY staff, including instructions for closing. If requested by the CITY, attend such closings.

(8) Solicit bids from financial printers for sale of bonds on behalf of the CITY; analyze the responses and provide a recommendation.

(9) Maintain copies of all transcripts.

(10) Maintain and provide the CITY with comprehensive records of all outstanding debt (including refunded amounts) and their associated debt service schedules in the form of an Annual Debt Position Manual. The manual will be due to the CITY no later than the first business day of August of the applicable year.

(11) Make necessary arrangements with, and prepare materials for, the rating agencies with CITY staff, and act as liaison with rating agencies in conjunction with the CITY, attend meetings.

(12) Assist and advise in the preparation of bond elections. If requested by CITY, attend meetings.

B. General Services:

(1) Analyze specific potential capital projects or proposed financing of such.

(2) Review and advise on various projects involving potential CITY financing as requested by CITY staff. Work directly with staff, bond counsel, independent auditors, or special consultants in developing financial programs and marketing instruments.

(3) Assist in the development of capital improvement plan including debt capacity constraints.

(4) Evaluate financing options that do not include the sale of debt obligations.

(5) Provide general advice on tax issues, particularly compliance with respect to arbitrage rebate, but not including any arbitrage rebate calculations.

(6) Suggest investment strategy for the issuer's idle funds.

(7) Create a detailed schedule of events for the issuer's financing programs.

(8) Assist in the acquisition of security/credit enhancement products and evaluation of the cost to benefit relationship of credit enhancement.

(9) Coordinate those necessary activities of a legal nature with the CITY'S designated bond counsel.

EXHIBIT C
FEE SCHEDULE

Issue Type	Proposed Fee
General Obligation Bonds	$45,000
Street and Highway User Revenue Bonds	$47,500
Water and Sewer Revenue Bonds	$47,500
Municipal Property Corporation (MPC) Bonds	$47,500
Excise Tax Revenue Obligations	$47,500
Community Facilities Districts (CFDs)	$75,000
Improvement District	$50,000
Refunding Bonds	$52,500

Incidental expenses related to a bond issue will include such fees for services as bond counsel, official statement preparation and distribution, rating agency fees, trustee/bond registrar and paying agent services, and verification services and miscellaneous expenses for travel, express charges, photocopying, etc. These costs would normally be paid from bond proceeds. All bond issue related expenses, including official statement preparation expenses, will be pre-approved by the CITY prior to payment. Out of pocket expenses for express charges, photocopying, in state travel, out of state travel expenses and other incidental expenses will be pre-approved by the CITY in advance. To ensure that incidental costs are kept to a minimum, the Contractor will bid out (on behalf of and in conjunction with the CITY) for services for incidental expenses such as Official Statement preparation, Verification Agent Services and Registrar/Paying Agent Services.

With the exception of bond election expenses, all issuance related fees and expenses should be paid from bond proceeds.

For advisory services that are not related to a specific bond transaction, the following hourly fees applies:

Hourly Fees	Team Member
$275.00 per hour	Vice President and above
$150.00 per hour	Assistant Vice President/Associate
$ 95.00 per hour	Analyst/Administrative Assistant

These fees are intended to be the basis for special projects requested by the CITY. Special projects are those which require four (4) hours or more of work/research and the preparation of written responses or presentations.

EXHIBIT D
INSURANCE REQUIREMENTS

Indemnification:

1. **Indemnification.** To the fullest extent permitted by law, CONSULTANT, its successors, assigns and guarantors, shall defend, indemnify and hold harmless City and any of its elected or appointed officials, officers, directors, commissioners, board members, agents or employees from and against any and all allegations, demands, claims, proceedings, suits, actions, damages, including, without limitation, property damage, environmental damages, personal injury and wrongful death claims, losses, expenses (including claim adjusting and handling expenses), penalties and fines (including, but not limited to, attorney fees, court costs, and the cost of appellate proceedings), judgments or obligations, which may be imposed upon or incurred by or asserted against the City by reason of this Agreement or the services performed or permissions granted under it, or related to, arising from or out of, or resulting from any negligent or intentional actions, acts, errors, mistakes or omissions caused in whole or part by CONSULTANT, or any of its subcontractors, or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, relating to the discharge of any duties or the exercise of any rights or privileges arising from or incidental to this Agreement, including but not limited to, any injury or damages claimed by any of CONSULTANT's and subcontractor's employees.

Insurance:

1. General.

A. At the same time as execution of this Agreement, the CONSULTANT shall furnish the City of Chandler a certificate of insurance on a standard insurance industry ACORD form. The ACORD form must be issued by an insurance company authorized to transact business in the State of Arizona possessing a current A.M. Best, Inc. rating of A-7, or better and legally authorized to do business in the State of Arizona with policies and forms satisfactory to CITY. Provided, however, the A.M. Best rating requirement shall not be deemed to apply to required Workers' Compensation coverage.

B. The CONSULTANT and any of its subcontractors, subconsultants or sublicensees shall procure and maintain, until all of their obligations have been discharged, including any warranty periods under this Agreement are satisfied, the insurances set forth below.

C. The insurance requirements set forth below are minimum requirements for this Agreement and in no way limit the indemnity covenants contained in this Agreement.

D. The City in no way warrants that the minimum insurance limits contained in this Agreement are sufficient to protect CONSULTANT from liabilities that might arise out of the performance of the Agreement services under this Agreement by CONSULTANT, its agents, representatives, employees, subcontractors, sublicensees or subconsultants and the CONSULTANT is free to purchase any additional insurance as may be determined necessary.

E. Failure to demand evidence of full compliance with the insurance requirements in this Agreement or failure to identify any insurance deficiency will not relieve the CONSULTANT from, nor will it be considered a waiver of its obligation to maintain the required insurance at all times during the performance of this Agreement.

F. Use of SubContractors: If any work is subcontracted in any way, the CONSULTANT shall execute a written agreement with Subcontractor containing the same Indemnification Clause and Insurance

Requirements as the City requires of the CONSULTANT in this Agreement. The CONSULTANT is responsible for executing the Agreement with the Subcontractor and obtaining Certificates of Insurance and verifying the insurance requirements.

2. Minimum Scope And Limits Of Insurance. The CONSULTANT shall provide coverage with limits of liability not less than those stated below.

A. *Commercial General Liability-Occurrence Form.* CONSULTANT must maintain "occurrence" form Commercial General Liability insurance with a limit of not less than $2,000,000 for each occurrence, $4,000,000 aggregate. Said insurance must also include coverage for products and completed operations, independent CONSULTANTs, personal injury and advertising injury. If any Excess insurance is utilized to fulfill the requirements of this paragraph, the Excess insurance must be "follow form" equal or broader in coverage scope than underlying insurance.

B. *Automobile Liability-Any Auto or Owned, Hired and Non-Owned Vehicles Vehicle Liability*: CONSULTANT must maintain Business/Automobile Liability insurance with a limit of $1,000,000 each accident on CONSULTANT owned, hired, and non-owned vehicles assigned to or used in the performance of the CONSULTANT's work or services under this Agreement. If any Excess or Umbrella insurance is utilized to fulfill the requirements of this paragraph, the Excess or Umbrella insurance must be "follow form" equal or broader in coverage scope than underlying insurance.

C. *Workers Compensation and Employers Liability Insurance*: CONSULTANT must maintain Workers Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of CONSULTANT employees engaged in the performance of work or services under this Agreement and must also maintain Employers' Liability insurance of not less than $1,000,000 for each accident and $1,000,000 disease for each employee.

D. *Professional Liability.* If the Agreement is the subject of any professional services or work performed by the CONSULTANT, or if the CONSULTANT engages in any professional services or work adjunct or residual to performing the work under this Agreement, the CONSULTANT must maintain Professional Liability insurance covering errors and omissions arising out of the work or services performed by the CONSULTANT, or anyone employed by the CONSULTANT, or anyone whose acts, mistakes, errors and omissions the CONSULTANT is legally liable, with a liability limit of $1,000,000 each claim and $2,000,000 all claims. In the event the Professional Liability insurance policy is written on a "claims made" basis, coverage must extend for 3 years past completion and acceptance of the work or services, and the CONSULTANT, or its selected Design Professional will submit Certificates of Insurance as evidence the required coverage is in effect. The Design Professional must annually submit Certificates of Insurance citing that the applicable coverage is in force and contains the required provisions for a 3 year period.

3. Additional Policy Provisions Required.

A. *Self-Insured Retentions Or Deductibles.* Any self-insured retentions and deductibles must be declared and approved by the City. If not approved, the City may require that the insurer reduce or eliminate any deductible or self-insured retentions with respect to the City, its officers, officials, agents, employees, and volunteers.

B. *City as Additional Insured.* The policies are to contain, or be endorsed to contain, the following provisions:

1. The Commercial General Liability and Automobile Liability policies are to contain, or be endorsed to contain, the following provisions: The City, its officers, officials, agents, and employees are additional insureds with respect to liability arising out of activities performed by, or on behalf of, the

CONSULTANT including the City's general supervision of the CONSULTANT; Products and Completed operations of the CONSULTANT; and automobiles owned, leased, hired, or borrowed by the CONSULTANT.

2. The CONSULTANT's insurance must contain broad form contractual liability coverage and must not exclude liability arising out of explosion, collapse, or underground property damage hazards ("XCU") coverage.

3. The City, its officers, officials, agents, and employees must be additional insureds to the full limits of liability purchased by the CONSULTANT even if those limits of liability are in excess of those required by this Agreement.

4. The CONSULTANT's insurance coverage must be primary insurance with respect to the City, its officers, officials, agents, and employees. Any insurance or self-insurance maintained by the City, its officers, officials, agents, and employees shall be in excess of the coverage provided by the CONSULTANT and must not contribute to it.

5. The CONSULTANT's insurance must apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

6. Coverage provided by the CONSULTANT must not be limited to the liability assumed under the indemnification provisions of this Agreement.

7. The policies must contain a severability of interest clause and waiver of subrogation against the City, its officers, officials, agents, and employees, for losses arising from Work performed by the CONSULTANT for the City.

8. The CONSULTANT, its successors and or assigns, are required to maintain Commercial General Liability insurance as specified in this Agreement for a minimum period of 3 years following completion and acceptance of the Work. The CONSULTANT must submit a Certificate of Insurance evidencing Commercial General Liability insurance during this 3 year period containing all the Agreement insurance requirements, including naming the City of Chandler, its agents, representatives, officers, directors, officials and employees as Additional Insured as required.

9. If a Certificate of Insurance is submitted as verification of coverage, the City will reasonably rely upon the Certificate of Insurance as evidence of coverage but this acceptance and reliance will not waive or alter in any way the insurance requirements or obligations of this Agreement. If any of the required policies expire during the life of this Agreement, the CONSULTANT must forward renewal or replacement Certificates to the City within 10 days after the renewal date containing all the necessary insurance provisions.