CONTRACT MODIFICATION No. 2
INVESTMENT MANAGEMENT SERVICES

THIS MODIFICATION No. 2 is being entered into this __________ day of ____________________, 2010, by and between the CITY OF LAS VEGAS (hereinafter the "City"), a municipal corporation within the State of Nevada having its principal office at 400 Stewart Avenue, Las Vegas, Nevada 89101, and WELLS CAPITAL MANAGEMENT, INC. (hereinafter the "Company") having its principal office at 552 Market Street, Floor 10, San Francisco, California 94105.

The Contract between the City and the Company, dated September 21, 2005 and modified on December 18, 2006, is hereby modified as follows:

1. **B-3 Prices/Costs.** Revise the fee rate per mutual agreement between the parties, specify services for fee, and update escalation paragraph.

DELETE B-3 Prices/Costs in its entirety.

REPLACE WITH:

B-3 Prices/Costs

(a) The City will pay the Company for services performed at a fee rate of 0.075% for all assets managed. Fees are to be charged quarterly based on the average of the month end market values in each quarter. Notwithstanding the portfolio market value fluctuation, the City will pay the Company a minimum annual fee of $75,000 for services provided.

(b) The annual fee provides for active investment management, credit research, economic/interest rate research, all custody and safekeeping provided by Wells Fargo Bank, N.A., robust online reporting package, client relationship management including regular communication and wire transfers from the account.

(c) Escalation – Price Adjustment. This pricing shall be firm through June 30, 2012. There may be a price adjustment for subsequent Contract option years that are exercised by the City. Only one written price adjustment request will be accepted from the Company per option period. Sixty (60) days prior to the end of the then current Contract term, the Company may present a written request for price adjustment, for the City's consideration.

2. **B-4 Performance Period.** Add another option period.

DELETE B-4 Performance Period in its entirety.

REPLACE WITH:

B-4 Performance Period

The initial Contract performance period is from October 1, 2005 through June 30, 2006. The City extended the performance period through June 30, 2012. The City may, at its sole option, extend the performance period for another one (1) two-year period beyond June 30, 2012. The Company may not assume an automatic renewal.

3. **E-5 Insurance.** Update insurance requirements.

DELETE E-5 Insurance in its entirety.

REPLACE WITH:

E-5 Insurance [CAO-1/12/09] R

(a) The Company shall procure and maintain, at its own expense, during the entire term of the Contract, the following coverage(s):

(i) Industrial/Workers' Compensation Insurance protecting the Company from potential Company employee claims based upon job-related sickness, injury, or accident, during performance of this Contract, and must submit proof of such insurance on a certificate of insurance issued by an insurer qualified to underwrite workers' compensation insurance in the State of Nevada, in accordance with NRS 616A-616D, inclusive.

(ii) Commercial General Liability Insurance (bodily injury, property damage) with respect to the Company's agents assigned to the activities performed under this Contract in a policy limit of not less than $1,000,000.00 per occurrence and $2,000,000.00 in the aggregate, for bodily injury (including death), personal injury and property damages. Such coverage shall be on an "occurrence" basis and not on a "claims made" basis, and be provided on either a Commercial General Liability or a Broad Form Comprehensive General Liability (including a Broad form CGL endorsement) insurance form. The form must be written on an ISO Form CG 00 01 10 01, or an equivalent form.

(iii) Professional Liability Insurance (Errors and Omissions) $2,000,000 limit written on claims made basis.

(b) Company must provide required insurance documentation to Insurance Tracking Services (ITS) immediately upon notification of selection. Award is conditional upon verification by ITS that all insurance requirements have been met. All policy certificates and endorsements are required to be an agent authorized by that insurer and who is licensed by the State of Nevada. All required aggregate limits must be disclosed and amounts entered on the certificate(s) of insurance. The certificates must identify the Contract number and the Contract description. The Company shall maintain coverage for the duration of this Contract, and any renewal periods, if applicable. The Company shall annually provide the ITS with a certificate of insurance as evidence that all insurance requirements have been met. The Company and/or insurance carrier shall provide the City with a 30 day advance notice of policy modification, cancellation or erosion of insurance limits resulting in non compliance with the requirements outlined herein or for which replacement coverage is not obtained. Notifications shall be sent by certified mail "return receipt requested".

Submit certificates of insurance to:

City of Las Vegas
C/O Insurance Tracking Services, Inc. (ITS)
P.O. Box 21919
Long Beach, CA 90801

Account Manager: Michael Palacios
Phone: (888) 435-2955 ext. 503 • Fax: 562-435-2999
Email: michael.palacios@instracking.com

(c) The City, its officers and authorized employees shall be named as additional insureds as respects General Liability insurance only and such notation shall appear on the certificate of insurance furnished by the Company's insurance carrier. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer and licensed by the State of Nevada. Each insurance carrier's rating as shown in the latest Best's Key Rating Guide shall be fully disclosed and entered on the required certificate of insurance. The City requires insurance carriers to maintain a Best's Key rating of A- VII, or higher. The adequacy of the insurance supplied by the Company, including the rating and financial health of each insurance carrier providing coverage, is subject to the approval of the City.

(d) All deductibles and self-insurance retentions shall be fully disclosed in the certificate of insurance. The Company has a $2.1 million Professional Liability deductible, and the Company will be financially responsible to pay any claims that are less than the deductible.

(e) If the Company fails to carry the required insurance, subject to 30 days advance notice the City may (i) order the Company to stop further performance hereunder, declare the Company in breach, pursuant to Paragraph E-4, terminate the Contract if the breach is not remedied and, if permitted, assess liquidated damages, or (ii) purchase replacement insurance and withhold the costs or premium payments made from the payments due to the Company or charge the replacement insurance costs back to the Company.

(f) Any subcontractor or subconsultant approved by the City shall be required to procure, maintain and submit proof of insurance to the City of the same insurance requirements as specified above, and as required in this paragraph.

(g) The Company is encouraged to purchase any additional insurance as it deems necessary.

(h) The Company is required to remedy all injuries to persons and damage or loss to any property of the City, caused in whole or in part by the Company, its subcontractors or anyone employed, directed or supervised by the Company.

(i) The policies required in E-5 (a) ii-iii shall have a Waiver of Subrogation provision endorsement in favor of the City of Las Vegas.

4. **E-23 Counterpart Signatures.** Add Counterpart Signatures clause.

E-23 Counterpart Signatures [CAO-9/24/08]

This Contract may be executed in counterparts, all such counterparts will constitute the same contract and the signature of any party to any counterpart will be deemed a signature to, and may be appended to, any other counterpart. Executed copies hereof may be delivered by facsimile or e-mail and upon receipt will be deemed originals and binding upon the parties hereto, regardless of whether originals are delivered thereafter.

5. **General.** In the event of any conflict between the Contract, as unmodified and this modification, the provisions of Modification No. 2 take precedence. All other contract terms and conditions remain unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Modification No. 2 to be executed by their duly authorized representatives.

CITY OF LAS VEGAS

ATTEST:

KATHLEEN C. RAINEY, Manager
Purchasing and Contracts

Beverly Bridges, MMC

"City"

APPROVED AS TO FORM:

Robert S. Sylvain 7-16-10
Deputy City Attorney Date

WELLS CAPITAL MANAGEMENT, INC.

Thomas M. O'Malley
THOMAS O'MALLEY, Executive Vice
President of Liquidity Management Services

"Company"