AGREEMENT FOR
INVESTMENT MANAGEMENT SERVICES

THIS AGREEMENT, made this 6 day of November 2012, by and between the City of Fort Lauderdale, a Florida municipality, ("City"), whose address is 100 North Andrews Avenue, Fort Lauderdale, FL 33301-1016, and Sterling Capital Management, LLC, a North Carolina limited liability company, ("Contractor" or "Company"), whose address and phone number are Two Morrocroft Centre, 4064 Colony Road, Suite 300, Charlotte, NC 28211, Phone: 704-372-8670, Fax: 704-376-8127, for the term specified herein,

NOW THEREFORE, for and in consideration of the mutual promises and covenants set forth herein and other good and valuable consideration, the City and the Contractor covenant and agree as follows:

WITNESSETH:

I. DOCUMENTS

The following documents (collectively "Contract Documents") are hereby incorporated into and made part of this Agreement:

(1) Request for Proposal 125-10899, Investment Management Services, including any and all addenda, prepared by the City of Fort Lauderdale, ("RFP" or "Exhibit A").

(2) The Contractor's response to the RFP, dated April 19, 2012 ("Exhibit B").

(3) The Contractor's Second Best & Final, dated August 15, 2012 ("Exhibit C")

(4) The Contractor's First Best & Final, dated June 11, 2012 ("Exhibit D")

All Contract Documents may also be collectively referred to as the "Documents." In the event of any conflict between or among the Documents or any ambiguity or missing specifications or instruction, the following priority is established:

A. First, specific direction from the City Manager (or designee)
B. Second, this Agreement dated Nov. 6, 2012, and any attachments.
C. Third, Exhibit A
D. Fourth, Exhibit C
E. Fifth, Exhibit D
F. Sixth, Exhibit B

II. SCOPE

The Contractor shall perform the Work under the general direction of the City as set forth in the Contract Documents.

Unless otherwise specified herein, the Contractor shall perform all Work identified in this Agreement. The parties agree that the scope of services is a description of Contractor's obligations and responsibilities, and is deemed to include preliminary considerations and

prerequisites, and all labor, materials, equipment, and tasks which are such an inseparable part of the work described that exclusion would render performance by Contractor impractical, illogical, or unconscionable.

Contractor acknowledges and agrees that the City's Contract Administrator has no authority to make changes that would increase, decrease, or otherwise modify the Scope of Services to be provided under this Agreement.

By signing this Agreement, the Contractor represents that it thoroughly reviewed the documents incorporated into this Agreement by reference and that it accepts the description of the Work and the conditions under which the Work is to be performed.

III. TERM OF AGREEMENT

The initial contract period shall commence on September 5, 2012, and shall end on September 4, 2017. In the event the term of this Agreement extends beyond the end of any fiscal year of City, to wit, September 30, the continuation of this Agreement beyond the end of such fiscal year shall be subject to both the appropriation and the availability of funds.

IV. COMPENSATION

The Contractor agrees to provide the services and/or materials as specified in the Contract Documents at the cost specified in Exhibit C. It is acknowledged and agreed by Contractor that this amount is the maximum payable and constitutes a limitation upon City's obligation to compensate Contractor for Contractor's services related to this Agreement. This maximum amount, however, does not constitute a limitation of any sort upon Contractor's obligation to perform all items of work required by or which can be reasonably inferred from the Scope of Services. Except as otherwise provided in the solicitation, no amount shall be paid to Contractor to reimburse Contractor's expenses.

V. METHOD OF BILLING AND PAYMENT

Contractor may submit invoices for compensation no more often than monthly, but only after the services for which the invoices are submitted have been completed. An original invoice plus one copy are due within fifteen (15) days of the end of the month except the final invoice which must be received no later than sixty (60) days after this Agreement expires. Invoices shall designate the nature of the services performed and/or the goods provided.

City shall pay Contractor within forty-five (45) days of receipt of Contractor's proper invoice, as provided in the Florida Local Government Prompt Payment Act.

To be deemed proper, all invoices must comply with the requirements set forth in this Agreement and must be submitted on the form and pursuant to instructions prescribed by the City's Contract Administrator. Payment may be withheld for failure of Contractor to comply with a term, condition, or requirement of this Agreement.

Notwithstanding any provision of this Agreement to the contrary, City may withhold, in whole or in part, payment to the extent necessary to protect itself from loss on account of inadequate or defective work that has not been remedied or resolved in a manner satisfactory to the City's Contract Administrator or failure to comply with this Agreement. The amount withheld shall not be subject to payment of interest by City.

VI. GENERAL CONDITIONS

A. Indemnification

Contractor shall protect and defend at Contractor's expense, counsel being subject to the City's approval, and indemnify and hold harmless the City and the City's officers, employees, volunteers, and agents from and against any and all losses, penalties, fines, damages, settlements, judgments, claims, costs, charges, expenses, or liabilities, including any award of attorney fees and any award of costs, in connection with or arising directly or indirectly out of any act or omission by the Contractor or by any officer, employee, agent, invitee, subcontractor, or sublicensee of the Contractor. The provisions and obligations of this section shall survive the expiration or earlier termination of this Agreement. To the extent considered necessary by the City Manager, any sums due Contractor under this Agreement may be retained by City until all of City's claims for indemnification pursuant to this Agreement have been settled or otherwise resolved, and any amount withheld shall not be subject to payment of interest by City.

B. Intellectual Property

Contractor shall protect and defend at Contractor's expense, counsel being subject to the City's approval, and indemnify and hold harmless the City from and against any and all losses, penalties, fines, damages, settlements, judgments, claims, costs, charges, royalties, expenses, or liabilities, including any award of attorney fees and any award of costs, in connection with or arising directly or indirectly out of any infringement or allegation of infringement of any patent, copyright, or other intellectual property right in connection with the Contractor's or the City's use of any copyrighted, patented or un-patented invention, process, article, material, or device that is manufactured, provided, or used pursuant to this Agreement. If the Contractor uses any design, device, or materials covered by letters, patent or copyright, it is mutually agreed and understood without exception that the bid prices shall include all royalties or costs arising from the use of such design, device, or materials in any way involved in the work.

C. Termination for Cause

The aggrieved party may terminate this Agreement for cause if the party in breach has not corrected the breach within ten (10) days after written notice from the aggrieved party identifying the breach. The City Manager may also terminate this Agreement upon such notice as the City Manager deems appropriate under the circumstances in the event the City Manager determines that termination is necessary to protect the public health or safety. The parties agree that if the City erroneously, improperly or unjustifiably terminates for cause, such termination shall be deemed a termination for convenience, which shall be effective thirty (30) days after such notice of termination for cause is provided.

This Agreement may be terminated for cause for reasons including, but not limited to, Contractor's repeated (whether negligent or intentional) submission for payment of false or incorrect bills or invoices, failure to perform the Work to the City's satisfaction; or failure to continuously perform the work in a manner calculated to meet or accomplish the objectives as set forth in this Agreement.

D. Termination for Convenience

The City reserves the right, in its best interest as determined by the City, to cancel this contract for convenience by giving written notice to the Contractor at least thirty (30) days prior to the effective date of such cancellation. In the event this Agreement is terminated for convenience, Contractor shall be paid for any services performed to the City's satisfaction pursuant to the Agreement through the termination date specified in the written notice of termination. Contractor acknowledges and agrees that he/she/it has received good, valuable and sufficient consideration from City, the receipt and adequacy of which are hereby acknowledged by Contractor, for City's right to terminate this Agreement for convenience.

E. Cancellation for Unappropriated Funds

The City reserves the right, in its best interest as determined by the City, to cancel this contract for unappropriated funds or unavailability of funds by giving written notice to the Contractor at least thirty (30) days prior to the effective date of such cancellation. The obligation of the City for payment to a Contractor is limited to the availability of funds appropriated in a current fiscal period, and continuation of the contract into a subsequent fiscal period is subject to appropriation of funds, unless otherwise provided by law.

F. Insurance

The Contractor shall furnish proof of insurance requirements as indicated below. The coverage is to remain in force at all times during the contract period. The following minimum insurance coverage is required. The commercial general liability insurance policy shall name the City of Fort Lauderdale, a Florida municipality, as an "additional insured." This MUST be written in the description section of the insurance certificate, even if there is a check-off box on the insurance certificate. Any costs for adding the City as "additional insured" shall be at the Contractor's expense.

The City of Fort Lauderdale shall be given notice 10 days prior to cancellation or modification of any required insurance. The insurance provided shall be endorsed or amended to comply with this notice requirement. In the event that the insurer is unable to accommodate, it shall be the responsibility of the Contractor to provide the proper notice. Such notification will be in writing by registered mail, return receipt requested and addressed to the Procurement Services Division.

The Contractor's insurance must be provided by an A.M. Best's "A-"rated or better insurance company authorized to issue insurance policies in the State of Florida, subject to approval by the City's Risk Manager. Any exclusions or provisions in the insurance maintained by the contractor that excludes coverage for work contemplated in this solicitation shall be deemed unacceptable, and shall be considered breach of contract.

Workers' Compensation and Employers' Liability Insurance

Limits: Workers' Compensation – Per Chapter 440, Florida Statutes
Employers' Liability - $500,000

Any firm performing work for or on behalf of the City of Fort Lauderdale must provide Workers' Compensation insurance. Exceptions and exemptions will be allowed, by the City's Risk Manager, if they are in accordance with Florida Statutes.

Commercial General Liability Insurance

Covering premises-operations, products-completed operations, independent contractors and contractual liability.

Limits: Combined single limit bodily injury/property damage $1,000,000.

This coverage must include, but not limited to:

a. Coverage for the liability assumed by the contractor under the indemnity provision of the contract.
b. Coverage for Premises/Operations
c. Products/Completed Operations
d. Broad Form Contractual Liability
e. Independent Contractors

Automobile Liability Insurance

Covering all owned, hired and non-owned automobile equipment.

Limits: Bodily injury	$250,000 each person, $500,000 each occurrence
Property damage	$100,000 each occurrence

Professional Liability (Errors & Omissions)

Consultants

Limits:	$2,000,000 per occurrence

Certificate holder should be addressed as follows:

City of Fort Lauderdale
Procurement Services Division
100 N. Andrews Avenue, Room 619
Fort Lauderdale, FL 33301

G. Environmental, Health and Safety

Contractor shall place the highest priority on health and safety and shall maintain a safe working environment during performance of the Work. Contractor shall comply, and shall secure compliance by its employees, agents, and subcontractors, with all applicable environmental, health, safety and security laws and regulations, and performance conditions in this Agreement. Compliance with such requirements shall represent the minimum standard required of Contractor. Contractor shall be responsible for examining all requirements and determine whether additional or more stringent environmental, health, safety and security provisions are required for the Work. Contractor agrees to

utilize protective devices as required by applicable laws, regulations, and any industry or Contractor's health and safety plans and regulations, and to pay the costs and expenses thereof, and warrants that all such persons shall be fit and qualified to carry out the Work.

H. Standard of Care

Contractor represents that he/she/it is qualified to perform the Work, that Contractor and his/her/its subcontractors possess current, valid state and/or local licenses to perform the Work, and that their services shall be performed in a manner consistent with that level of care and skill ordinarily exercised by other qualified contractors under similar circumstances.

I. Rights in Documents and Work

Any and all reports, photographs, surveys, and other data and documents provided or created in connection with this Agreement are and shall remain the property of City; and Contractor disclaims any copyright in such materials. In the event of and upon termination of this Agreement, any reports, photographs, surveys, and other data and documents prepared by Contractor, whether finished or unfinished, shall become the property of City and shall be delivered by Contractor to the City's Contract Administrator within seven (7) days of termination of this Agreement by either party. Any compensation due to Contractor shall be withheld until Contractor delivers all documents to the City as provided herein.

J. Audit Right and Retention of Records

City shall have the right to audit the books, records, and accounts of Contractor and Contractor's subcontractors that are related to this Agreement. Contractor shall keep, and Contractor shall cause Contractor's subcontractors to keep, such books, records, and accounts as may be necessary in order to record complete and correct entries related to this Agreement. All books, records, and accounts of Contractor and Contractor's subcontractors shall be kept in written form, or in a form capable of conversion into written form within a reasonable time, and upon request to do so, Contractor or Contractor's subcontractor, as applicable, shall make same available at no cost to City in written form.

Contractor and Contractor's subcontractors shall preserve and make available, at reasonable times for examination and audit by City in Broward County, Florida, all financial records, supporting documents, statistical records, and any other documents pertinent to this Agreement for the required retention period of the Florida public records law, Chapter 119, Florida Statutes, as may be amended from time to time, if applicable, or, if the Florida Public Records Act is not applicable, for a minimum period of three (3) years after termination of this Agreement. If any audit has been initiated and audit findings have not been resolved at the end of the retention period or three (3) years, whichever is longer, the books, records, and accounts shall be retained until resolution of the audit findings. If the Florida public records law is determined by City to be applicable to Contractor and Contractor's subcontractors' records, Contractor and Contractor's subcontractors shall comply with all requirements thereof; however, Contractor and Contractor's subcontractors shall violate no confidentiality or non-disclosure requirement of either federal or state law. Any incomplete or incorrect entry in such books, records, and accounts shall be a basis for City's disallowance and recovery of any payment upon such entry.

Contractor shall, by written contract, require Contractor's subcontractors to agree to the requirements and obligations of this Section.

The Contractor shall maintain during the term of the contract all books of account, reports and records in accordance with generally accepted accounting practices and standards for records directly related to this contract.

K. Public Entity Crime Act

Contractor represents that the execution of this Agreement will not violate the Public Entity Crime Act, Section 287.133, Florida Statutes, as may be amended from time to time, which essentially provides that a person or affiliate who is a contractor, consultant, or other provider and who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid on a contract to provide any goods or services to City, may not submit a bid on a contract with City for the construction or repair of a public building or public work, may not submit bids on leases of real property to City, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with City, and may not transact any business with City in excess of the threshold amount provided in Section 287.017, Florida Statutes, as may be amended from time to time, for category two purchases for a period of 36 months from the date of being placed on the convicted vendor list. Violation of this section shall result in termination of this Agreement and recovery of all monies paid by City pursuant to this Agreement, and may result in debarment from City's competitive procurement activities.

L. Independent Contractor

Contractor is an independent contractor under this Agreement. Services provided by Contractor pursuant to this Agreement shall be subject to the supervision of the Contractor. In providing such services, neither Contractor nor Contractor's agents shall act as officers, employees, or agents of City. No partnership, joint venture, or other joint relationship is created hereby. City does not extend to Contractor or Contractor's agents any authority of any kind to bind City in any respect whatsoever.

M. Inspection and Non-Waiver

Contractor shall permit the representatives of CITY to inspect and observe the Work at all times.

The failure of the City to insist upon strict performance of any other terms of this Agreement or to exercise any rights conferred by this Agreement shall not be construed by Contractor as a waiver of the City's right to assert or rely on any such terms or rights on any future occasion or as a waiver of any other terms or rights.

N. Assignment and Performance

Neither this Agreement nor any right or interest herein shall be assigned, transferred, or encumbered without the written consent of the other party. In addition, Contractor shall not subcontract any portion of the work required by this Agreement, except as provided in the Schedule of Subcontractor Participation. City may terminate this Agreement, effective immediately, if there is any assignment, or attempted assignment, transfer, or

encumbrance, by Contractor of this Agreement or any right or interest herein without City's written consent.

Contractor represents that each person who will render services pursuant to this Agreement is duly qualified to perform such services by all appropriate governmental authorities, where required, and that each such person is reasonably experienced and skilled in the area(s) for which he or she will render his or her services.

Contractor shall perform Contractor's duties, obligations, and services under this Agreement in a skillful and respectable manner. The quality of Contractor's performance and all interim and final product(s) provided to or on behalf of City shall be comparable to the best local and national standards.

In the event Contractor engages any subcontractor in the performance of this Agreement, Contractor shall ensure that all of Contractor 's subcontractors perform in accordance with the terms and conditions of this Agreement. Contractor shall be fully responsible for all of Contractor's subcontractors' performance, and liable for any of Contractor's subcontractors' non-performance and all of Contractor's subcontractors' acts and omissions. Contractor shall defend at Contractor's expense, counsel being subject to City's approval or disapproval, and indemnify and hold City and City's officers, employees, and agents harmless from and against any claim, lawsuit, third party action, fine, penalty, settlement, or judgment, including any award of attorney fees and any award of costs, by or in favor of any of Contractor's subcontractors for payment for work performed for City by any of such subcontractors, and from and against any claim, lawsuit, third party action, fine, penalty, settlement, or judgment, including any award of attorney fees and any award of costs, occasioned by or arising out of any act or omission by any of Contractor 's subcontractors or by any of Contractor's subcontractors' officers, agents, or employees. Contractor's use of subcontractors in connection with this Agreement shall be subject to City's prior written approval, which approval City may revoke at any time.

O. <u>Conflicts</u>

Neither Contractor nor any of Contractor's employees shall have or hold any continuing or frequently recurring employment or contractual relationship that is substantially antagonistic or incompatible with Contractor's loyal and conscientious exercise of judgment and care related to Contractor's performance under this Agreement.

Contractor further agrees that none of Contractor's officers or employees shall, during the term of this Agreement, serve as an expert witness against City in any legal or administrative proceeding in which he, she, or Contractor is not a party, unless compelled by court process. Further, Contractor agrees that such persons shall not give sworn testimony or issue a report or writing, as an expression of his or her expert opinion, which is adverse or prejudicial to the interests of City in connection with any such pending or threatened legal or administrative proceeding unless compelled by court process. The limitations of this section shall not preclude Contractor or any persons in any way from representing themselves, including giving expert testimony in support thereof, in any action or in any administrative or legal proceeding.

In the event Contractor is permitted pursuant to this Agreement to utilize subcontractors to perform any services required by this Agreement, Contractor agrees to require such

subcontractors, by written contract, to comply with the provisions of this section to the same extent as Contractor.

P. Schedule and Delays

Time is of the essence in this Agreement. By signing, Contractor affirms that it believes the schedule to be reasonable; provided, however, the parties acknowledge that the schedule might be modified as the City directs.

Q. Materiality and Waiver of Breach

City and Contractor agree that each requirement, duty, and obligation set forth herein was bargained for at arm's-length and is agreed to by the parties in exchange for *quid pro quo*, that each is substantial and important to the formation of this Agreement and that each is, therefore, a material term hereof.

City's failure to enforce any provision of this Agreement shall not be deemed a waiver of such provision or modification of this Agreement. A waiver of any breach of a provision of this Agreement shall not be deemed a waiver of any subsequent breach and shall not be construed to be a modification of the terms of this Agreement.

R. Compliance With Laws

Contractor shall comply with all applicable federal, state, and local laws, codes, ordinances, rules, and regulations in performing Contractor's duties, responsibilities, and obligations pursuant to this Agreement.

S. Severance

In the event a portion of this Agreement is found by a court of competent jurisdiction to be invalid or unenforceable, the provisions not having been found by a court of competent jurisdiction to be invalid or unenforceable shall continue to be effective.

T. Limitation of Liability

The City desires to enter into this Agreement only if in so doing the City can place a limit on the City's liability for any cause of action for money damages due to an alleged breach by the City of this Agreement, so that its liability for any such breach never exceeds the sum of $1,000. Contractor hereby expresses its willingness to enter into this Agreement with Contractor's recovery from the City for any damage action for breach of contract or for any action or claim arising from this Agreement to be limited to a maximum amount of $1,000 less the amount of all funds actually paid by the City to Contractor pursuant to this Agreement.

Accordingly, and notwithstanding any other term or condition of this Agreement, Contractor hereby agrees that the City shall not be liable to Contractor for damages in an amount in excess of $1,000 which amount shall be reduced by the amount actually paid by the City to Contractor pursuant to this Agreement, for any action for breach of contract or for any action or claim arising out of this Agreement. Nothing contained in this paragraph or elsewhere in this Agreement is in any way intended to be a waiver of the limitation placed upon City's liability as set forth in Article 768.28, Florida Statutes.

U. Jurisdiction, Venue, Waiver, Waiver of Jury Trial

This Agreement shall be interpreted and construed in accordance with and governed by the laws of the State of Florida. Venue for any lawsuit by either party against the other party or otherwise arising out of this Agreement, and for any other legal proceeding, shall be in the Seventeenth Judicial Circuit in and for Broward County, Florida, or in the event of federal jurisdiction, in the Southern District of Florida, Fort Lauderdale Division.

In the event Contractor is a corporation organized under the laws of any province of Canada or is a Canadian federal corporation, the City may enforce in the United States of America or in Canada or in both countries a judgment entered against the Contractor. The Contractor waives any and all defenses to the City's enforcement in Canada of a judgment entered by a court in the United States of America.

V. Amendments

No modification, amendment, or alteration in the terms or conditions contained herein shall be effective unless contained in a written document prepared with the same or similar formality as this Agreement and executed by the Mayor-Commissioner and/or City Manager, as determined by City Charter and Ordinances, and Contractor or others delegated authority to or otherwise authorized to execute same on their behalf.

W. Prior Agreements

This document represents the final and complete understanding of the parties and incorporates or supersedes all prior negotiations, correspondence, conversations, agreements, and understandings applicable to the matters contained herein. The parties agree that there is no commitment, agreement, or understanding concerning the subject matter of this Agreement that is not contained in this written document. Accordingly, the parties agree that no deviation from the terms hereof shall be predicated upon any prior representation or agreement, whether oral or written.

X. Payable Interest

Except as required and provided for by the Florida Local Government Prompt Payment Act, City shall not be liable for interest for any reason, whether as prejudgment interest or for any other purpose, and in furtherance thereof Contractor waives, rejects, disclaims and surrenders any and all entitlement it has or may have to receive interest in connection with a dispute or claim based on or related to this Agreement.

Y. Representation of Authority

Each individual executing this Agreement on behalf of a party hereto hereby represents and warrants that he or she is, on the date he or she signs this Agreement, duly authorized by all necessary and appropriate action to execute this Agreement on behalf of such party and does so with full legal authority.

AA. Uncontrollable Circumstances ("Force Majeure")

The City and Contractor will be excused from the performance of their respective obligations under this agreement when and to the extent that their performance is delayed or prevented by any circumstances beyond their control including, fire, flood, explosion,

strikes or other labor disputes, act of God or public emergency, war, riot, civil commotion, malicious damage, act or omission of any governmental authority, delay or failure or shortage of any type of transportation, equipment, or service from a public utility needed for their performance, provided that:

A. The non performing party gives the other party prompt written notice describing the particulars of the Force Majeure including, but not limited to, the nature of the occurrence and its expected duration, and continues to furnish timely reports with respect thereto during the period of the Force Majeure;

B. The excuse of performance is of no greater scope and of no longer duration than is required by the Force Majeure;

C. No obligations of either party that arose before the Force Majeure causing the excuse of performance are excused as a result of the Force Majeure; and

D. The non-performing party uses its best efforts to remedy its inability to perform. Notwithstanding the above, performance shall not be excused under this Section for a period in excess of two (2) months, provided that in extenuating circumstances, the City may excuse performance for a longer term. Economic hardship of the Contractor will not constitute Force Majeure. The term of the agreement shall be extended by a period equal to that during which either party's performance is suspended under this Section.

BB. <u>Scrutinized Companies</u>

This Section applies to any contract for goods or services of $1 million or more:

The Contractor certifies that it is not on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List and that it does not have business operations in Cuba or Syria as provided in section 287.135, Florida Statutes (2012), as may be amended or revised. The City may terminate this Contract at the City's option if the Contractor is found to have submitted a false certification as provided under subsection (5) of section 287.135, Florida Statutes (2012), as may be amended or revised, or been placed on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List or has been engaged in business operations in Cuba or Syria, as defined in Section 287.135, Florida Statutes (2012) , as may be amended or revised.

CC. <u>Investment Policy</u>

Notwithstanding anything to the contrary contained in Exhibits B, C, or D, the Contractor shall manage the City's funds in accordance with the City's Investment Policy, as the same may be amended or revised from time to time.

IN WITNESS WHEREOF, the City and the Contractor execute this Contract as follows:

CITY OF FORT LAUDERDALE

By: _____
City Manager

Approved as to form:

_____
Senior Assistant City Attorney

ATTEST

By: _____
Print Name: Alex McAlister
Title: President

CONTRACTOR

By: _____
Print Name: Kenneth R. Cotner
Managing Member Managing Director

(CORPORATE SEAL)

STATE OF North Carolina
COUNTY OF Mecklenburg

The foregoing instrument was acknowledged before me this 31st day of October, 2012, by Kenneth R. Cotner as managing member for Sterling Capital Management, LLC, a North Carolina limited liability company.

(SEAL)

_____
Notary Public, State of North Carolina
(Signature of Notary Public)

Debra L. Ayers

(Print, Type, or Stamp Commissioned Name of Notary Public)

My Commission Expires 5-30-2016

Personally Known ✓ OR Produced Identification _____
Type of Identification Produced _____

EXHIBIT A

Solicitation 125-10899

Investment Management Services

CITY OF FORT LAUDERDALE

City of Fort Lauderdale

Added on Apr 6, 2012:
Addendum No. 1 dated April 6, 2012 is attached and changes the open date(close date for contractors) for this RFP from April 16, 2012 prior to 2:00pm EST to April 23, 2012 prior to 2:00pm EST, as the City shall be issuing a second addendum with additional changes next week. Please acknowledge all Addendums on the proposal signature page or provide/sign the addendum with your RFP response.
Added on Apr 9, 2012:
Addendum No. 2 dated April 9, 2012 is attached with changes to the SSAE 16 requirements and also the Basis Points tiered fee schedule (which must now be provided in your Addendum No. 2 with your RFP response). Alo added was the Local Business Preference language, and Certification Statement as an Exhibit.
MAKE SURE YOU SUBMIT YOUR ADDENDUM NOT 2 DATED APRIL 9, 2012 WITH YOUR RFP RESPONSE AND PROVIDE YOUR REVISED BASIS POINTS IN THE ADDENDUM DOCUMENT.

Changes made on Apr 6, 2012 5:07:08 PM EDT

Changes made on Apr 9, 2012 4:12:34 PM EDT

07. RFP DOCUMENTS

The Contractor shall examine this RFP carefully. Ignorance of the requirements will not relieve the Contractor from liability and obligation under the Contract.

08. AWARD/INTENT

It is the intent of the City to select up to four investment managers, whatever is determined to be in the best interest of the City, to provide innovative investment services for approximately $542,000,000 market value as of 12/31/11, of its operating and capital (exclusive of pension funds) funds pursuant to Florida Statutes and the City's Investment Policy (see Exhibit A). No Investment manager shall have more than 30% of the City's portfolio dollars. The City's objective is to obtain a net yield on its portfolio better than that which may be obtained through a tiered portfolio while maintaining strict adherence to its adopted Investment Policy, to protect investment principal, and to maintain liquidity, while avoiding unreasonable risk. The City reserves the right to award to those proposers who will best serve the interests and needs of the City of Fort Lauderdale.

The award shall be made to up to four investment managers; therefore, fees for all services/items as stated in the Proposal Summary will be one of the factors in the cost evaluation. Proposers agree that the quoted costs for service will be calculated utilizing a portfolio of up to $150 Million each in order to arrive at the "TOTAL COST TO THE CITY". Proposers must include all fees (in basis points) to this contract. No other costs shall be accepted.

The City shall be interested in knowing how each investment manager shall construct their portion of their awarded portfolio.

The City's intention is to also retain the services of an Investment Advisor (through a separate request for proposal), whos function will be to oversee the Investment Manager's in the execution of their functions per the requirements of the City (see PART III – Special Conditions, Item 09 Contract Coordinator (Investment Advisor).

The City also reserves the right to waive minor variations in the specifications and in the bidding process. The City further reserves the right to accept or reject any and/or all proposals and to award or not award a contract based on this bid solicitation.

09. PRICE VALIDITY

Prices provided in this Request for Proposal (RFP) are valid for 120 days from time of RFP opening. The City shall award contract within this time period or shall request to the recommended awarded vendor an extension to hold pricing, until products/services have been awarded.

PART III - SPECIAL CONDITIONS

01. GENERAL CONDITIONS
RFP General Conditions Form G-107 Rev. 11/11 (GC) are included and made a part of this RFP.

02. NEWS RELEASES/PUBLICITY
News releases, publicity releases, or advertisements relating to this contract or the tasks or projects associated with the project shall not be made without prior City approval.

03. RFP DOCUMENTS
The Contractor shall examine this RFP carefully. Ignorance of the requirements will not relieve the Contractor from liability and obligations under the Contract.

04. CONTRACTORS' COSTS
The City shall not be liable for any costs incurred by Contractor in responding to this RFP.

05. RULES AND PROPOSALS
The signer of the proposal must declare that the only person(s), company or parties interested in the proposal as principals are named therein; that the proposal is made without collusion with any other person(s), company or parties submitting a proposal; that it is in all respects fair and in good faith, without collusion or fraud; and that the signer of the proposal has full authority to bind the principal Contractor.

06. CONTRACT PERIOD
The initial contract term shall commence upon date of award by the City or June 1, 2012, whichever is later, and shall expire five years from that date. The City reserves the right to extend the contract for two, additional one-year terms, providing all terms conditions and specifications remain the same, both parties agree to the extension, and such extension is approved by the City.

In the event services are scheduled to end because of the expiration of this contract, the Contractor shall continue the service upon the request of the City as authorized by the awarding authority. The extension period shall not extend for more than ninety (90) days beyond the expiration date of the existing contract. The Contractor shall be compensated for the service at the rate in effect when this extension clause is invoked by the City.

07. COST ADJUSTMENTS
Prices quoted shall be firm for the initial contract term (5) five years. No cost increases shall be accepted in this initial contract term, and also shall be firm for the two, additional one-year contract extensions, if approved by both parties. Please consider this when providing your pricing for this request for proposal.

No costs shall be accepted for the renewal periods.

08. SERVICE TEST PERIOD
If the Contractor has not previously performed the services to the city, the City reserves the right to require a test period to determine if the Contractor can perform in accordance with the requirements of the contact, and to the City's satisfaction. Such test period can be from thirty to ninety days, and will be conducted under all specifications, terms and conditions contained in the contract. This trial period will then become part of the initial contract period.

A performance evaluation will be conducted prior to the end of the test period and that evaluation will be the basis for the City's decision to continue with the Contractor or to select another Contractor (if applicable).

If the Contractor and the City agree on modifications or revisions to the task elements, after the City has approved work to begin on a particular task or project, and a budget has been established for that task or project, the Contractor will submit a revised budget to the City for approval prior to proceeding with the work.

14. SUBSTITUTION OF PERSONNEL
It is the intention of the City that the Contractor's personnel proposed for the contract will be available for the initial contract term. In the event the Contractor wishes to substitute personnel, he shall propose personnel of equal or higher qualifications and all replacement personnel are subject to City approval. In the event substitute personnel are not satisfactory to the City and the matter cannot be resolved to the satisfaction of the City, the City reserves the right to cancel the Contract for cause. See Section 5.09 General Conditions.

15. INSURANCE
The Contractor shall furnish proof of insurance requirements as indicated below. The coverage is to remain in force at all times during the contract period. The following minimum insurance coverage is required. The City is to be added as an "additional insured" with relation to General Liability Insurance. This MUST be written in the description section of the insurance certificate, even if you have a check-off box on your insurance certificate. Any costs for adding the City as "additional insured" will be at the contractor's expense.

The City of Fort Lauderdale shall be given notice 10 days prior to cancellation or modification of any stipulated insurance. The insurance provided shall be endorsed or amended to comply with this notice requirement. In the event that the insurer is unable to accommodate, it shall be the responsibility of the Contractor to provide the proper notice. Such notification will be in writing by registered mail, return receipt requested and addressed to the Procurement Services Division.

The Contractor's insurance must be provided by an A.M. Best's "A-"rated or better insurance company authorized to issue insurance policies in the State of Florida, subject to approval by the City's Risk Manager. Any exclusions or provisions in the insurance maintained by the contractor that precludes coverage for work contemplated in this RFP shall be deemed unacceptable, and shall be considered breach of contract.

Workers' Compensation and Employers' Liability Insurance

Limits: Workers' Compensation – Per Florida Statute 440
Employers' Liability - $500,000

Any firm performing work on behalf of the City of Fort Lauderdale must provide Workers' Compensation insurance. Exceptions and exemptions can only be made if they are in accordance with Florida Statute. For additional information contact the Department of Financial Services, Workers' Compensation Division at (850) 413-1601 or on the web at www.fldfs.com.

Commercial General Liability Insurance

Covering premises-operations, products-completed operations, independent contractors and contractual liability.

Limits: Combined single limit bodily injury/property damage $1,000,000.

This coverage must include, but not limited to:

a. Coverage for the liability assumed by the contractor under the indemnity provision of the contract.
b. Coverage for Premises/Operations

omission of any governmental authority, delay or failure or shortage of any type of transportation, equipment, or service from a public utility needed for their performance, provided that:

A. The non performing party gives the other party prompt written notice describing the particulars of the Force Majeure including, but not limited to, the nature of the occurrence and its expected duration, and continues to furnish timely reports with respect thereto during the period of the Force Majeure;

B. The excuse of performance is of no greater scope and of no longer duration than is required by the Force Majeure;

C. No obligations of either party that arose before the Force Majeure causing the excuse of performance are excused as a result of the Force Majeure; and

D. The non performing party uses its best efforts to remedy its inability to perform.
Notwithstanding the above, performance shall not be excused under this Section for a period in excess of two (2) months, provided that in extenuating circumstances, the City may excuse performance for a longer term. Economic hardship of the Contractor will not constitute Force Majeure. The term of the agreement shall be extended by a period equal to that during which either party's performance is suspended under this Section.

19. PUBLIC ENTITY CRIMES
NOTE: Contractor, by submitting a proposal attests she/he/it has not been placed on the convicted vendor list.

A person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a proposal on a contract to provide any goods or services to a public entity, may not submit a proposal on a contract with a public entity for the construction or repair of a public building or public work, may not submit proposals on leases of real property to a public entity, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in Section 287.017, Florida Statutes, for Category Two for a period of 36 months from the date of being placed on the convicted vendor list.

20. CANADIAN COMPANIES
The City may enforce in the United States of America or in Canada or in both countries a judgment entered against the Contractor. The Contractor waives any and all defenses to the City's enforcement in Canada, of a judgment entered by a court in the United States of America. All monetary amounts set forth in this Contract are in United States dollars.

21. LOBBYING ACTIVITIES
ALL CONTRACTORS PLEASE NOTE: Any contractor submitting a response to this solicitation must comply, if applicable, with City of Fort Lauderdale Ordinance No. C-00-27 & Resolution No. 07-101, Lobbying Activities. Copies of Ordinance No. C-00-27 and Resolution No. 07-101 may be obtained from the City Clerk's Office on the 7th Floor of City Hall, 100 N. Andrews Avenue, Fort Lauderdale, Florida. The ordinance may also be viewed on the City's website at: http://www.fortlauderdale.gov/clerk/LobbyistDocs/lobbyistord1009.pdf .

22. BID TABULATIONS/INTENT TO AWARD
(Notice of Intent to Award Contract/Bid, resulting from the City's Formal solicitation process, requiring City Commission action, may be found at http://www.fortlauderdale.gov/purchasing/notices_of_intent.htm. Tabulations of receipt of those parties responding to a formal solicitation may be found at

PART IV - TECHNICAL SPECIFICATIONS/SCOPE OF SERVICES

SECTION I - PURPOSE

The City is seeking to contract with up to four investment managers with the ability to actively manage funds for the City's benefit. No one investment manager will handle more than 30% of the city's available funds (exclusive of pension funds) pursuant to Florida Statutes and the City's Investment Policy (see Exhibit A attached). The City's objective is to obtain a net yield on its portfolio better than that which may be obtained through utilization of a tiered portfolio while maintaining strict adherence to its adopted Investment Policy, protect investment principal, maintain liquidity, while avoiding unreasonable risk.

The City shall be interested in knowing how each investment manager shall construct their portion of their awarded portfolio.

A. The Required Investment Process: All investments will be held in a safekeeping Trust Account. Funds for acquiring investments will be on a (Delivery vs. Payment) basis to the City's Trust Account. Any and all proceeds (Principal and/or Interest payments) will go directly to an account specified by the City. Under no circumstances will the Investment Manager have custody of any City assets.

Initially the process will require close coordination with the Director of Finance or designee. However, once the portfolio is established and operating smoothly, it is expected that the Investment Manager will operate independently but keeping the City informed of any and all activity via same day fax or email.

B. Bond Proceeds: The City at its sole determination may include bond proceeds in its investment pool. When such funds are included, the proposer must adhere to the investment restrictions that accompany the bond issue and create a separate segregated account that will allow for and facilitate the proper recognition and accounting of all bond proceeds and their accompanying earnings. At the end of each quarter, the investment manager **shall** certify to the City that all investments and transactions met the criteria stated in the bond documentation.

C. City Investment Policy: The City's Investment Policy, Revision Effective - November 1, 2011 is included as **EXHIBIT "A"** to the RFP document.

The City uses a mathematical formula for determining allocation of evaluation criteria including cost points, to each responsive, responsible proposer. Each evaluation criteria stated in the RFP has an identified weighted factor. Each evaluation committee member will rank each criteria, from each proposer, giving their first ranked proposer as number 1, and second proposer as number 2 and so on. The City shall average the ranking for each criteria, for all evaluation committee members, and then multiply that average ranking by the weighted criteria identified in the RFP. The lowest average final ranking score will determine the recommendation by the evaluation committee to the City Manager.

PART VII – PROPOSAL SUMMARY REQUIREMENTS

PROPOSAL SUMMARY REQUIREMENTS TO BE COMPLETED AND SUBMITTED AS FOLLOWS:

SUBMISSION REQUIREMENTS:
In order to provide for proper evaluation of your firm and fairly compare it with other submittals, we request that you format your response in the following order:

1. Organization
   A. Company Name
   B. Principal Address
   C. Telephone Numbers - Principal and Fax
   D. Email Address (es)
   E. Describe the organization, date founded and ownership of your firm and regulatory bodies your firm reports to. Has the firm experienced a significant change in organizational structure, ownership or management during the past three years and, if so, please describe.
   F. Describe any other business affiliations (e.g. subsidiaries, joint ventures, "soft dollar" arrangements with brokers).
   G. Identify the types of accounts primarily managed by your firm.
   H. Does the firm have an office in the State of Florida?
   I. Is your firm a registered advisor under the Investment Advisor's Act of 1940? Please attach Part II of your most recent Form ADV.
   J. Describe any SEC, NASD or any other regulatory censure or litigation involving your firm during the past five (5) years.
   K. Summarize fidelity bond coverage, errors and omissions, employee dishonesty, fiduciary liability insurance, or other fiduciary coverage your firm carries. Provide a Certificate of Insurance.
   L. Provide a copy of your firm's most recent audited financial statement.
   M. Does your firm adhere to the Code of Professional and Ethical Standards as described by Association for Investment Management and Research (AIMR)?

2. Experience
   A. Describe your firm's experience in managing investment portfolios for public funds and governmental entities including any relevant experience managing public funds in Florida.

   B. Describe your firm's experience in managing investment portfolios for bond funds.

   C. Summarize your assets under management (institutional only) over the past five years by the following categories: short-term funds, medium-term funds, long-term funds. Also, please separate these asset totals by Government Institutions and Other Institutions

	Short-Term Funds	Medium-Term Funds	Long-Term Funds
ıvernment Institutions			
ıer Institutions			
tal			

G. In one sentence, describe your firm's fixed income investment policy. When was it established?

5. Performance

A. Provide a breakdown of the total assets managed by your firm. Do not include figures for any subsidiaries, affiliates, or parent firms. As of March 31, 2012 or as of: __/__/__

	# of accts	$ value (in $1,000)
Tax Exempt Assets		
ERISA	_____	_____
Public		
Taft-Hartley	_____	_____
Endowment	_____	_____
Foundation	_____	_____
Other	_____	_____
Total Tax-Exempt	_____	_____
Taxable Assets		
Personal Trusts	_____	_____
Commingled	_____	_____
Total Taxable	_____	_____
Mutual Funds		
Equity	_____	_____
Fixed Income	_____	_____
Money Market	_____	_____
Total Mutual Funds	_____	_____
Overall Total	_____	_____

C. Provide the rates of return indicated below by fund (limited to fixed income investments - exclude equity portfolios). If you have a fund, which would mirror the City's authorized investments, please bring this to our attention as such. Where multi-products exist, simply duplicate the return tables listed below for each product submitted. Additionally, if available, submit return figures calculated by a third party performance firm. Be sure to indicate the asset value and number of accounts corresponding to the return figures.

Fixed Income Performance

YEAR ENDING	RETURN %	# OF ACCOUNTS	Market Value ($)
2007			
2008			
2009			
2010			
2011			
Annualized 3 year thru 12/31			
Annualized 5 year thru 12/31			
1st Q 2011			
2nd Q 2011			
3rd Q 2011			
4th Q 2011			
1st Q 2012			

D. Is your Firm in compliance with the Association for Investment Management and Research (AIMR) Standards?

E. What is the average size of the five largest fixed income funds under current active management?

6. Accounting and Reporting

A. Describe the investment accounting and reporting system used by your firm and if it complies with AIMR standards.

B. Describe the frequency and format of reports that you shall provide to the City, (including the methods and formulas used to calculate yield and performance). The city requires reports on a monthly basis for each month of the year, a quarterly basis and an annual report. Also, in order for the City to comply with accounting and financial reporting requirements, state what data is available for the reports, such as effective duration on an investment basis, type of investment basis and total portfolio basis. Sample reports must be included.

PART VIII - PROPOSAL PAGES - TECHNICAL PROPOSAL

The following issues should be fully responded to in your proposal in concise narrative form. Additional sheets should be used, but they should reference each issue and be presented in the same order.

Tab 1: Bid/Proposal Signature page (signed by a representative who is authorized to contractually bind the Contractor). A copy of your Corporate By-Laws, or a letter signed by a corporate officer should be included, if proposal is signed by other than the President, Vice President or Treasurer.

Tab 2: Non-Collusion Statement

Tab 3: Letter of Interest, The letter of interest may contain any other information not in the proposal but should not exceed two (2) pages.

Tab 4: Statement of Proposed Services. Proposals should respond to scope of work. They should be no longer than twelve (12) pages (single sided), and be comprised of three general components: (a) an assessment of capability and approach to perform the scope of service; (b) identification of Proposer's distinctive competence, staff qualifications assigned to this account with their experience and skills they bring to this assignment, along with resume of experience and qualifications;

Tab 5: Business Licenses. Evidence that your firm and/or persons performing the work are licensed to do business in the State of Florida, or Certificate of Good Standing from the State in which you are corporately registered.

Tab 6: Evidence of Insurance. Certificate of Insurance showing coverage, forms, limits. Actual insurance certificates will be required from recommended contractor, prior to award.

Tab 7: List of five current and past clients/references for whom you have provided similar services in the last three years; Provide agency name, address, telephone number, contact person, and date service was provided. Be prepared to provide, upon request, evidence of work product, ability to meet schedules, cooperation, and responsiveness. Attach additional sheets if necessary.

Tab 8: PART VII - Proposal Summary Requirements **(Provide answers to all questions in this section of the RFP, including the fees in basis points).**

Tab 9: SSAE 16, SOC 2, Type I report with their proposal. Awarded contractor will be required to provide an SSAE 16, SOC 2, Type II report annually during the term of this contract. If the Contractor cannot provide the SSAE 16, SOC 2, Type I report at the time of proposal submittal, a current SOC 3 report will be accepted.

Tab 10: Any additional attachments to your proposal.

WHITE, which includes persons whose origins are Anglo-Saxon and Europeans and persons of Indo-European decent including Pakistani and East Indian.
HISPANIC, which includes persons of Mexican, Puerto Rican, Cuban, Central and South American, or other Spanish culture or origin, regardless of race.
NATIVE AMERICAN, which includes persons whose origins are American Indians, Eskimos, Aleuts, or Native Hawaiians.
ASIAN AMERICAN, which includes persons having origin in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands.

1.10 **MINORITY-WOMEN BUSINESS ENTERPRISE PARTICIPATION**
It is the desire of the City of Fort Lauderdale to increase the participation of minority (MBE) and women-owned (WBE) businesses in its contracting and procurement programs. While the City does not have any preference or set aside programs in place, it is committed to a policy of equitable participation for these firms. Proposers are requested to include in their proposals a narrative describing their past accomplishments and intended actions in this area. If proposers are considering minority or women owned enterprise participation in their proposal, those firms, and their specific duties have to be identified in the proposal. If a proposer is considered for award, he or she will be asked to meet with City staff so that the intended MBE/WBE participation can be formalized and included in the subsequent contract.

1.11 **SCRUTINIZED COMPANIES**
This Section applies to any contract for goods or services of $1 million or more:
The Contractor certifies that it is not on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List as provided in section 287.135, Florida Statutes (2011), as may be amended or revised. The City may terminate this Contract at the City's option if the Contractor is found to have submitted a false certification as provided under subsection (5) of section 287.135, Florida Statutes (2011), as may be amended or revised, or been placed on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List.

Part II DEFINITIONS/ORDER OF PRECEDENCE:

2.01 **BIDDING DEFINITIONS** The City will use the following definitions in it's general conditions, special conditions, technical specifications, instructions to bidders, addenda and any other document used in the bidding process:
INVITATION TO BID (ITB) when the City is requesting bids from qualified Bidders.
REQUEST FOR PROPOSALS (RFP) when the City is requesting proposals from qualified Proposers.
BID – a price and terms quote received in response to an ITB.
PROPOSAL – a proposal received in response to an RFP.
BIDDER – Person or firm submitting a Bid.
PROPOSER – Person or firm submitting a Proposal.
RESPONSIVE BIDDER – A person whose bid conforms in all material respects to the terms and conditions included in the ITB.
RESPONSIBLE BIDDER – A person who has the capability in all respects to perform in full the contract requirements, as stated in the ITB, and the integrity and reliability that will assure good faith performance.
FIRST RANKED PROPOSER – That Proposer, responding to a City RFP, whose Proposal is deemed by the City, the most advantageous to the City after applying the evaluation criteria contained in the RFP.
SELLER – Successful Bidder or Proposer who is awarded a Purchase Order or Contract to provide goods or services to the City.
CONTRACTOR – Successful Bidder or Proposer who is awarded a Purchase Order, award Contract, Blanket Purchase Order agreement, or Term Contract to provide goods or services to the City.
CONTRACT – A deliberate verbal or written agreement between two or more competent parties to perform or not to perform a certain act or acts, including all types of agreements, regardless of what they may be called, for the procurement or disposal of equipment, materials, supplies, services or construction.
CONSULTANT – Successful Bidder or Proposer who is awarded a contract to provide professional services to the City.
The following terms may be used interchangeably by the City: ITB and/or RFP; Bid or Proposal; Bidder, Proposer, or Seller; Contractor or Consultant; Contract, Award, Agreement or Purchase Order.

2.02 **SPECIAL CONDITIONS:** Any and all Special Conditions contained in this ITB that may be in variance or conflict with these General Conditions shall have precedence over these General Conditions. If no changes or deletions to General Conditions are made in the Special Conditions, then the General Conditions shall prevail in their entirety.

PART III BIDDING AND AWARD PROCEDURES:

3.01 **SUBMISSION AND RECEIPT OF BIDS:** To receive consideration, bids must be received prior to the bid opening date and time. Unless otherwise specified, Bidder's should use the proposal forms provided by the City. These forms may be duplicated, but failure to use the forms may cause the bid to be rejected. Any erasures or corrections on the bid must be made in ink and initialed by Bidder in ink. All information submitted by the Bidder shall be printed, typewritten or filled in with pen and ink. Bids shall be signed in ink. Separate bids must be submitted for each ITB issued by the City in separate sealed envelopes properly marked. When a particular ITB or RFP requires multiple copies of bids or proposals they may be included in a single envelope or package properly sealed and identified. Only send bids via facsimile transmission (FAX) if the ITB specifically states that bids sent via FAX will be considered. If such a statement is not included in the ITB, bids sent via FAX will be rejected. Bids will be publicly opened in the Procurement Office, or other designated area, in the presence of Bidders, the public, and City staff. Bidders and the public are invited and encouraged to attend bid openings. Bids will be tabulated and made available for review by Bidder's and the public in accordance with applicable regulations.

.02 **MODEL NUMBER CORRECTIONS:** If the model number for the make specified in this ITB is incorrect, or no longer available and replaced with an updated model with new specifications, the Bidder shall enter the correct model number on the bidder proposal page. In the case of an updated model with new specifications, Bidder shall provide adequate information to allow the City to determine if the model bid meets the City's requirements.

.03 **PRICES QUOTED:** Deduct trade discounts, and quote firm net prices. Give both unit price and extended total. In the case of a discrepancy in computing the amount of the bid, the unit price quoted will govern. All prices quoted shall be F.O.B. destination, freight prepaid (Bidder pays and bears freight charges, Bidder owns goods in transit and files any claims), unless otherwise stated in Special Conditions. Each item must be bid separately. No attempt shall be made to tie any item or items contained in the ITB with any other business with the City.

3.16 **PROHIBITION OF INTEREST:** No contract will be awarded to a bidding firm who has City elected officials, officers or employees affiliated with it, unless the bidding firm has fully complied with current Florida State Statutes and City Ordinances relating to this issue. Bidders must disclose any such affiliation. Failure to disclose any such affiliation will result in disqualification of the Bidder and removal of the Bidder from the City's bidder lists and prohibition from engaging in any business with the City.

3.17 **RESERVATIONS FOR AWARD AND REJECTION OF BIDS:** The City reserves the right to accept or reject any or all bids, part of bids, and to waive minor irregularities or variations to specifications contained in bids, and minor irregularities in the bidding process. The City also reserves the right to award the contract on a split order basis, lump sum basis, individual item basis, or such combination as shall best serve the interest of the City. The City reserves the right to make an award to the responsive and responsible bidder whose product or service meets the terms, conditions, and specifications of the ITB and whose bid is considered to best serve the City's interest. In determining the responsiveness of the offer and the responsibility of the Bidder, the following shall be considered when applicable: the ability, capacity and skill of the Bidder to perform as required; whether the Bidder can perform promptly, or within the time specified, without delay or interference; the character, integrity, reputation, judgment, experience and efficiency of the Bidder; the quality of past performance by the Bidder; the previous and existing compliance by the Bidder with related laws and ordinances; the sufficiency of the Bidder's financial resources; the availability, quality and adaptability of the Bidder's supplies or services to the required use; the ability of the Bidder to provide future maintenance, service or parts; the number and scope of conditions attached to the bid.

If the ITB provides for a contract trial period, the City reserves the right, in the event the selected bidder does not perform satisfactorily, to award a trial period to the next ranked bidder or to award a contract to the next ranked bidder, if that bidder has successfully provided services to the City in the past. This procedure to continue until a bidder is selected or the contract is re-bid, at the sole option of the City.

3.18 **LEGAL REQUIREMENTS:** Applicable provisions of all federal, state, county laws, and local ordinances, rules and regulations, shall govern development, submittal and evaluation of all bids received in response hereto and shall govern any and all claims and disputes which may arise between person(s) submitting a bid response hereto and the City by and through its officers, employees and authorized representatives, or any other person, natural or otherwise; and lack of knowledge by any bidder shall not constitute a cognizable defense against the legal effect thereof.

3.19 **BID PROTEST PROCEDURE: ANY PROPOSER OR BIDDER WHO IS NOT RECOMMENDED FOR AWARD OF A CONTRACT AND WHO ALLEGES A FAILURE BY THE CITY TO FOLLOW THE CITY'S PROCUREMENT ORDINANCE OR ANY APPLICABLE LAW MAY PROTEST TO THE DIRECTOR OF PROCUREMENT SERVICES DIVISION (DIRECTOR), BY DELIVERING A LETTER OF PROTEST TO THE DIRECTOR WITHIN FIVE (5) DAYS AFTER A NOTICE OF INTENT TO AWARD IS POSTED ON THE CITY'S WEB SITE AT THE FOLLOWING LINK: http://www.fortlauderdale.gov/purchasing/notices_of_intent.htm**

THE COMPLETE PROTEST ORDINANCE MAY BE FOUND ON THE CITY'S WEB SITE AT THE FOLLOWING LINK: http://www.fortlauderdale.gov/purchasing/protestordinance.pdf

PART IV BONDS AND INSURANCE

4.01 **PERFORMANCE BOND:** If a performance bond is required in Special Conditions, the Contractor shall within fifteen (15) working days after notification of award, furnish to the City a Performance Bond, payable to the City of Fort Lauderdale, Florida, in the face amount specified in Special Conditions as surety for faithful performance under the terms and conditions of the contract. If the bond is on an annual coverage basis, renewal for each succeeding year shall be submitted to the City thirty (30) days prior to the termination date of the existing Performance Bond. The Performance Bond must be executed by a surety company of recognized standing, authorized to do business in the State of Florida and having a resident agent.

Acknowledgement and agreement is given by both parties that the amount herein set for the Performance Bond is not intended to be nor shall be deemed to be in the nature of liquidated damages nor is it intended to limit the liability of the Contractor to the City in the event of a material breach of this Agreement by the Contractor.

.02 **INSURANCE:** If the Contractor is required to go on to City property to perform work or services as a result of ITB award, the Contractor shall assume full responsibility and expense to obtain all necessary insurance as required by City or specified in Special Conditions.

The Contractor shall provide to the Procurement Services Division original certificates of coverage and receive notification of approval of those certificates by the City's Risk Manager prior to engaging in any activities under this contract. The Contractors insurance is subject to the approval of the City's Risk Manager. The certificates must list the City as an ADDITIONAL INSURED for General Liability Insurance, and shall have no less than thirty (30) days written notice of cancellation or material change. Further modification of the insurance requirements may be made at the sole discretion of the City's Risk Manager if circumstances change or adequate protection of the City is not presented. Bidder, by submitting the bid, agrees to abide by such modifications.

ART V PURCHASE ORDER AND CONTRACT TERMS:

01 **COMPLIANCE TO SPECIFICATIONS, LATE DELIVERIES/PENALTIES:** Items offered may be tested for compliance to bid specifications. Items delivered which do not conform to bid specifications may be rejected and returned at Contractor's expense. Any violation resulting in contract termination for cause or delivery of items not conforming to specifications, or late delivery may also result in:

- Bidders name being removed from the City's bidder's mailing list for a specified period and Bidder will not be recommended for any award during that period.
- All City Departments being advised to refrain from doing business with the Bidder.
- All other remedies in law or equity.

)2 **ACCEPTANCE, CONDITION, AND PACKAGING:** The material delivered in response to ITB award shall remain the property of the Seller until a physical inspection is made and the material accepted to the satisfaction of the City. The material must comply fully with the terms of the ITB, be of the required quality, new, and the latest model. All containers shall be suitable for storage and shipment by common carrier, and all prices shall include standard commercial packaging. The City will not accept substitutes of any kind. Any substitutes or material not meeting specifications will be returned at the Bidder's expense. Payment will be made only after City receipt and acceptance of materials or services.

2. The City requires the Contractor to continue to provide the items and services at the firm fixed (non-adjusted) cost until the termination of the contract term then in effect.

3. If the City, in its interest and in its sole opinion, determines that the Contractor in a capricious manner attempted to use this section of the contract to relieve themselves of a legitimate obligation under the contract, and no unusual circumstances had occurred, the City reserves the right to take any and all action under law or equity. Such action shall include, but not be limited to, declaring the Contractor in default and disqualifying him for receiving any business from the City for a stated period of time.

If the City does agree to adjusted costs, these adjusted costs shall not be invoiced to the City until the Contractor receives notice in writing signed by a person authorized to bind the City in such matters.

5.17 **ELIGIBILITY:** If applicable, the Contractor must first register with the Department of State of the State of Florida, in accordance with Florida State Statutes, prior to entering into a contract with the City.

5.18 **PATENTS AND ROYALTIES:** The Contractor, without exception, shall indemnify and save harmless the City and its employees from liability of any nature and kind, including cost and expenses for or on account of any copyrighted, patented or un-patented invention, process, or article manufactured or used in the performance of the contract, including its use by the City. If the Contractor uses any design, device, or materials covered by letters, patent or copyright, it is mutually agreed and understood without exception that the bid prices shall include all royalties or costs arising from the use of such design, device, or materials in any way involved in the work.

5.19 **ASSIGNMENT:** Contractor shall not transfer or assign the performance required by this ITB without the prior written consent of the City. Any award issued pursuant to this ITB, and the monies, which may become due hereunder, are not assignable except with the prior written approval of the City Commission or the City Manager or City Manager's designee, depending on original award approval.

5.20 **LITIGATION VENUE:** The parties waive the privilege of venue and agree that all litigation between them in the state courts shall take place in Broward County, Florida and that all litigation between them in the federal courts shall take place in the Southern District in and for the State of Florida.

_____

SECTION 2. That except as amended as provided in Exhibit 1, the City's Investment Policy adopted pursuant to Resolution No. 00-115, as amended, is in full force and effect.

SECTION 3. That this Resolution shall be in effect immediately upon its adoption.

ADOPTED this the 1st day of November, 2011.

Mayor
JOHN P. "JACK" SEILER

ATTEST:

City Clerk
JONDA K. JOSEPH

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ATTACHMENT A: Glossary of Cash and Investment Management Terms

the safety and liquidity objectives as described. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

IV. DELEGATION OF AUTHORITY

In accordance with the City's Administrative Policies, the responsibility for providing oversight and direction in regard to the management of the investment program resides with the City's Director of Finance. The management responsibility for all City funds in the investment program and investment transactions is delegated to the City's Treasurer. The Director of Finance shall establish written procedures for the operation of the investment portfolio and a system of internal accounting and administrative controls to regulate the activities of employees. The City may employ Investment Managers to assist in managing some of the City's portfolio. Such Investment Manager must be registered under the Investment Advisors Act of 1940.

V. STANDARDS OF PRUDENCE

The standard of prudence to be used by investment officials shall be the "Prudent Person" standard and shall be applied in the context of managing the overall investment program. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectation are reported to the Director of Finance in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy. The "Prudent Person" rule states the following:

> "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment." 218.415(4) F.S.

While the standard of prudence to be used by investment officials who are officers or employees is the "Prudent Person" standard, any person or firm hired or retained to invest, monitor, or advise concerning these assets shall be held to the higher standard of "Prudent Expert". The standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these funds, the contractor shall exercise: the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments of the funds, so as to minimize the risk, considering the probable income as well as the probable safety of their capital.

VI. ETHICS AND CONFLICTS OF INTEREST

Employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Also, employees involved in the investment process shall disclose any material financial interests in financial institutions that conduct business with the City, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the City's investment program.

X. MATURITY AND LIQUIDITY REQUIREMENTS

To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements.

A. Maturity Guidelines
Securities purchased by or on behalf of the City shall have a final maturity of ten (10) years or less from the date of purchase. The overall weighted average duration of principal return for the portfolio shall be less than three (3) years. The maturities of the underlying securities of a repurchase agreement will follow the requirements of the Master Repurchase Agreement.

B. Liquidity Requirements
Investment maturities will match known cash needs and anticipated cash flow requirements.

XI. COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS

After the Treasurer or the Investment Manager(s) has determined the approximate maturity date based on cash flow needs and market conditions and has analyzed and selected one or more optimal types of investments, a minimum of three (3) qualified banks and/or approved broker/dealers must be contacted and asked to provide bids/offers on securities in question. Bids will be held in confidence until the bid deemed to best meet the investment objectives is determined and selected.

However, if obtaining bids/offers are not feasible or appropriate, securities may be purchased utilizing the comparison to current market price method on an exception basis. Acceptable current market price providers include, but are not limited to:

A. Telerate Information System

B. Bloomberg Information Systems

C. Wall Street Journal or a comparable nationally recognized financial publication providing daily market pricing

D. Daily market pricing provided by the City's custodian or their correspondent institutions.

The Treasurer or the Investment Manager(s) shall utilize the competitive bid process to select the securities to be purchased or sold. Selection by comparison to a current market price, as indicated above, shall only be utilized when, in judgment of the Treasurer or the Investment Manager(s), competitive bidding would inhibit the selection process.

Examples of when this method may be used include:

A. Time constraints due to unusual circumstances preclude the use of the competitive bidding process

B. No active market exists for the issue being traded due to the age or depth of the issue

C. A security is unique to a single dealer, for example, a private placement

2. Portfolio Composition
A maximum of 100% of available funds may be invested in the United States Government Securities with the exception that Treasury Strips are limited to 10% of available funds.

3. Maturity Limitations
The maximum length to maturity of any direct investment in the United States Government Securities is ten (10) years from the date of purchase.

C. United States Government Agencies

1. Purchase Authorization
Investment in bonds, debentures, notes or callables issued or guaranteed by the United States Governments agencies, provided such obligations are backed by the full faith and credit of the United States Government. Such securities will include, but not be limited to the following:

United States Export-Import Bank
-Direct obligations or fully guaranteed certificates of beneficial ownership
Farmer Home Administration
-Certificates of beneficial ownership
Federal Financing Bank
-Discount notes, notes and bonds
Federal Housing Administration Debentures
Government National Mortgage Association (GNMA)
-GNMA guaranteed mortgage-backed bonds
-GNMA guaranteed pass-through obligations
General Services Administration
United States Maritime Administration Guaranteed
-Title XI Financing
New Communities Debentures
-United States Government guaranteed debentures
United States Public Housing Notes and Bonds
-United States Government guaranteed public housing notes and bonds
United States Department of Housing and Urban Development
-Project notes and local authority bonds

2. Portfolio Composition
A maximum of 100% of available funds may be invested in United States Government agencies.

3. Limits on Individual Issuers
A maximum of 25% of available funds may be invested in individual United States Government agencies.

4. Maturity Limitations
The maximum length to maturity for an investment in any United States Government agency security is ten (10) years from the date of purchase.

b. A third party custodian with whom the City has a current custodial agreement shall hold the collateral for all repurchase agreements with a term longer than one (1) business day. A clearly marked receipt that shows evidence of ownership must be supplied to the Treasurer and retained.

c. Securities authorized for collateral must have maturities less than ten (10) years and with market value for the principal and accrued interest of 102 percent of the value and for the term of the repurchase agreement. Immaterial short-term deviations from 102 percent requirement are permissible only upon the approval of the Treasurer.

d. The overnight sweep arrangement shall adhere to the agreement between the City and the City's depository bank.

2. Portfolio Composition
A maximum of 20% of available funds may be invested in repurchase agreements excluding one (1) business day agreements and overnight sweep agreements.

3. Limits on Individual Issuers
A maximum of 10% of available funds may be invested with any one institution excluding one (1) business day agreements and overnight sweep agreements.

4. Maturity Limitations
The maximum length to maturity of any repurchase agreement is 90 days from the date of purchase.

G. Commercial Paper

1. Purchase Authorization
Investment in commercial paper of any United States company that is rated, at the time or purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper). If the commercial paper is backed by a letter of credit ("LOC"), the long-term debt of the LOC provider must be rated "A" or better by at least two nationally recognized rating agencies.

2. Portfolio Composition
A maximum of 25% of available funds may be directly invested in prime commercial paper.

3. Limits on Individual Issuers
A maximum of 5% of available funds may be invested with any one issuer.

4. Maturity Limitations
The maximum length to maturity for prime commercial paper shall be 180 days from the date of purchase.

H. Corporate Notes

1. Purchase Authorization
Investment in corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States

K. City of Fort Lauderdale Debt Obligations

1. Investment Authorization
City of Fort Lauderdale obligations, general obligations, revenue bonds, excise bonds or internal fund debt obligations.

2. Portfolio Composition and Maturity Limitations
Composition is based on financial debt management requirements and internal fund asset and liabilities matching structuring requirements.

L. Registered Investment Companies (Money Market Mutual Funds)

1. Investment Authorization
Investment in shares in open-end, no-load money market funds provided such funds are registered under the Federal Investment Company Act of 1940 and operate in accordance with 17 C.F.R. § 270.2a-7, which stipulates that money market funds must have an average weighted maturity of 90 days or less. In addition, the share value of the money market funds must equal to $1.00.

2. Portfolio Composition
A maximum of 75% of available funds may be invested in money market funds, with no more than 25% of available funds invested in non-government money market funds.

3. Limits of Individual Issuers
A maximum of 25% of available funds may be invested with any one money market fund.

4. Rating Requirements
The mutual funds shall be rated "AAAm" by Standard & Poor's or the equivalent by another rating agency.

5. Due Diligence Requirements
A thorough review of any money market fund is required prior to investing, and on a continual basis.

M. Intergovernmental Investment Pool

1. Investment Authorization
Investment in intergovernmental investment pools that are authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes and provided that said funds contain no derivatives.

2. Portfolio Composition
A maximum of 25% of available funds may be invested in intergovernmental investment pools.

3. Due Diligence Requirements
A thorough review of any investment pool/fund is required prior to investing, and on a continual basis.

XV. REPORTING

A. Treasurer and/or Investment Manager(s) shall provide the City Commission, City Manager, City Auditor and Director of Finance with quarterly investment reports. Schedules in the quarterly report should include the following:

1. A listing of individual securities held at the end of the reporting period
2. Percentage of available funds represented by each investment type
3. Coupon, discount or earning rate
4. Average life or duration and final maturity of all investments
5. Par value and market value
6. Rate of Return as compared to benchmarks

B. Annual Investment Report

On an annual basis, the Treasurer shall prepare and submit to the City Commission a written report on all invested funds. The annual report shall provide all, but not limited to, the following: a complete list of all invested funds, name or type of security in which the funds are invested, the amount invested, the maturity date, earned income, the book value, the market value and the yield on each investment. The annual report will show performance on both a book value and total rate of return basis and will compare the results to the above-stated performance benchmarks. All investments shall be reported at fair value per Governmental Accounting Standards Board (GASB). Investment reports shall be available to the public.

C. Monitoring and Compliance

The City Auditor will monitor and ensure compliance with this policy.

XVI. THIRD-PARTY CUSTODIAL AGREEMENTS

Securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchase by, and all collateral obtained by the City should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida as defined in Section 658.12, Florida Statutes, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

The custodian shall accept transaction instructions only from those persons who have been duly authorized by the Director of Finance and which authorization has been provided, in writing, to the custodian. No withdrawal of securities, in whole or in part, shall be made from safekeeping, shall be permitted unless by such a duly authorized person.

The custodian shall provide the Treasurer with safekeeping receipts that provide detail information on the securities held by the custodian. In addition, the custodian shall report at least quarterly and the Treasurer shall verify the reports. Security transactions between a broker/dealer and the

ATTACHMENT A

Accrued Interest. Interest earned but which has not yet been paid or received.

Agency. See "Federal Agency Securities."

Ask Price. Price at which a broker/dealer offers to sell a security to an investor. Also known as "offered price."

Asset Backed Securities (ABS). A fixed-income security backed by notes or receivables against assets other than real estate. Generally issued by special purpose companies that "own" the assets and issue the ABS. Examples include securities backed by auto loans, credit card receivables, home equity loans, manufactured housing loans, farm equipment loans and aircraft leases.

Average Life. The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

Bankers' Acceptance (BA's). A draft or bill of exchange drawn upon and accepted by a bank. Frequently used to finance shipping of international goods. Used as a short-term credit instrument, bankers' acceptances are traded at a discount from face value as a money market instrument in the secondary market on the basis of the credit quality of the guaranteeing bank.

Basis Point. One hundredth of one percent, or 0.01%. Thus 1% equals 100 basis points.

Bearer Security. A security whose ownership is determined by the holder of the physical security. Typically, there is no registration on the issuer's books. Title to bearer securities is transferred by delivery of the physical security or certificate. Also know as "physical securities."

Benchmark Bills: In November 1999, FNMA introduced its Benchmark Bills program, a short-term debt securities issuance program to supplement its existing discount note program. The program includes a schedule of larger, weekly issues in three- and sixth-month maturities and biweekly issues in one-year for Benchmark Bills. Each issue is brought to market via a Dutch (single price) auction. FNMA conducts a weekly auction for each Benchmark Bill maturity and accepts both competitive and non-competitive bids through a web based auction system. This program is in addition to the variety of other discount note maturities, with rates posted on a daily basis, which FNMA offers. FNMA's Benchmark Bills are unsecured general obligations that are issued in book-entry form through the Federal Reserve Banks. There are no periodic payments of interest on Benchmark Bills, which are sold at a discount from the principal amount and payable at par at maturity. Issues under the Benchmark program constitute the same credit standing as other FNMA discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

Benchmark Notes/Bonds: Benchmark Notes and Bonds are a series of FNMA "bullet" maturities (non-callable) issued according to a pre-announced calendar. Under its Benchmark Notes/Bonds program, 2, 3, 5, 10 and 30-year maturities are issued each quarter. Each Benchmark Notes new issue has a minimum size of $4 billion, 30-year new issues having a minimum size of $1 billion, with reopenings based on investor demand to further enhance liquidity. The amount of non-callable issuance has allowed FNMA to build a yield curve in Benchmark Notes and Bonds in maturities ranging from 2 to 30 years. The liquidity emanating from these large size issues has facilitated favorable financing opportunities through the development of a liquid overnight and term repo market. Issues under the Benchmark program constitute the same credit standing as other FNMA issues; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Collateralization. Process by which a borrower pledges securities, property, or other deposits for securing the repayment of a loan and/or security.

Collateralized Mortgage Obligation (CMO). A security that pools together mortgages and separates them into short, medium, and long-term positions (called tranches). Tranches are set up to pay different rates of interest depending upon their maturity. Interest payments are usually paid monthly. In "plain vanilla" CMOs, principal is not paid on a tranche until all shorter tranches have been paid off. This system provides interest and principal in a more predictable manner. A single pool of mortgages can be carved up into numerous tranches each with its own payment and risk characteristics.

Commercial Paper. Short term unsecured promissory note issued by a company or financial institution. Issued at a discount and matures for par or face value. Usually a maximum maturity of 270 days, and given a short-term debt rating by one or more Nationally Recognized Statistical Rating Organization (NRSRO).

Convexity. A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

Corporate Note. A debt instrument issued by a corporation with a maturity of greater than one year and less than ten years.

Counterparty. The other party in a two party financial transaction. "Counterparty risk" refers to the risk that the other party to a transaction will fail in its related obligations. For example, the bank or broker/dealer in a repurchase agreement.

Coupon Rate. Annual rate of interest on a debt security, expressed as a percentage of the bond's face value.

Current Yield. Annual rate of return on a bond based on its price. Calculated as (coupon rate / price), but does not accurately reflect a bond's true yield level.

Custody. Safekeeping services offered by a bank, financial institution or trust company, referred to as the "custodian." Service normally includes the holding and reporting of the customer's securities, the collection and disbursement of income, securities settlement and market values.

Dealer. A dealer acts as a principal in all transactions, buying and selling for his own account.

Delivery vs. Payment (DVP). Settlement procedure in which securities are delivered versus payment of cash, but only after cash has been received. Most security transactions, including those through the Fed Securities Wire system and Depository Trust Company (DTC), are done DVP as a protection for both the buyer and seller of securities.

Depository Trust Company (DTC). A firm through which members can use a computer to arrange for securities to be delivered to other members without physical delivery of certificates. A member of the Federal Reserve System and owned mostly by the New York Stock Exchange, the Depository Trust Company uses computerized debit and credit entries. Most corporate securities, commercial paper, CDs and BAs clear through DTC.

Derivatives. For hedging purposes, common derivatives are options, futures, swaps and swaptions. All Collateralized Mortgage Obligations ("CMOs") are derivatives. (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

Derivative Security. Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

Federal Deposit Insurance Corporation (FDIC). The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the same official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to $250,000. Separately, all demand deposits owned by a public unit and held by the same official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to $250,000. For the purpose of these rules (Deposit Insurance for Accounts Held by Government Depositors), the term 'savings deposits' includes NOW accounts and money market deposit accounts but does not include interest-bearing demand deposit accounts (which will be permitted after July 21, 2011) The term 'demand deposits' means deposits payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

For the period from December 31, 2010 through December 31, 2012, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) provides separate and unlimited deposit insurance coverage for accounts that meet the definition of a 'non-interest bearing transaction account.' This unlimited coverage for such accounts is separate from the $250,000 coverage provided for other types of accounts. Also, beginning on July 21, 2011, the Dodd-Frank Act provides that insured depository institutions will be permitted to pay interest on demand deposit accounts.

Federal Farm Credit Bank (FFCB). A Government Sponsored Enterprise (GS) system that is a network of cooperatively-owned lending institutions that provides credit services to farmers, agricultural cooperatives and rural utilities. The FFCBs act as financial intermediaries that borrow money in the capital markets and use the proceeds to make loans and provide other assistance to farmers and farm-affiliated businesses. Consists of the consolidated operations of the Banks for Cooperatives, Federal Intermediate Credit Banks, and Federal Land Banks. Frequent issuer of discount notes, agency notes and callable agency securities. FFCB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and agricultural industry. Also issues notes under its "designated note" program.

Federal Funds (Fed Funds). Funds placed in Federal Reserve Banks by depository institutions in excess of current reserve requirements, and frequently loaned or borrowed on an overnight basis between depository institutions.

Federal Funds Rate (Fed Funds Rate). The interest rate charged by a depository institution lending Federal Funds to another depository institution. The Federal Reserve influences this rate by establishing a "target" Fed Funds rate associated with the Fed's management of monetary policy.

Federal Home Loan Bank System (FHLB). A Government Sponsored Enterprise (GSE) system, consisting of wholesale banks (currently twelve district banks) owned by their member banks, which provides correspondent banking services and credit to various financial institutions, financed by the issuance of securities. The principal purpose of the FHLB is to add liquidity to the mortgage markets. Although FHLB does not directly fund mortgages, it provides a stable supply of credit to thrift institutions that make new mortgage loans. FHLB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes and callable agency securities. Also issues notes under its "global note" and "TAP" programs.

Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac"). A government sponsored public corporation (GSE) that provides stability and assistance to the secondary market for home mortgages by purchasing first mortgages and participation interests financed by the sale of debt and guaranteed mortgage-backed securities. FHLMC debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial

Government, but they are not direct obligations of the U.S. Government. For this reason, these securities will offer a yield premium over Treasuries. Some consider GSEs to be stealth recipients of corporate welfare. Examples of GSEs include: FHLB, FHLMC, and FNMA.

Government Sponsored Enterprise Security. A security issued by a Government Sponsored Enterprise. Considered Federal Agency Securities.

Index. A compilation of statistical data that tracks changes in the economy or in financial markets.

Interest-Only (IO) STRIP. A security based solely on the interest payments from the bond. After the principal has been repaid, interest payments stop and the value of the security falls to nothing. Therefore, IOs are considered risky investments. Usually associated with mortgage-backed securities.

Internal Controls. An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1. the cost of a control should not exceed the benefits likely to be derived and 2. the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. **Control of collusion** - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.

2. **Separation of transaction authority from accounting and record keeping** - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.

3. **Custodial safekeeping** - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.

4. **Avoidance of physical delivery securities** - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.

5. **Clear delegation of authority to subordinate staff members** - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.

6. **Written confirmation of transactions for investments and wire transfers** - Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.

7. **Development of a wire transfer agreement with the lead bank and third-party custodian** - The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

Moody's Investors Service. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

Mortgage Backed Securities (MBS). Mortgage-backed securities represent an ownership interest in a pool of mortgage loans made by financial institutions, such as savings and loans, commercial banks, or mortgage companies, to finance the borrower's purchase of a home or other real estate. The majority of MBS are issued and/or guaranteed by GNMA, FNMA and FHLMC. There are a variety of MBS structures, some of which can be very risky and complicated. All MBS have reinvestment risk as actual principal and interest payments are dependent on the payment of the underlying mortgages which can be prepaid by mortgage holders to refinance and lower rates or simply because the underlying property was sold.

Mortgage Pass-Through Securities. A pool of residential mortgage loans with the monthly interest and principal distributed to investors on a pro-rata basis. Largest issuer is GNMA.

Municipal Note/Bond. A debt instrument issued by a state or local government unit or public agency. The vast majority of municipals are exempt from state and federal income tax, although some non-qualified issues are taxable.

Mutual Fund. Portfolio of securities professionally managed by a registered investment company that issues shares to investors. Many different types of mutual funds exist (bond, equity, money fund); all except money market funds operate on a variable net asset value (NAV).

National Association of Securities Dealers (NASD). Organization of brokers and dealers who trade securities in the United States, supervised by the SEC, and which provides regulatory exams for industry participants.

Negotiable Certificate of Deposit (Negotiable CD). Large denomination CDs ($100,000 and larger) that are issued in bearer form and can be traded in the secondary market.

Net Asset Value. The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.)

[(Total assets) - (Liabilities)]/(Number of shares outstanding)

NRSRO. A "Nationally Recognized Statistical Rating Organization." A designated rating organization that the SEC has deemed a strong national presence in the U.S. NRSROs provide credit ratings on corporate and bank debt issues. Only ratings of a NRSRO may be used for the regulatory purposes of rating. Includes Moody's, S&P, Fitch and Duff & Phelps.

Offered Price. See also "Ask Price."

Open Market Operations. Federal Reserve monetary policy tactic entailing the purchase or sale of government securities in the open market by the Federal Reserve System from and to primary dealers in order to influence the money supply, credit conditions, and interest rates.

Par Value. Face value, stated value or maturity value of a security.

Physical Delivery. Delivery of readily available underlying assets at contract maturity.

Portfolio. Collection of securities and investments held by an investor.

Premium. The amount by which a bond or other financial instrument sells above its face value. See also "Discount."

program was designed to offer predictable supply, pricing transparency and liquidity, thereby providing alternatives to Treasury bills. FHLMC's Reference Bills are unsecured general corporate obligations. This program supplements the corporation's existing discount note program. Issues under the Reference program constitute the same credit standing as other FHLMC discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

Reference Notes: FHLMC's intermediate-term debt program with issuances of 2, 3, 5, 10 and 30-year maturities. Initial issuances range from $2 - $6 billion with reopenings ranging $1 - $4 billion. The notes are high-quality bullet structures securities that pay interest semiannually. Issues under the Reference program constitute the same credit standing as other FHLMC notes; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Repurchase Agreement (Repo). A short-term investment vehicle where an investor agrees to buy securities from a counterparty and simultaneously agrees to resell the securities back to the counterparty at an agreed upon time and for an agreed upon price. The difference between the purchase price and the sale price represents interest earned on the agreement. In effect, it represents a collateralized loan to the investor, where the securities are the collateral. Can be DVP, where securities are delivered to the investor's custodial bank, or "tri-party" where the securities are delivered to a third party intermediary. Any type of security can be used as "collateral," but only some types provide the investor with special bankruptcy protection under the law. Repos should be undertaken only when an appropriate BMA approved master repurchase agreement is in place.

Reverse Repurchase Agreement (Reverse Repo). A repo from the point of view of the original seller of securities. Used by dealers to finance their inventory of securities by essentially borrowing at short-term rates. Can also be used to leverage a portfolio and in this sense, can be considered risky if used improperly.

Safekeeping. Service offered for a fee, usually by financial institutions, for the holding of securities and other valuables. Safekeeping is a component of custody services.

Secondary Market. Markets for the purchase and sale of any previously issued financial instrument.

Securities Lending. An arrangement between and investor and a custody bank that allows the custody bank to "loan" the investors investment holdings, reinvest the proceeds in permitted investments, and shares any profits with the investor. Should be governed by a securities lending agreement. Can increase the risk of a portfolio in that the investor takes on the default risk on the reinvestment at the discretion of the custodian.

Sinking Fund. A separate accumulation of cash or investments (including earnings on investments) in a fund in accordance with the terms of a trust agreement or indenture, funded by periodic deposits by the issuer (or other entity responsible for debt service), for the purpose of assuring timely availability of moneys for payment of debt service. Usually used in connection with term bonds.

Spread. The difference between the price of a security and similar maturity Treasury investments, expressed in percentage terms or basis points. A spread can also be the absolute difference in yield between two securities. The securities can be in different markets or within the same securities market between different credits, sectors, or other relevant factors.

Standard & Poor's. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

STRIPS (Separate Trading of Registered Interest and Principal of Securities). Acronym applied to Treasury securities that have had their coupons and principal repayments separated into individual zero-coupon Treasury securities. The same technique and "strips" description can be applied to non-Treasury securities (e.g. FNMA strips).

Trustee. A bank designated by an issuer of securities as the custodian of funds and official representative of bondholders. Trustees are appointed to insure compliance with the bond documents and to represent bondholders in enforcing their contract with the issuer.

Uniform Net Capital Rule. SEC regulation 15C3-1 that outlines the minimum net capital ratio (ratio of indebtedness to net liquid capital) of member firms and non-member broker/dealers.

Unrealized Gains (Losses). The difference between the market value of an investment and its book value. Gains/losses are "realized" when the security is actual sold, as compared to "unrealized" gains/losses which are based on current market value. See also "Realized Gains (Losses)."

Variable-Rate Security. A bond that bears interest at a rate that varies over time based on a specified schedule of adjustment (e.g., daily, weekly, monthly, semi-annually or annually). See also "Floating Rate Note."

Weighted Average Maturity Average Maturity. The average maturity of all securities and investments of a portfolio, determined by multiplying the par or principal value of each security or investment by its maturity (days or years), summing the products, and dividing the sum by the total principal value of the portfolio. A simple measure of risk of a fixed-income portfolio.

Weighted Average Maturity to Call. The average maturity of all securities and investments of a portfolio, adjusted to substitute the first call date per security for maturity date for those securities with call provisions.

Yield Curve. A graphic depiction of yields on like securities in relation to remaining maturities spread over a time line. The traditional yield curve depicts yields on Treasuries, although yield curves exist for Federal Agencies and various credit quality corporates as well. Yield curves can be positively sloped (normal) where longer-term investments have higher yields, or "inverted" (uncommon) where longer-term investments have lower yields than shorter ones.

Yield to Call (YTC). Same as "Yield to Maturity," except the return is measured to the first call date rather than the maturity date. Yield to call and be significantly higher or lower than a security's yield to maturity.

Yield to Maturity (YTM). Calculated return on an investment, assuming all cash flows from the security are reinvested at the same original yield. Can be higher or lower than the coupon rate depending on market rates and whether the security was purchased at a premium or discount. There are different conventions for calculating YTM for various types of securities.

Yield. There are numerous methods of yield determination. In this glossary, see also "Current Yield," "Yield Curve," "Yield to Call" and "Yield to Maturity."

BID/PROPOSAL SIGNATURE PAGE

How to submit bids/proposals: Proposals must be submitted by hard copy only. It will be the sole responsibility of the Bidder to ensure that the bid reaches the City of Fort Lauderdale, City Hall, Procurement Services Division, Suite 619, 100 N. Andrews Avenue, Fort Lauderdale, FL 33301, prior to the bid opening date and time listed. Bids/proposals submitted by fax or email will NOT be accepted.

The below signed hereby agrees to furnish the following article(s) or services at the price(s) and terms stated subject to all instructions, conditions, specifications addenda, legal advertisement, and conditions contained in the bid. I have read all attachments including the specifications and fully understand what is required. By submitting this signed proposal I will accept a contract if approved by the CITY and such acceptance covers all terms, conditions, and specifications of this bid/proposal.

Please Note: All fields below **must** be completed. If the field does not apply to you, please note N/A in that field.

Submitted by:_____
(signature) (date)

Name (printed)_____ Title:_____

Company: (Legal Registration)_____

CONTRACTOR, IF FOREIGN CORPORATION, MAY BE REQUIRED TO OBTAIN A CERTIFICATE OF AUTHORITY FROM THE DEPARTMENT OF STATE, IN ACCORDANCE WITH FLORIDA STATUTE §607.1501 (visit http://www.dos.state.fl.us/).

Address:_____

City_____ State:_____ Zip_____

Telephone No._____ FAX No. _____ Email: _____

Delivery: Calendar days after receipt of Purchase Order (section 1.02 of General Conditions): _____

Payment Terms (section 1.04): _____ Total Bid Discount (section 1.05): _____

Does your firm qualify for MBE or WBE status (section 1.09): MBE _____ WBE _____

ADDENDUM ACKNOWLEDGEMENT - Proposer acknowledges that the following addenda have been received and are included in the proposal:

Addendum No. Date Issued

P-CARDS: Will your firm accept the City's Credit Card as payment for goods/services?

YES _____ **NO**_____

VARIANCES: State any variations to specifications, terms and conditions in the space provided below or reference in the space provided below all variances contained on other pages of bid, attachments or bid pages. No variations or exceptions by the Proposer will be deemed to be part of the bid submitted unless such variation or exception is listed and contained within the bid documents and referenced in the space provided below. If no statement is contained in the below space, it is hereby implied that your bid/proposal complies with the full scope of this solicitation. HAVE YOU STATED ANY VARIANCES OR EXCEPTIONS BELOW? BIDDER MUST CLICK THE EXCEPTION LINK IF ANY VARIATION OR EXCEPTION IS TAKEN TO THE SPECIFICATIONS, TERMS AND CONDITIONS. If this section does not apply to your bid, simply mark N/A in the section below.

Variances:

_____

_____

City of Fort Lauderdale • Procurement Services Division
100 N. Andrews Avenue, #619 • Fort Lauderdale, Florida 33301
954-828-5933 FAX 954-828-5576
purchase@fortlauderdale.gov

ADDENDUM NO. 2

RFP 125-10899
INVESTMENT MANAGEMENT SERVICES

ISSUED: April 9, 2012

The following paragraphs in RFP 125-10899 shall be deleted in its entirety:

PART I – INTRODUCTION INFORMATION, ITEM 05. ELIGIBILITY (second paragraph), PART III – SPECIAL CONDITIONS, ITEM 24. SPECIAL INFORMATION CONTROLS, and PART VIII –PROPOSED PAGES – TECHNICAL PROPOSAL, Tab 9, which states the following:

"The Contractor shall provide a current SSAE 16, SOC 2, Type 1 report with their proposal. Awarded contractor will be required to provide an SSAE 16, SOC 2, Type II report annually during the term of this contract. If the Contractor cannot provide the SSAE 16, SOC 2, Type 1 report at the time of proposal submittal, a current SOC 3 report will be accepted."

And shall be replaced with the following SSAE 16 requirements:

The Contractor(s) or all investment managers shall be required to provide a SSAE 16, SOC 1, Type 2 Report, within six (6) months from the effective date of the contract. The SSAE 16, SOC 1, Type II Report will be required each year for the term of the contract. This includes third party entities. No other documentation shall be accepted.

City of Fort Lauderdale • Procurement Services Division
100 N. Andrews Avenue, #619 • Fort Lauderdale, Florida 33301
954-828-5933 FAX 954-828-5576
purchase@fortlauderdale.gov

The following New language is being added and made part of this RFP under PART III - SPECIAL CONDITIONS, ITEM 25. Also added and made part of this RFP of this RFP is Exhibit B Local Business Preference Certification Statement document.:

25. LOCAL BUSINESS PREFERENCE

Section 2-199.2, Code of Ordinances of the City of Fort Lauderdale, (Ordinance No. C-12-04), provides for a local business preference.

In order to be considered for a local business preference, a bidder or proposer must include the Local Business Preference Certification Statement, Exhibit"B" of this RFP, and documentation of the following, as applicable to the local business preference class claimed, **at the time of proposal submittal:**

Upon recommendation for contract award based on the application of a local Business Preference the Proposer shall within ten (10) calendar days submit the following documentation to the Local Business Preference Class claimed:

A) Copy of City of Fort Lauderdale current year business tax receipt, **or** Broward County current year business tax receipt, **and**

B) List of the names of all employees of the bidder or proposer and evidence of employees' residence within the geographic bounds of the City of Fort Lauderdale or Broward County, as the case may be, such as current Florida driver license, residential utility bill (water, electric, telephone, cable television), or other type of similar documentation acceptable to the City.

Failure to comply at time of proposal submittal shall result in the Proposer being found ineligible for the local business preference.

THE COMPLETE LOCAL BUSINESS PREFERENCE ORDINANCE MAY BE FOUND ON THE CITY'S WEB SITE AT THE FOLLOWING LINK: http:/www.fortlauderdale.gov/purchasing/index.htm

Definitions: The term "Business" shall mean a person, firm, corporation or other business entity which is duly licensed and authorized to engage in a particular work in the State of Florida. Business shall be broken down into four (4) types of classes:

1. Class A Business – shall mean any Business that has established and agrees to maintain a permanent place of business located in a non-residential zone and staffed with full-time employees within the limits of the City **and** shall maintain a staffing level of the prime contractor for the proposed work of at least fifty percent (50%) who are residents of the City.
2. Class B Business - shall mean any Business that has established and agrees to maintain a permanent place of business located in a non-residential zone and staffed with full-time employees within the limits of the City **or** shall maintain a staffing level of the prime contractor for the proposed work of at least fifty percent (50%) who are residents of the City.
3. Class C Business - shall mean any Business that has established and agrees to maintain a permanent place of business located in a non-residential zone **and** staffed with full-time employees within the limits of Broward County.

RFP NO. 125-10899

TITLE: Investment Management Services

EXHIBIT "B"
LOCAL BUSINESS PREFERENCE CERTIFICATION STATEMENT

The Business identified below certifies that it qualifies for the local BUSINESS preference classification as indicated herein, and further certifies and agrees that it will re-affirm it's local preference classification annually no later than thirty (30) calendar days prior to the anniversary of the date of a contract awarded pursuant to this RFP. Violation of the foregoing provision may result in contract termination.

(1) _____ Business Name is a **Class A** Business as defined in City of Fort Lauderdale Ordinance No. C-12-04, Sec.2-199.2. A copy of the City of Fort Lauderdale current year Business Tax Receipt **and** a complete list of full-time employees and their addresses are attached for justification.

(2) _____ Business Name is a **Class B** Business as defined in the City of Fort Lauderdale Ordinance No. C-12-04, Sec.2-199.2. A copy of the Business Tax Receipt **or** a complete list of full-time employees and their addresses is attached as justification.

(3) _____ Business Name is a **Class C** Business as defined in the City of Fort Lauderdale Ordinance No. C-12-04, Sec.2-199.2. A copy of the Broward County Business Tax Receipt is attached as justification.

(4) _____ Business Name requests a **Conditional Class A** classification as defined in the City of Fort Lauderdale Ordinance No. C-12-04, Sec.2-199.2. Written certification of intent is attached.

(5) _____ Business Name requests a **Conditional Class B** classification as defined in the City of Fort Lauderdale Ordinance No. C-12-04, Sec.2-199.2. Written certification of intent is attached.

(6) _____ Business Name is considered a **Class D** Business as defined in the City of Fort Lauderdale Ordinance No. C-12-04, Sec.2-199.2. and does not qualify for Local Preference consideration. (Notary not required for Class "D")

PROPOSER'S COMPANY: _____

AUTHORIZED COMPANY PERSON: _____
NAME SIGNATURE DATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____day of _____, 20__, by _____ and _____as _____ and _____ respectively, of _____. They are ☐ personally known to me or ☐ have produced _____ as identification.

SEAL)

_____
Notary Public, State of
(Signature of Notary taking Acknowledgment)

_____
Name of Notary Typed, Printed or Stamped

My Commission Expires: _____

_____
Commission Number

Commerical paper - market value - $0.00, % of protfolio - 0.00%, maiumum % authorized - 25%.
Unsettled Activity Cash - market value $7,182.70, % of protfolio - N/A, maximum % authorized - N/A.
Total market value = $542,450,659.22, % of portfolio = 100%
3. PFM and Cutwater Asset Managers. They currrently manage $100 million each.
4. Both current contracts may be found at: http://www.fortlauderdale.gov/purchasing/contractdocs.htm **(Answered: Apr 5, 2012 3:09:07 PM EDT)**

Question 14

1. In question 9 on page 21 of your solicitation you identify 4 tiers of investment with different maturities. Is your request for single or multiple investment portfolios and what will be the benchmark or benchmarks?
2. How the funds are currently being invested?
3. Are historical or projected cash flows available?
4. On page 7 in item 12 you state that the City may require additional items or services. Are the additional services envisioned limited to investment management and if not, what types of services may be required? **(Submitted: Apr 5, 2012 6:45:44 AM EDT)**

Answer

- 1. For benchmarking purposes, each manager's allocation can be divided, although a manager may be resoinsible for a particular term of investments, such as intermediate term. Please refer to the Investment Policy, Section XIV. Performance Measurements for benchmarks.
2. See answer in Question 13, item 2. above.
3. NO.
4. Updates on current investment environment, options regarding particular investments, recommendation to portfolio composition within the parameters of Florida Statutues. Also, the addition of fuel hedging for an energy price risk management program. The primary goal of the program is to minimize the variability in the city's budget due to fluctuations in the price of fuel rather than speculative investment. This program is in the process of being finalized. **(Answered: Apr 5, 2012 3:09:07 PM EDT)**

Question 15

Our firm is working to provide a response to Bid 125-10899 request for Investment Management Services. We have a question regarding the requirement below. As a registered investment advisor, we do not produce this report. We are required to produce an ADV which could be provided. Would that be acceptable? I believe the report below replaces SAS 70 reports which were for banking/custodial organizations.

SSAE 16, SOC 2, Type I report with their proposal.
If the Contractor cannot provide the SSAE 16, SOC 2, Type I report at the
time of proposal submittal, a current SOC 3 report will be accepted.
Awarded contractor will be required to provide an SSAE 16, SOC 2, Type II report annually during the term of this contract. **(Submitted: Apr 5, 2012 7:04:09 AM EDT)**

Answer

- SEE ADDENDUM NO 2 ATTACHED DATED APRIL 9, 2012
The following paragraphs in RFP 125-10899 shall be deleted in its entirety:
PART I ¿ INTRODUCTION INFORMATION, ITEM 05. ELIGIBILITY (second paragraph),
PART III ¿ SPECIAL CONDITIONS, ITEM 24. SPECIAL INFORMATION CONTROLS, and PART VIII ¿PROPOSED PAGES ¿ TECHNICAL PROPOSAL, Tab 9, which states the following:
¿The Contractor shall provide a current SSAE 16, SOC 2, Type 1 report with their proposal. Awarded contractor will be required to provide an SSAE 16, SOC 2, Type II report annually during the term of this contract. If the Contractor cannot provide the SSAE 16, SOC 2, Type 1 report at the time of proposal submittal, a current SOC 3 report will be accepted.¿

And shall be replaced with the following SSAE 16 requirements:
The Contractor(s) or all investment managers shall be required to provide a SSAE 16, SOC 1, Type 2 Report, within six (6) months from the effective date of the contract. The SSAE 16, SOC 1, Type II Report will be required each year for the term of the contract. This includes third party entities. No other documentation shall be accepted. **(Answered: Apr 9, 2012 4:02:54 PM EDT)**

Question 16

Would the City consider a proposal that offered a standard 2a-7 low fee institutional money fund as a liquidity option for the city¿s short term assets versus a separately managed cash portfolio? **(Submitted: Apr 5, 2012 2:58:47 PM EDT)**

Answer

- Yes. **(Answered: Apr 5, 2012 3:10:56 PM EDT)**

Question 17

Part III- Special Conditions, Section 12 of Solicitation 125-10899 requires, in part, that Contractor agrees to provide services not identified in the contract. Please confirm that Contractor would not be required to provide additional services except as may be agreed to by both parties in the form of a new contract or contract amendment. **(Submitted: Apr 5, 2012 3:15:06 PM EDT)**

Answer

- An additional services would be mutually agreed to by both parties. **(Answered: Apr 9, 2012 7:14:06 AM EDT)**

Question 18

Solicitation 125-10899, General Conditions ¿ Part V- Purchase Order and Contract Terms, 5.12, requires, in part, that

Custody normally does not take place in the governmental entities depository bank.
Investments should be settled in a delivery-versus-payment (DVP) basis. In this procedure, the buyer's payment for securities is due at the time of delivery. Security delivery and payment occur simultaneously. This practice ensures that no funds are at risk in an investment transaction as funds are not released until securities are delivered, ensuring the governmental entity has either money or securities at all times during the transaction.¿
2. If the comingled vehicles or mutual funds meet the criteria of the City¿s Investment Policy on individual investments and maximum allocation, and the entity can provide a SSAE 16, Soc 1, Type 2 report. It would be allowed. **(Answered: Apr 6, 2012 4:35:28 PM EDT)**

Question 24

In Item 23 of Part III of the RFP, we note that the formal agreement template (the "Sample Agreement") may be required to be executed. While we understand the City of Fort Lauderdale's (the "City") preference to use the Sample Agreement, we would like to know whether the City provides contractors the opportunity to comment on the Sample Agreement and if the City would consider certain changes to the Sample Agreement and incorporation of certain provisions from the contractor's standard investment management agreement? **(Submitted: Apr 5, 2012 4:09:35 PM EDT)**

Answer

- The Contract for this RFP shall be the Sample Contract, the RFP document and any Addendum and answers/questions and the Contractor's RFP response. We encourage all contractors to agree to the City terms and conditions as stated in the RFP and sample contract, or they may be deemed non-responsive. Final approval is from the City Attorney's office and the City Commission. **(Answered: Apr 6, 2012 4:35:28 PM EDT)**

Question 25

Since a SSAE 16, SOC 2, Type I report doesn't truly apply to Investment Managers will audited financials be an appropriate proxy or does not having the SSAE 16 automatically disqualify applicants?
The Contractor shall provide a current SSAE 16, SOC 2, Type I report with their proposal. Awarded contractor will be required to provide an SSAE 16, SOC 2, Type II report annually during the term of this contract. If the Contractor cannot provide the SSAE 16, SOC 2, Type I report at the time of proposal submittal, a current SOC 3 report will be accepted.
Will our vendor SSAE repots be sufficient for this requirement?
Our firm is working to provide a response to Bid 125-10899 request for Investment Management Services. We have a question regarding the requirement below. As a registered investment advisor, we do not produce this report. We are required to produce an ADV which could be provided. Would that be acceptable? I believe the report below replaces SAS 70 reports which were for banking/custodial organizations. **(Submitted: Apr 6, 2012 12:36:18 PM EDT)**

Answer

- SEE ADDENDUM NO 2 ATTACHED DATED APRIL 9, 2012
The following paragraphs in RFP 125-10899 shall be deleted in its entirety:
PART I ¿ INTRODUCTION INFORMATION, ITEM 05. ELIGIBILITY (second paragraph),
PART III ¿ SPECIAL CONDITIONS, ITEM 24. SPECIAL INFORMATION CONTROLS, and PART VIII ¿PROPOSED PAGES ¿ TECHNICAL PROPOSAL, Tab 9, which states the following:
¿The Contractor shall provide a current SSAE 16, SOC 2, Type 1 report with their proposal. Awarded contractor will be required to provide an SSAE 16, SOC 2, Type II report annually during the term of this contract. If the Contractor cannot provide the SSAE 16, SOC 2, Type 1 report at the time of proposal submittal, a current SOC 3 report will be accepted.¿

And shall be replaced with the following SSAE 16 requirements:
The Contractor(s) or all investment managers shall be required to provide a SSAE 16, SOC 1, Type 2 Report, within six (6) months from the effective date of the contract. The SSAE 16, SOC 1, Type II Report will be required each year for the term of the contract. This includes third party entities. No other documentation shall be accepted. **(Answered: Apr 9, 2012 4:02:54 PM EDT)**

Question 26

In the accounts lost table (Question 5.B.) located in Part VII, should respondents include clients who did not renew a manager's contract during a rebidding process (in which the incumbant manager was invited to rebid) following a termed contract? **(Submitted: Apr 6, 2012 12:44:35 PM EDT)**

Answer

- Yes. **(Answered: Apr 9, 2012 12:27:13 PM EDT)**

Question 27

Regarding Tab 9, while our firm is a federally registered investment adviser, it is not deemed a "qualified custodian" as defined under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended. Therefore, it is not subject to a SSAE16 internal control verification review. However, our risk management structure includes business-line controls as well as audits and assessments performed internally and by our parent company. We are willing to discuss these processes in detail in Tab 9. Given that we do not fit the Act's definition of a "qualified custodian" and are not subject to such SSAE 16 reviews, is this how the City would request our firm to proceed? **(Submitted: Apr 6, 2012 12:45:27 PM EDT)**

Answer

- SEE ADDENDUM NO 2 ATTACHED DATED APRIL 9, 2012
The following paragraphs in RFP 125-10899 shall be deleted in its entirety:
PART I ¿ INTRODUCTION INFORMATION, ITEM 05. ELIGIBILITY (second paragraph),
PART III ¿ SPECIAL CONDITIONS, ITEM 24. SPECIAL INFORMATION CONTROLS, and PART VIII ¿PROPOSED PAGES ¿ TECHNICAL PROPOSAL, Tab 9, which states the following:
¿The Contractor shall provide a current SSAE 16, SOC 2, Type 1 report with their proposal. Awarded contractor will be

EXHIBIT B

BID/PROPOSAL SIGNATURE PAGE

How to submit bids/proposals: Proposals must be submitted by hai
responsibility of the Bidder to ensure that the bid reaches the City of Fort La
Services Division, Suite 619, 100 N. Andrews Avenue, Fort Lauderdale, FL 33301, prior to the bid opening date and time listed. Bids/proposals submitted by fax or email will NOT be accepted.

The below signed hereby agrees to furnish the following article(s) or services at the price(s) and terms stated subject to all instructions, conditions, specifications addenda, legal advertisement, and conditions contained in the bid. I have read all attachments including the specifications and fully understand what is required. By submitting this signed proposal I will accept a contract if approved by the CITY and such acceptance covers all terms, conditions, and specifications of this bid/proposal.

Please Note: All fields below **must** be completed. If the field does not apply to you, please note N/A in that field.

Submitted by: Kenneth R. Cotner 4/19/12
(signature) (date)

Name (printed) Kenneth R. Cotner Title: Managing Director

Company: (Legal Registration) Sterling Capital Management LLC

CONTRACTOR, IF FOREIGN CORPORATION, MAY BE REQUIRED TO OBTAIN A CERTIFICATE OF AUTHORITY FROM THE DEPARTMENT OF STATE, IN ACCORDANCE WITH FLORIDA STATUTE §607.1501 (visit http://www.dos.state.fl.us/).

Address: Two Morrocroft Centre, 4064 Colony Rd, Ste 300

City Charlotte State: NC Zip 28211

Telephone No. 704-372-8670 FAX No. 704-376-8127 Email: kcotner@sterling-capital.com

Delivery: Calendar days after receipt of Purchase Order (section 1.02 of General Conditions): N/A

Payment Terms (section 1.04): N/A Total Bid Discount (section 1.05): N/A

Does your firm qualify for MBE or WBE status (section 1.09): MBE _____ WBE _____ N/A

ADDENDUM ACKNOWLEDGEMENT - Proposer acknowledges that the following addenda have been received and are included in the proposal:

Addendum No.	Date Issued
#1	4/6/12
#2	4/9/12

P-CARDS: Will your firm accept the City's Credit Card as payment for goods/services?

YES _____ **NO** X

VARIANCES: State any variations to specifications, terms and conditions in the space provided below or reference in the space provided below all variances contained on other pages of bid, attachments or bid pages. No variations or exceptions by the Proposer will be deemed to be part of the bid submitted unless such variation or exception is listed and contained within the bid documents and referenced in the space provided below. If no statement is contained in the below space, it is hereby implied that your bid/proposal complies with the full scope of this solicitation. HAVE YOU STATED ANY VARIANCES OR EXCEPTIONS BELOW? BIDDER MUST CLICK THE EXCEPTION LINK IF ANY VARIATION OR EXCEPTION IS TAKEN TO THE SPECIFICATIONS, TERMS AND CONDITIONS. If this section does not apply to your bid, simply mark N/A in the section below.
Variances:

NON-COLLUSION STATEMENT:

By signing this offer, the vendor/contractor certifies that this offer is made independently and *free* from collusion. Vendor shall disclose below any City of Fort Lauderdale, FL officer or employee, or any relative of any such officer or employee who is an officer or director of, or has a material interest in, the vendor's business, who is in a position to influence this procurement.

Any City of Fort Lauderdale, FL officer or employee who has any input into the writing of specifications or requirements, solicitation of offers, decision to award, evaluation of offers, or any other activity pertinent to this procurement is presumed, for purposes hereof, to be in a position to influence this procurement.

For purposes hereof, a person has a material interest if they directly or indirectly own more than 5 percent of the total assets or capital stock of any business entity, or if they otherwise stand to personally gain if the contract is awarded to this vendor.

In accordance with City of Fort Lauderdale, FL Policy and Standards Manual, 6.10.8.3,

> 3.3. City employees may not contract with the City through any corporation or business entity in which they or their immediate family members hold a controlling financial interest (e.g. ownership of five (5) percent or more).
>
> 3.4. Immediate family members (spouse, parents and children) are also prohibited from contracting with the City subject to the same general rules.

Failure of a vendor to disclose any relationship described herein shall be reason for debarment in accordance with the provisions of the City Procurement Code.

NAME	RELATIONSHIPS

In the event the vendor does not indicate any names, the City shall interpret this to mean that the vendor has indicated that no such relationships exist.

Kenneth R Cutler
4/19/12

STERLING
CAPITAL MANAGEMENT

April 19, 2012

RFP # 125-10899
City of Fort Lauderdale
Procurement Services Division
100 North Andrews Avenue
Fort Lauderdale, Florida 33301

Dear Sir or Madame:

Thank you for including Sterling Capital Management LLC ("Sterling") in your fixed income investment manager search. We have completed the enclosed Request for Proposal along with the requested tabs and attachments referred to throughout the document. We also attest that signer of the proposal has full authority to bind the firm.

Regarding the firm's ability to execute the investment manager agreement as provided in the RFP, please see below Sterling Capital's comments:

- Upon execution, the investment manager agreement would need to include language addressing standard investment advisory issues.
- Section 15 (Insurance): Sterling would request that, instead of notifying the City of every change made to our policy, that the agreement would be amended to read that we will provide "written notice of any material change affecting this contract or cancellation".

Sterling, a registered investment advisor, is an independently operated subsidiary of BB&T Corporation. Sterling provides investment management services to a diversified group of clients including corporate, public, endowment, foundation, and health care investment pools. Our resources and assets under management have continued to grow and were recently augmented with the integration of BB&T Asset Management into

STERLING
CAPITAL MANAGEMENT

Sterling. As of December 31, 2011, we have over $34 billion in assets under management. Sterling specializes in the management of fixed income portfolios across the yield curve with $20.1 billion in fixed income assets under management encompassing both taxable and tax-exempt portfolios. Unlike many other firms that manage a multitude of other asset classes, we feel our focus and track record on mandates similar to the portfolio outlined in the RFP is an excellent fit.

We appreciate your consideration of Sterling and look forward to hearing from you as the evaluation progresses. Sterling would welcome the opportunity to partner with the City on the management of its fixed income assets. In the interim, should you have any questions or if there is anything further that we can provide, please do not hesitate to contact Max Anthony at 704-927-4173 or manthony@sterling-capital.com.

Sincerely,

STERLING CAPITAL MANAGEMENT LLC

Kenneth R. Cotner
Chief Operating Officer
Managing Director

Enclosures

Summary of Proposed Services

Sterling Capital Management LLC, headquartered in Charlotte, North Carolina, is a registered investment advisor founded in 1970. The firm is an independently operated subsidiary of BB&T with Sterling's management and key professionals retaining 20% of the ownership units of the company. Currently, Sterling has over $34 billion in assets under management providing investment management services to a diversified group of clients including corporate, public, endowment, foundation, and health care investment pools. Sterling specializes in the management of fixed income portfolios across the yield curve with $20.1 billion in fixed income assets under management encompassing both taxable and tax-exempt portfolios. Of this, Sterling manages approximately $1.9 billion in fixed income assets for 15 public entities. Sterling also has extensive experience in managing multi class equity portfolios with $4.5 billion under management. Additionally, Sterling manages approximately $9.4 billion in wealth advisory and balanced portfolios.

Sterling has been managing fixed income portfolios since 1970. The firm's active management of cash and short-term fixed income portfolios began in 1989. With offices in Charlotte and Raleigh, NC, Atlanta, GA and California, we have grown our business with an expertise in cash and short-term fixed income mandates. Unlike many other firms that manage a multitude of other asset classes, we feel our focus and track record on mandates similar to this fixed income portfolio is an excellent fit. Sterling has extensive experience managing short-term fixed income portfolios, with $11.6 billion in cash management to short-term fixed income mandates for a broad mix of clientele.

Sterling's 113 employees, including 84 investment and client service professionals, are dedicated to meeting clients' objectives for investment results, timely and accurate reporting, and ongoing communications. Sterling places tremendous emphasis on exceptional client service and customer satisfaction. Sterling believes its ethics policies, procedures, and culture differentiate it from other firms in that we go above and beyond the minimum requirements. The mission statement of the firm is taken very seriously and embodies the client service-focused culture that is present at Sterling. Sterling commits to:

- Provide outstanding investment performance and exceptional client service
- Foster a work environment built on integrity, communication, respect and teamwork
- Embrace change as a means of improving the quality of our services

Sterling applies a disciplined and risk managed approach to constructing and maintaining our clients'

fixed income portfolios. The firm seeks to add value in both up and down markets by identifying broad macroeconomic trends while utilizing sector and security specific research. Sterling's philosophy has remained consistent since the inception of the product. With an average experience of our fixed income team members of 16 years, we attempt to generate incremental returns over market indices with low volatility.

As part of Sterling's macro analysis of the fixed income markets and broader economy, we often share our viewpoints and analysis with our existing clients. We feel that this value added service is widely used and appreciated by our clients. From an investment perspective, Sterling's qualitative and quantitative interest rate and yield curve analysis contribute to our ability to add value in our top-down decision making. Sterling's niche position as a mid-size fixed income manager enables the firm to be more nimble in gaining exposure and/or reducing exposure to specific credits via the cash market compared to larger competitors. This has proven very beneficial in periods of heightened market volatility.

Fixed Income Team

Sterling utilizes a team approach in the management of its fixed income portfolios. Led by Managing Directors Rick LaCoff and Mark Montgomery, the firm's 18-member Fixed Income Team works together in top-down analysis including duration, yield curve, and sector analysis. Sterling's fixed income team is also specialized by expertise at the security level, with responsibilities divided by sectors including corporate bonds, mortgage-backed and asset-backed securities, municipals, taxable municipals and agency securities, and Treasury/Treasury-Related securities. Please see below a summary of information of Sterling's Fixed Income team. Full biographies have been subsequently provided.

Fixed Income:

Name	Title / Role	Degrees / Designations	Education	Invest Exp	Yrs at Firm
Mark M. Montgomery	Managing Director, PM	BS MBA, CFA	West Chester University Drexel University	21	14
Richard T. LaCoff	Managing Director, PM	BS MS	Villanova University Drexel University	20	4
Neil T. Grant	Executive Director, PM	BS MBA, CFA	Syracuse University Emory University	20	8
Robert F. Millikan	Executive Director, PM	BA, CFA	Wake Forest University	21	12
Michael Z. Sun	Executive Director, Analyst	BS MS, CFA	Nanjing University Beijing University	11	2
Richard M. Reid	Director, PM	BA MBA	Harvard University Wake Forest University	25	1
Kevin E. McNair	Director, PM	BA MA, CFA	UNC – Chapel Hill NC State University	17	17
Brad D. Eppard	Director, PM	BS, CFA	Radford University	26	7

Brent A. Barton	Director, Analyst	BA MBA, CFA	Randolph-Macon College College of William & Mary	20	1
Peter L. Brown	Director, Analyst	BS MBA, CFA	Cornell University Wake Forest University	9	7
Howard E. Buznitsky	Director, Analyst	BS MBA, CFA	Lehigh University MIT	18	6
Joseph H. Ely, Jr.	Director, Analyst	BA MBA, CFA	UNC – Chapel Hill Appalachian State University	18	3
Michael P. McVicker	Director, Analyst	BSBA	UNC – Charlotte	19	19
Jeffrey D. Ormsby	Director, Analyst	BS MBA	NC State University UNC – Chapel Hill	5	1
Carrie R. Breswitz	Associate Director, Analyst	BS MBA	NC State University Campbell University	11	11
David T. Johnson	Associate Director, Analyst	BSBA MBA	Appalachian State University East Carolina University	13	7
Justin B. Nicholson	Associate Director, Analyst	BS	NC State University	10	10
Gregory M. Zage	Associate Director, Analyst	BA	Davidson College	4	4

Mark M. Montgomery, CFA, Managing Director, joined Sterling in 1997 and is a Senior Fixed Income Portfolio Manager and head of Sterling's Fixed Income Portfolio Management. He has investment experience since 1990. Prior to joining Sterling, he worked at The Vanguard Group for seven years working on their long-term and high-yield municipal portfolio management team. Mark is a graduate of West Chester University where he received his BS in Marketing and a Minor in Public Administration. He received his MBA from Drexel University with a concentration in investment management. He is a CFA charterholder.

Richard T. LaCoff, Managing Director, joined Sterling in 2007 and is a Senior Fixed Income Portfolio Manager and head of Sterling's Fixed Income Trading and Analytics. He has investment experience since 1991. Prior to joining Sterling, he worked for RiverSource Investments as a Senior Portfolio Manager overseeing more than $12 billion in tax-exempt assets. He developed domestic as well as international fixed income experience during his nine year tenure with Payden & Rygel Investment Counsel. During that time he held a number of positions that included Global Bond Strategist, Head of Global Non-Dollar Investment Grade Credit Strategy, and Head of Municipal Bond Strategy and Trading. He held the former two positions while living in London where he established Payden & Rygel's overseas trading operation. Additionally, he managed taxable and tax exempt portfolios at The Vanguard Group. Rick is a magna cum laude graduate of Villanova University where he received his BS in Business Administration and holds an MS in Finance from Drexel University.

Neil T. Grant, CFA, Executive Director, worked for eight years at ING Investment Management as a Vice President on their structured finance team before joining Sterling in 2004. Neil is a Fixed Income Portfolio Manager and currently head of the mortgage and structured product area for Sterling's fixed

income team. Prior to ING he worked at Bear, Stearns & Company for four years on their commitment desk supporting their mortgage conduit. Neil is a graduate of Syracuse University where he received his BS in Finance. He received his MBA from Emory University and is a CFA charterholder.

Robert F. Millikan, CFA, Executive Director, joined BB&T Asset Management in 2000 and Sterling through merger in October 2010. Bob has investment experience since 1990. He is responsible for managing the state-specific municipal bond fund portfolios for the Sterling Capital Funds as well as for the tax-free funds' investment policy, research and management. Prior to joining BB&T, he worked 10 years for First Citizens Bank as Vice President and Fixed Income Portfolio Manager for both taxable and tax-exempt accounts. Bob is a graduate of Wake Forest University where he received his BA in Economics. He is a past President of the North Carolina Society of Financial Analysts and also a past Chairman of the Board of Directors for the Carolinas Municipal Advisory Council. He is currently serving on the CFA North Carolina Strategic Advisory Board. He is a CFA charterholder.

Michael Z. Sun, CFA, Executive Director, joined Sterling in 2009 and is a Senior Fixed Income Structured Products Analyst. He has investment experience since 1998. Prior to joining Sterling, he served as Vice President, Portfolio Manager/Senior Research Analyst for Evergreen Investments. Michael is a graduate of Bowling Green State University where he received his MA in Economics. He received his MS in Urban & Regional Study at Beijing University, and received his BS in Geography at Nanjing University. He is a CFA charterholder.

Kevin E. McNair, CFA, Director, joined BB&T Asset Management in 1994 and Sterling through merger in October 2010. He has investment experience since 1994. He is the Portfolio Manager for the U.S. Treasury Money Market Fund. Kevin is a graduate of the University of North Carolina at Chapel Hill where he received his BA in Economics. He received his MA in Economics from North Carolina State University. He is a CFA charterholder.

Brad D. Eppard, CFA, Director, joined BB&T Asset Management in 2003 and Sterling through merger in October 2010. Brad has investment experience since 1985. He is the Portfolio Manager for the Sterling Intermediate U.S. Government Fund. Prior to joining BB&T, he was a Fixed Income Strategist for Legg Mason Wood Walker and Director and Senior Vice President with Boatmen's Capital Management. Brad is a graduate of Radford University where he received his BS in Business Administration/Accounting. He is a CFA charterholder.

Richard M. Reid, Director, joined Sterling in 2011 and is a Fixed Income Municipal Portfolio Manager. Richard has investment experience since 1985. He has traded municipal bonds with an emphasis on intermediate high grades, underwritten and managed syndicates, and sold to institutional clients focused on both high grade and high yield tax free securities. Prior to joining Sterling, he was a Senior Vice President for BC Ziegler and a Principal at Banc of America Securities LLC. Richard is a cum laude graduate of Harvard University where he received his BA in Economics. He received his MBA from Wake Forest University.

Brent A. Barton, CFA, Director, joined Sterling in 2011 as a Senior Fixed Income Analyst. Brent has investment experience since 1991. Prior to joining Sterling, he worked for Wells Capital Management. Previous work experience included seven years as a portfolio manager and senior analyst with First Colony Life Insurance Company and as a banking analyst with the Virginia State Corporation Commission. Brent is a graduate of Randolph-Macon College where he received his BA degree in Business/Economics with a minor in English literature. He received his MBA from the College of William & Mary. He is a CFA charterholder.

Peter L. Brown, CFA, Director, joined Sterling in 2004 and is a Fixed Income Analyst. He has investment experience since 2000. Prior to joining Sterling, he held financial analyst positions at National Institutes of Health and First Union National Bank/First Union Securities. Pete is a graduate of Cornell University where he received his BS in Statistics with minors in Business Management, and Marketing and Communications. He received his MBA from Wake Forest University. He is a CFA charterholder.

Howard E. Buznitsky, CFA, Director, joined Sterling in 2006 as a Senior Fixed Income Analyst with a focus on credit research. He has investment experience since 1993. Prior to joining Sterling, he worked for BNY Capital Markets as a High Yield/Distressed Debt Analyst. Previous work experience includes analyst positions at Bank of New York and Prudential Asset Management Company. Howard is a magna cum laude graduate of Lehigh University where he received his BS in Financial Management. He received his MBA from MIT Sloan School of Management. He is a CFA charterholder.

Joseph H. Ely, Jr., CFA, Director, joined Sterling in 2009 as a Senior Fixed Income Analyst. He has investment experience since 1993. His experience includes nine years as a Senior Credit Analyst. Prior to joining Sterling, he worked for Evergreen Investment Management Company. Prior to Evergreen, he served as Assistant Vice President and Senior Product Analyst for Wachovia Bank. Joe is a graduate of

University of North Carolina at Chapel Hill where he received his BA in Economics. He received his MBA from Appalachian State University. He is a CFA charterholder.

Michael P. McVicker, Director, joined Sterling in 1992 and is a Fixed Income Analyst. He has investment experience since 1992. Mike is a graduate of the University of North Carolina-Charlotte where he received his BSBA in Finance with a minor in Psychology.

Jeffrey D. Ormsby, Director, joined Sterling in 2011 and is a Fixed Income Analyst in the mortgage and structured product area. Jeff has investment experience since 2006. Prior to joining Sterling, he worked for Smith Breeden Associates as a CMBS trader and portfolio management analyst within their investments group. Jeff is a summa cum laude graduate of North Carolina State University where he received his BS in Economics and was recognized as Valedictorian. He received his MBA from UNC's Kenan-Flager Business School, where he was the Norman Block Valedictorian Award recipient.

Carrie R. Breswitz, Associate Director, joined BB&T Asset Management in 2000 and Sterling through merger in October 2010. Carrie has investment experience since 2000. Her primary responsibilities include trading tax exempt securities as well as structuring and managing separately managed accounts for our Wealth Management Group. Carrie is a graduate of North Carolina State University where she received her BS in Business Management. She received her MBA from Campbell University.

David T. Johnson, Associate Director, joined BB&T Asset Management in 2004 and Sterling through merger in October 2010. David has investment experience since 1998. He is a fixed income analyst. Prior to joining BB&T, he worked for Evergreen Investment Management Company. David is a graduate of Appalachian State University where he received his BSBA in Marketing and Management. He received his MBA from East Carolina University.

Justin B. Nicholson, Associate Director, joined BB&T Asset Management in 2002 and Sterling through merger in October 2010. Justin has investment experience since 2002. He is a senior securities trader. Justin is a graduate of North Carolina State University where he received his BS in Business Management.

Gregory M. Zage, Associate Director, joined Sterling in 2007 and is a Fixed Income Analyst with 4 years investment experience. Gregory is a graduate of Davidson College where he received his BA in Economics and minor in Spanish.

Fixed Income Process

Based on the parameters outlined, Sterling would propose its Short Term Fixed Income strategy be employed in managing the City's funds. The nucleus of short term fixed income portfolios are consistently invested in Treasuries, agencies, corporates, MBS, CMBS, ABS, and municipals. The Fixed Income Team also looks to add tactical positions in other opportunities to mitigate the portfolio's risk through diversification while enhancing the opportunity set. Ultimately, the addition of any securities would be dictated by each client's Investment Policy Agreement. Further, based on the City's specific funding needs, Sterling will work consultatively with the City and any professional designees to construct the optimal maturity spectrum and duration profile.

Sterling manages custom portfolios for many of its institutional fixed income accounts. Each of our client's portfolios is governed by a detailed Investment Policy Agreement which is created from discussions between Sterling and the client. Sterling would conduct an initial meeting with the City to assist in determining the appropriate benchmark based on detailed discussions regarding risk tolerance, expected portfolio flows, and expected changes in the client's liabilities. Sterling has found that the majority of government entities have investment policies in place prior to hiring an investment manager. Sterling will manage a portfolio according to the guidelines agreed upon with the City. If input is desired, Sterling will work to adjust the firm's standard policy based on current and prospective need. Sterling firmly believes that it is necessary to incorporate current market themes and regulatory changes into the investment policy.

If bond proceeds were to be included in the investment pool, Sterling would work closely with the City and its designated advisors to understand the specifics relating to each issue and to determine the best strategy for management for each issue. The strategy for the management of the proceeds varies by transaction based upon the specific parameters of the investment policy, applicable state statutes, and any covenants contained in the Indenture and related documents for the specific transaction. For accounts requiring arbitrage rebate tracking, Sterling partners with an outside firm that specializes in arbitrage rebate tracking and GASB 40 implementation.

Led by Managing Directors Mark Montgomery and Richard LaCoff, the firm's 18-member Fixed Income Team works together in top-down analysis including duration, yield curve, and sector analysis. At the security level, each member of Sterling's Fixed Income Team has an area of specialization. Responsibilities are divided by expertise, which includes corporate bonds, mortgage-backed and asset-backed securities, municipals, agency securities, and Treasury/Treasury-Related securities. In addition

to monitoring ongoing compliance of individual client accounts, Sterling's Fixed Income Team formally meets on a bi-weekly basis to review macro portfolio strategies including duration/yield curve positioning, sector allocations, credit exposures, and security specific issues, as well as to review portfolio performance. This team approach assures consistency in terms of portfolio structure. Once the team has identified a sector or security to be added to the firm's portfolios, the specialist in that area is responsible for buying or selling the position, which will be allocated pro rata across client portfolios. The lead portfolio manager assigned to your account would have responsibility for implementing the group strategy in your portfolio. Mark Montgomery and Richard LaCoff have supervisory responsibility for the entire fixed income team and overall responsibility for all portfolios.

Sterling utilizes an opportunistic investment approach that seeks to add value and manage risk in each of our clients' portfolios. Our process incorporates a macro view that drives our "Top Down" decisions and fundamental "Bottom-Up" research that drives sector and security selection.

Duration Management:

Sterling initiates its investment approach by utilizing qualitative and quantitative analysis that seeks to measure the degree of interest rate risk in the market. Through this analysis and the team's overall assessment of economic conditions, we compare current fundamentals and technicals with current interest rate levels and make decisions on the general trend in interest rates and their effect on our clients' portfolios. By adjusting the average maturities in our clients' portfolios, we are able to take advantage of broad trends in interest rates and add incremental returns. Duration will range from 70%-130% of the duration target. To account for liability driven planning that public entities maintain, we work closely with our clients to calibrate the appropriate portfolio profile.

Yield Curve Analysis:

An additional top down component of the firm's process is the analysis of the yield curve. Sterling's Fixed Income Team considers both relative value of current yields and expected changes in the shape of the curve to optimize yield curve positioning. The slopes at different parts of the curve are evaluated in determining the best risk versus return opportunities. In addition, our team evaluates macroeconomic trends and supply expectations to forecast likely changes in the shape of the curve. Based upon our teams' assessment of all of these factors, we will employ either a bullet, ladder or barbell portfolio structure. Our goal is to position our portfolio investments at the optimum point of the yield curve to maximize returns while maintaining an acceptable degree of risk.

Sector Selection:

An important step in Sterling's fixed income process is the overall positioning of portfolio sector exposures. Key variables that are considered in our sector allocation decisions include the fundamentals, the technicals, and the relative valuations of each sector. In addition, volatility and interest rate expectations are overlaid when deciding upon our allocation to each sector. If we expect a significant rise in volatility along with a decline in rates, we would add a positive convexity bias to our portfolios by emphasizing treasuries and/or bullet agencies. If we were anticipating a decline in volatility and rates to remain range bound, we would overweight spread product, callable agencies. Finally, if we were forecasting a rise in rates, regardless of volatility, we would emphasize spread product without extension risk such as corporate bonds and notes. In all market environments, we thoroughly analyze the structural risks and characteristics of the securities in our portfolios.

Relative Value Analysis:

In addition to considering volatility and interest rate expectations, Sterling employs relative value analysis across sectors. Sterling measures the incremental yield differentials across agencies and corporates, relative to both U.S. Government and interest rate swap yields. Exposures among these sectors will vary as the yield differentials (rich/cheap) change during different market environments. Standard deviation analysis using historical sector spread ranges helps identify portfolio opportunities.

Credit Research & Analysis:

Sterling's basic philosophy relative to credit is to avoid problem creditors and industries irrespective of spread and yield. Each of our clients has an investment policy that usually designates a minimum credit rating per security and a minimum average rating for the entire portfolio. We strive to avoid deteriorating credits; therefore, our portfolios typically maintain ratings above the minimum requirement as designated in the guidelines. However, it is our strong belief that there are many companies with lower credit ratings that have stable to improving fundamentals. We seek to identify those credits that are improving but have not yet been recognized by the market as worthy of a higher credit rating. The credit analysis function is based on fundamental analysis of individual credits as well as a qualitative review of desired "top-down" exposure to various industry sectors. Our analysis of credits includes an exhaustive review of issuers' revenue growth, EBITDA cash flow analysis, capital sufficiency and access to capital. Our goal is to construct a portfolio that is well diversified in credits across industries that have proven business models.

Approximately 80% of the firm's research effort is conducted internally by Sterling's 18-member Fixed

Income team, and approximately 20% is external. Sterling uses a combination of internally generated research as well as research from numerous Wall Street brokerage firms and third-party products. The firm subscribes to several premium external sources including FactSet, Standard & Poor's Ratings Direct, Moody's Ratings Interactive, Bloomberg, Hoover Research, Barclays Capital Live, U.S. Securities and Exchange Commission's Online Edgar Database, and numerous Wall Street brokerage firm reports. Sterling also receives assorted economic and research publications from various firms worldwide including International Strategy & Investment (ISI) and brokers such as Barclays and Bank of America.

Security Selection:

The Fixed Income Team works to develop an approved list of names. Individual security selection decisions are based on analysis from the appropriate sector specialist. If the sector specialist identifies a security for purchase that is not on the approved list or appears on the list but may violate the team's overall strategy, the specialist would first discuss the proposed purchase to the appropriate security team (i.e. credit or structured products). The potential purchase may also be discussed at the bi-weekly Fixed Income Team meeting. The Fixed Income Team would debate and discuss the purchase of the particular security to ensure that it would not violate the overall macro decisions made by the firm's senior investment professionals. Upon approval, the portfolio manager assigned to the account oversees implementation, including the determination of target dollar amounts.

Sterling's buy discipline is fundamentally based on the underlying strength of the company or security being considered. When adding a security, the first step is the decision to weight the sector. The second step is to identify the names that Sterling is interested in adding that are on the approved list and that are not currently in the portfolio. The final step is the relative value decision of evaluating one security on an incremental spread basis versus another. Sterling buys securities only when the credit is fundamentally sound, meets our diversification objectives, and offers good relative value.

Sector specialists operate within the macro parameters as established by senior portfolio management. For example, although a security may reside on the approved list, if its maturity conflicts with the top down positioning established at the senior level then it would be ineligible for purchase. The team's overall strategy and outlook takes precedence over security level allocation.

Sterling will sell a security when it becomes fully priced relative to its spread and underlying fundamentals. An investment thesis accompanies every credit approval. The thesis contains specific

trigger items that would prompt a review by the analyst and also has a pre-determined exit level. Sterling will sell a security once the original investment thesis is materially violated. Sterling will sell a security when it begins to exhibit deteriorating credit trends. Finally, there are situations in which the fundamentals of a company or security are solid, but we view the trading levels as "rich" or "unattractive." In these situations, we temporarily suspend the purchase of these bonds until appropriate incremental spreads are available. There is no minimum time period that Sterling will hold a security.

Risk Management

From a risk management perspective, we feel the ongoing risk assessment at both the portfolio and individual security level is paramount. If you cannot measure risk, you cannot manage it. Sterling's process is designed to manage risk across four key areas:

- Interest Rate & Yield Curve
- Credit
- Structure
- Liquidity

In order to manage interest rate risk, Sterling utilizes a combination of both fundamental and quantitative proprietary systems. Our decisions are based on the identification of trends rather than trading opportunities. Duration constraints are 70% to 130% of benchmark duration. Sterling's proactive approach seeks to evaluate a series of well proven economic and market related statistics to arrive at the appropriate investment strategy for our clients.

Sterling maintains a strong bias towards limiting the degree of credit risk in our portfolios. We use a combination of "bottom-up" fundamental credit research coupled with "top down" quantitative sector analysis in identifying the names in our portfolios. Our credit process allows us to identify and maintain only those names that are stable to improving credits. While Sterling subscribes to the external rating agencies for access to their views on credits, the rating agencies are only a small component of our comprehensive evaluation process. Our process evaluates specific data such as earnings before interest, taxes, depreciation and amortization (EBITDA) in evaluating a company's cash flow strength and its ability to meet expected as well as unanticipated operating challenges. We gauge the quality of earnings as well as the strength of the firm's capital base relative to level of outstanding debt. Finally, Sterling evaluates the company's overall financial strength relative to the rating agencies' desired target levels to determine if the degree of financial risk is appropriate for our portfolios.

Sterling's risk management process also focuses on the structural risk of the securities in our portfolio.

Very close attention is paid to the inherent features of the securities we select in order to understand the duration, convexity and credit risk of the bonds. Some of these considerations include the servicer, the underlying collateral and the structural integrity of a deal being evaluated. We require a clear understanding of how securities will respond to various movements in interest rates as well as possible new issuance events. Sterling also analyzes features such as puts, calls, sinking fund, projected average lives and payment windows before any investment decision is made.

Sterling does not believe that it is appropriate to sacrifice liquidity for yield. Clients may need liquidity to fund both expected and unexpected needs. By maintaining our focus on the liquidity of our holdings, we strive to meet liquidity needs within 3 to 5 business days and, in emergency situations, can offer daily liquidity but do not recommend this given the non-standard settlement. In addition, securities with limited liquidity typically offer greater credit and interest rate risk. Therefore, our objective is to avoid illiquid securities. We maintain transitional cash which is typically sufficient to meet daily flow requests.

Proposed Portfolio Construction:

Given the current environment and the provided investment policy constraints, Sterling would recommend allocating the City's portfolio as follows (with a targeted average duration of 3 years):

Sector	% of Total	Comments
Treasury	10.0	
Agency	35.0	Bullet and callable
Corporate	25.0	A or better, U.S. only
Mortgage-Backed	10.0	Pass-thru and CMOs
CMBS	10.0	
Municipal	10.0	Taxable
TOTAL	**100.0**	

Please find below the summary characteristics for the entire portfolio:

Duration	2.95 Years
Yield-to-Maturity	1.50%
Average Credit Rating	AA

However, to refine the best portfolio construction, Sterling will collaboratively assess the City's operating needs and liability structure.

Business Licenses

Sterling would be willing and able to obtain a Florida Business License upon selection. Sterling is willing to obtain a Certificate of Good Standing from the State of Florida should the firm be selected.

Sterling is "notice filed" in forty states, including the State of Florida. This means that we are an SEC-registered adviser with the ability to manage portfolios for Florida clients. As a notice filed SEC-registered adviser, Sterling provides state securities authorities a copy of the firm's Form ADV and any amendments they file with the SEC.

Client#: 158645 6STERCAP

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 3/30/2012

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Willis of Maryland, Inc.
303 International Circle
Suite 400
Hunt Valley, MD 21031

CONTACT NAME: Bill Baker
PHONE (A/C, No, Ext): 410-771-3838 FAX (A/C, No): 410-527-7274
E-MAIL ADDRESS:
PRODUCER CUSTOMER ID #:

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Chubb/Federal Insurance Co.	20281
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
Sterling Capital Management LLC
Two Morrocroft Centre
4064 Colony Road, Suite 300
Charlotte, NC 28211

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	GENERAL LIABILITY						EACH OCCURRENCE	$
	COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence)	$
	CLAIMS-MADE OCCUR						MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
							GENERAL AGGREGATE	$
	GEN'L AGGREGATE LIMIT APPLIES PER:						PRODUCTS - COMP/OP AGG	$
	POLICY PRO-JECT LOC							$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$
	ANY AUTO						BODILY INJURY (Per person)	$
	ALL OWNED AUTOS						BODILY INJURY (Per accident)	$
	SCHEDULED AUTOS						PROPERTY DAMAGE (Per accident)	$
	HIRED AUTOS							$
	NON-OWNED AUTOS							$
	UMBRELLA LIAB OCCUR						EACH OCCURRENCE	$
	EXCESS LIAB CLAIMS-MADE						AGGREGATE	$
	DEDUCTIBLE							$
	RETENTION $							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N						WC STATU-TORY LIMITS OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	N/A					E.L. EACH ACCIDENT	$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	I.A. E&O/D&O/EPL Coverage			81693453	01/18/2012	01/18/2013	$5M Limit; $100K Ret	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
Includes Fiduciary Liability Coverage at a $1M Sub-Limit with a $10K Ret. Also includes Cost of Corrections at a $5M Limit with a $1M Ret.

CERTIFICATE HOLDER

2012-2013 E&O/D&O/EPL RNL
FOR INFORMATIONAL PURPOSES ONLY

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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Please see below for five of the firm's current fixed income clients:

Vance Holloman
State of North Carolina
325 North Salisbury Street
Raleigh, NC 27603
P: 919-807-3106
vance.holloman@nctreasurer.com
Dates of service: 08/1998 to present
Other services provided: Arbitrage calculations

Kenney Shipley
NICA - Florida Birth-Related Neurological Compensation Association
2360 Christopher Place, Suite 1
Tallahassee, FL 32308
P: 850-488-8191
F: 850-922-5369
kshipley@nica.com
Dates of service: 02/2009 to present

John Vithoulkas
County of Henrico
4301 East Parham Road
Henrico, VA 23273
P: 804-501-4266
F: 804-501-5307
vit@co.henrico.va.us
Dates of service: 12/2008 to present

Lynnette Matza
Preferred Professional Insurance Company
P.O. Box 540658
Omaha, NE 68154
P: 402-965-3220

F: 402-392-2673

lmatza@ppicins.com

Dates of service: 07/2009 to present

Roman McLeod

State of Alabama, State Treasurer

P.O. Box 302510

Montgomery, AL 36130

P: 334-242-7547

F: 334-242-4242

roman.mcleod@treasury.alabama.gov

Dates of service: 12/2011 to present

PART VII – PROPOSAL SUMMARY REQUIREMENTS

PROPOSAL SUMMARY REQUIREMENTS TO BE COMPLETED AND SUBMITTED AS FOLLOWS:

SUBMISSION REQUIREMENTS:

In order to provide for proper evaluation of your firm and fairly compare it with other submittals, we request that you format your response in the following order:

1. **Organization**

   A. Company Name

   Sterling Capital Management LLC

   B. Principal Address

   Two Morrocroft Centre
   4064 Colony Road, Suite 300
   Charlotte, NC 28211

   C. Telephone Numbers - Principal and Fax

   Phone: 704-372-8670
   Fax: 704-376-8127

   D. Email Address (es)

   The primary contact at Sterling that would be assigned to the account is Max Anthony. In addition to acting as a liaison between the City of Fort Lauderdale and Sterling's fixed income portfolio management team, the primary contact's responsibilities include regular communication with the client with respect to reporting, compliance, and overall client service needs. Max's email address is manthony@sterling-capital.com.

E. Describe the organization, date founded and ownership of your firm and regulatory bodies your firm reports to. Has the firm experienced a significant change in organizational structure, ownership or management during the past three years and, if so, please describe.

Sterling Capital Management LLC, headquartered in Charlotte, North Carolina, is a registered investment advisor founded in 1970. As an SEC-registered investment advisor (since 1972), Sterling is subject to routine examinations by the SEC.

Sterling is an independently operated subsidiary of BB&T Corporation with employees retaining 20% of the ownership units of the firm. On October 1, 2010, Sterling closed an agreement with BB&T that modified and expanded its existing relationship. As part of the expansion, BB&T Asset Management merged into Sterling Capital. Under the new operating agreement, Sterling assumed management responsibility for BB&T Asset Management while retaining its existing management team and remaining an autonomous, separate subsidiary of BB&T.

F. Describe any other business affiliations (e.g. subsidiaries, joint ventures, "soft dollar" arrangements with brokers).

Sterling shares an affiliation with the following investment advisers that are owned by BB&T: BB&T Investment Services, Inc., Scott & Stringfellow, Inc., and SHDR Investment Advisers, Inc. Sterling does not currently trade through any related or affiliated broker/dealers nor envisions any circumstances when we would do so.

Sterling does not utilize soft dollars in the management of its fixed income portfolios.

For the firm's equity portfolios, Sterling limits soft dollar use to those items expressly approved by SEC safe harbor guidelines. Justifications for each soft dollar arrangement are reviewed or monitored by the Best Execution Committee periodically to determine if the product or service meets the eligibility criteria of "research" or "brokerage" in Section 28(e) Safe Harbor.

G. Identify the types of accounts primarily managed by your firm.

Currently, Sterling has over $34 billion in assets under management providing investment management services to a diversified group of clients including corporate, public, endowment, foundation, and health care investment pools. Sterling specializes in the management of fixed income portfolios across the yield curve with $20.2 billion in fixed income assets under management

encompassing both taxable and tax-exempt portfolios. Sterling has extensive experience managing short term fixed income portfolios, with $11.6 billion in cash management to short term fixed income mandates for a broad mix of clientele as of December 31, 2011. Sterling has experience in managing domestic multi class equity portfolios with $4.5 billion under management. Following the merger with BB&T Asset Management, Sterling also manages approximately $9.4 billion in wealth advisory and balanced portfolios.

H. Does the firm have an office in the State of Florida?

Sterling does not have an office in Florida; however, Sterling is "notice filed" in forty states, including the State of Florida. This means that we are an SEC-registered adviser with the ability to manage portfolios for Florida clients. As a notice filed SEC-registered adviser, Sterling provides state securities authorities a copy of the firm's Form ADV and any amendments they file with the SEC. Sterling's main office is located in Charlotte, North Carolina and the firm has additional offices in Raleigh, North Carolina, Atlanta, Georgia, and Burlingame, California.

I. Is your firm a registered advisor under the Investment Advisor's Act of 1940? Please attach Part II of your most recent Form ADV.

Yes, Sterling is a registered investment advisor. Please find included in Tab 9 a copy of the firm's most recent ADV Part 2A.

J. Describe any SEC, NASD or any other regulatory censure or litigation involving your firm during the past five (5) years.

Sterling Capital Management LLC has not been censured or involved in any litigation with the SEC during the past five years. Sterling was last the subject of a routine SEC exam in March 2010.

K. Summarize fidelity bond coverage, errors and omissions, employee dishonesty, fiduciary liability insurance, or other fiduciary coverage your firm carries. Provide a Certificate of Insurance.

Sterling carries Errors & Omissions Insurance ($5 million limitation, $100,000 deductible) that includes Directors and Officers Liability Insurance and Employee Practices Liability Insurance through CHUBB. Coverage includes Fiduciary Liability at a $1 million sub-limit with a $10,000 deductible. The policy also includes Cost of Correction endorsement with a $5 million limit and $1 million deductible. Sterling's employees are also bonded for $500,000 per account through St. Paul

Fire and Marine Insurance Co. Sterling would also fall under the insurance policies of BB&T Corporation, the firm's parent company. BB&T maintains excess coverage up to $75 million.

Please find included in Tab 6 a copy of the firm's current insurance certificate.

L. Provide a copy of your firm's most recent audited financial statement.

The firm is audited internally by its parent, BB&T Corporation, one of the nation's largest financial services holding companies. Please find included in Tab 9 Sterling's unaudited balance sheet as of December 31, 2011.

M. Does your firm adhere to the Code of Professional and Ethical Standards as described by Association for Investment Management and Research (AIMR)?

Yes, Sterling adheres to the Code of Professional and Ethical Standards as described by the CFA Institute.

2. <u>Experience</u>

A. Describe your firm's experience in managing investment portfolios for public funds and governmental entities including any relevant experience managing public funds in Florida.

Sterling has been managing fixed income portfolios since inception of the firm in 1970. Currently, Sterling manages over $20 billion in institutional fixed income assets. Of this, Sterling manages approximately $1.9 billion in fixed income assets for 15 public entities. Sterling also manages equity portfolios for eight public entities.

Sterling currently manages fixed income funds for several types of clients based in Florida, including governmental, insurance, healthcare, and general corporate. Examples are Florida Birth-Related Neurological Injury Compensation, AvMed Inc., Florida Peninsula Insurance, Health First, Mount Sinai Medical Center of Florida, and Baptist Hospital Health Care. Sterling also has relevant experience managing bond proceeds for the State of North Carolina since 1997.

B. Describe your firm's experience in managing investment portfolios for bond funds.

Sterling has managed bond proceeds for the State of North Carolina since 1997, with the account size ranging from approximately $300 million to approximately $850 million over the last several

years. The strategy for the management of the proceeds varies by transaction based upon the specific parameters of the investment policy and any covenants contained in the Indenture and related documents for the specific transaction. Sterling would work closely with the City to understand the specifics relating to each issue and to determine the best strategy for management for each issue. For accounts requiring arbitrage rebate tracking, Sterling partners with a firm that specializes in arbitrage rebate tracking and GASB 40 implementation.

C. Summarize your assets under management (institutional only) over the past five years by the following categories: short-term funds, medium-term funds, long-term funds. Also, please separate these asset totals by Government Institutions and Other Institutions

Please see below for short-term, medium-term, and long-term institutional fixed income assets under management over the last five years:

($ in MMs)	Short-Term Operating Funds	Medium-Term Operating Funds	Long-Term Operating Funds
2011			
Government Institutions	**$1,146**	**$0**	**$623**
Other Institutions	**$4,960**	**$5,542**	**$4,440**
2010			
Government Institutions	**$694**	**$0**	**$609**
Other Institutions	**$5,822**	**$4,072**	**$3,468**
2009			
Government Institutions	**$873**	**$5**	**$234**
Other Institutions	**$5,097**	**$2,198**	**$2,465**
2008			
Government Institutions	**$640**	**$5**	**$153**
Other Institutions	**$3,205**	**$1,596**	**$1,828**
2007			
Government Institutions	**$846**	**$0**	**$154**
Other Institutions	**$4,030**	**$1,576**	**$1,627**

Note: Short-Term: <=1.3 years; Medium-Term: >1.3 years and <=2.75 years; Long-Term: >2.75 years

C. What is your firm's experience in developing investment policies and portfolio management guidelines for government operating OR CAPITAL funds?

Sterling manages custom portfolios for many of its institutional fixed income accounts. Each of our client's portfolios is governed by a detailed Investment Policy Agreement which is created from discussions between Sterling and the client. Sterling would conduct an initial meeting with the City to assist in determining the appropriate benchmark based on detailed discussions regarding risk tolerance, expected portfolio flows, and expected changes in the client's liabilities. Sterling utilizes benchmarks that have similar characteristics relative to the portfolios we manage to measure portfolio performance. The benchmark selected should be reflective of the client's overall risk tolerances from a duration and credit perspective. Most of our client relationships are interactive, and many of the criteria for our investment decisions are discussed with the client on a regular basis.

Sterling has found that the majority of government entities have investment policies in place prior to hiring an investment manager. Sterling will manage a portfolio according to the guidelines agreed upon with the City. If input is desired, Sterling will work to adjust the firm's standard policy based on current and prospective need. Sterling firmly believes that it is necessary to incorporate current market themes and regulatory changes into the investment policy.

If bond proceeds were to be included in the investment pool, Sterling would work closely with the City and its designated advisors to understand the specifics relating to each issue and to determine the best strategy for management for each issue. The strategy for the management of the proceeds varies by transaction based upon the specific parameters of the investment policy, applicable state statutes, and any covenants contained in the Indenture and related documents for the specific transaction.

D. Does your firm act as a broker or as a primary dealer in securities or receive any other form of additional compensation (including soft dollars) for client transactions aside from the direct fee paid by clients?

Sterling is a registered investment advisor and does not act as a broker or as a primary dealer in securities. The firm does not currently trade through any related broker/dealer nor envisions any circumstances when we would do so. Sterling does not utilize soft dollars within its fixed income

portfolios.

E. Provide five client references (public references, if possible) including client name, contact personnel, address, phone number, fax number, e-mail address, and length of time you have managed their assets and a list of any other related services provided (e.g. investment advisor, cash flow analysis, etc.)

Please see below for five of the firm's current fixed income clients:

Vance Holloman
State of North Carolina
325 North Salisbury Street
Raleigh, NC 27603
P: 919-807-3106
vance.holloman@nctreasurer.com
Length of relationship: 15 years
Other services provided: Arbitrage calculations

Kenney Shipley
NICA - Florida Birth-Related Neurological Compensation Association
2360 Christopher Place, Suite 1
Tallahassee, FL 32308
P: 850-488-8191
F: 850-922-5369
kshipley@nica.com
Length of relationship: 3 years

John Vithoulkas
County of Henrico
4301 East Parham Road
Henrico, VA 23273
P: 804-501-4266
F: 804-501-5307
vit@co.henrico.va.us

Length of relationship: 3 years

Lynnette Matza
Preferred Professional Insurance Company
P.O. Box 540658
Omaha, NE 68154
P: 402-965-3220
F: 402-392-2673
lmatza@ppicins.com
Length of relationship: 3 years

Roman McLeod
State of Alabama, State Treasurer
P.O. Box 302510
Montgomery, AL 36130
P: 334-242-7547
F: 334-242-4242
roman.mcleod@treasury.alabama.gov
Length of relationship: 1 year

3. Personnel

A. Provide a summary organizational chart showing your proposed project team including analytical investment and research staff, other decision support and back office support. Identify the primary contact and describe the roles of each key person.

Please see below for key members of Sterling's fixed income, client service, compliance, and operations teams:

Fixed Income Investment Team

Mark M. Montgomery, CFA
Managing Director
Head of Portfolio Management
21 Years Experience

Neil T. Grant, CFA
Executive Director
Portfolio Manager
21 Years Experience

Michael Z. Sun, CFA
Executive Director
Senior Analyst
11 Years Experience

Peter L. Brown, CFA
Director, Analyst
9 Years Experience

Joseph H. Ely, Jr., CFA
Director, Senior Analyst
18 Years Experience

Kevin E. McNair, CFA
Director, Portfolio Manager
17 Years Experience

Jeffrey D. Ormsby
Director, Analyst
5 Years Experience

Richard T. LaCoff
Managing Director
Head of Trading & Analytics
21 Years Experience

Robert F. Millikan, CFA
Executive Director
Portfolio Manager
22 Years Experience

Brent A. Barton, CFA
Director, Senior Analyst
20 Years Experience

Howard E. Buznitsky, CFA
Director, Senior Analyst
18 Years Experience

Brad D. Eppard, CFA
Director, Portfolio Manager
26 Years Experience

Michael P. McVicker
Director, Analyst
20 Years Experience

Richard M. Reid
Director, Portfolio Manager
25 Years Experience

Client Service

Alexander W. McAlister
President
30 Years Experience

Andrew W. Tate, CFA
Managing Director
Fixed Income Strategist
14 Years Experience

Maxwell J. Anthony
Director
Fixed Income Strategist
16 Years Experience

Kristin E. Jaerling
Director
Client Development/Service
9 Years Experience

Compliance / Operations

Kenneth R. Cotner, CFA
Managing Director
Chief Operating Officer
11 Years Experience

Clinton L. Ward
Executive Director
Chief Compliance Officer
17 Years Experience

Rebecca V. Patel
Director
Compliance
12 Years Experience

Catherine M. Casemyr
Director
Operations Manager
10 Years Experience

Sterling assigns a Client Service Team to each account. Each team includes the following four individuals: a portfolio manager and back-up portfolio manager, a client service representative who will act as direct liaison between the client and Sterling, and an accounting contact who handles all the day-to-day posting of securities and prices and who is in direct contact with the client's custodian on a daily basis. All members of the Client Service Team will have first-hand knowledge of the client's account objectives and parameters as well as communication and reporting needs.

Sterling utilizes a team approach in the management of its fixed income portfolios. Mark Montgomery and Rick LaCoff are co-heads of Sterling's Fixed Income Team, with supervisory responsibility for the entire fixed income team and overall responsibility for all portfolios. The Short Term Fixed Income Team is comprised of Pete Brown, Kevin McNair, and Neil Grant and specializes in the research and management of shorter maturity portfolios. One of these contacts would be the primary portfolio manager assigned to your account and would handle the day-to-

day management of your portfolio. Sterling's Fixed Income Team is also specialized by expertise at the security level, with responsibilities divided by sectors including corporate bonds, mortgage-backed and asset-backed securities, municipals, taxable municipals and agency securities, and Treasury/Treasury-Related securities.

The firm's Client Service Team acts as the liaison between the Fixed Income Team and operations and compliance groups to coordinate and provide client reporting needs and customized requests. Max Anthony would be the primary Client Service Representative for the City's account with Kristin Jaerling acting as back-up. Along with the fixed income and operations team members described above, Max Anthony and Kristin Jaerling would have first-hand knowledge of your account objectives and parameters as well as communication and reporting needs.

Sterling's Operations Group and Compliance Group are independent of the fixed income investment area. The firm's Operations Group is led by Director Catherine Casemyr and handles account reconciliation and other accounting tasks. Team members are responsible for trade settlement, portfolio accounting, portfolio reconciliation to the custodian, and the generation of client reports. A contact from the 10-member Operations Group would be assigned to your account, with Catherine Casemyr having overall supervisory responsibility. The firm's Compliance Team is led by Chief Operating Officer Ken Cotner and Chief Compliance Officer Clint Ward. Sterling's Compliance Group, which also includes Compliance Officers Kathryn Brown, Rebecca Patel, and Jodi Stern, conducts annual reviews of Sterling's policies and procedures, which are reviewed and revised throughout the calendar year. New policies are added as Sterling's business changes and/or regulatory changes dictate. Sterling monitors and conducts tests and audits in several areas including portfolio management, brokerage/trading, personal securities, custody, business continuity, privacy, proxy voting, marketing materials, website and anti-money laundering.

B. Provide detailed resumes for all key investment professionals who will be directly responsible for the investment of our funds. Include the following information; title, number of years at your firm, total number of years of experience, professional designations or licenses and SEC, NASD, or any other regulatory censures or actions or litigation, if any.

Sterling utilizes a team approach in the management of its fixed income portfolios. Led by Managing Directors Rick LaCoff and Mark Montgomery, the firm's 18-member Fixed Income Team works together in top-down analysis including duration, yield curve, and sector analysis. Sterling's fixed income team is also specialized by expertise at the security level, with responsibilities divided by sectors including corporate bonds, mortgage-backed and asset-backed securities, municipals, taxable municipals and agency securities, and Treasury/Treasury-Related securities. Mark Montgomery and Rick LaCoff are co-heads of Sterling's Fixed Income Team, with supervisory responsibility for the entire fixed income team and overall responsibility for all portfolios. None of Sterling's employees have been subject to any regulatory censures, actions, or litigation. Please see below a summary of information of Sterling's Fixed Income team. Full biographies have been subsequently provided.

Client Service:

Name	Title / Role	Degrees / Designations	Education	Bus Exp	Yrs at Firm
Maxwell J. Anthony	Director, Client Service	BS	NC State University	16	1
Kristin E. Jaerling	Director, Client Service Coordinator	BSBA	UNC – Charlotte	8	8

Fixed Income:

Name	Title / Role	Degrees / Designations	Education	Invest Exp	Yrs at Firm
Mark M. Montgomery	Managing Director, Portfolio Manager	BS MBA, CFA	West Chester University Drexel University	21	14
Richard T. LaCoff	Managing Director, Portfolio Manager	BS MS	Villanova University Drexel University	20	4
Neil T. Grant	Executive Director, Portfolio Manager	BS MBA, CFA	Syracuse University Emory University	20	8
Robert F. Millikan	Executive Director, Portfolio Manager	BA, CFA	Wake Forest University	21	12
Michael Z. Sun	Executive Director, Analyst	BS MS, CFA	Nanjing University Beijing University	11	2
Richard M. Reid	Director, Portfolio Manager	BA MBA	Harvard University Wake Forest University	25	1
Kevin E. McNair	Director, Portfolio Manager	BA MA, CFA	UNC – Chapel Hill NC State University	17	17

Brad D. Eppard	Director, Portfolio Manager	BS, CFA	Radford University	26	7
Brent A. Barton	Director, Analyst	BA MBA, CFA	Randolph-Macon College College of William & Mary	20	1
Peter L. Brown	Director, Analyst	BS MBA, CFA	Cornell University Wake Forest University	9	7
Howard E. Buznitsky	Director, Analyst	BS MBA, CFA	Lehigh University MIT	18	6
Joseph H. Ely, Jr.	Director, Analyst	BA MBA, CFA	UNC – Chapel Hill Appalachian State University	18	3
Michael P. McVicker	Director, Analyst	BSBA	UNC – Charlotte	19	19
Jeffrey D. Ormsby	Director, Analyst	BS MBA	NC State University UNC – Chapel Hill	5	1
Carrie R. Breswitz	Associate Director, Analyst	BS MBA	NC State University Campbell University	11	11
David T. Johnson	Associate Director, Analyst	BSBA MBA	Appalachian State University East Carolina University	13	7
Justin B. Nicholson	Associate Director, Analyst	BS	NC State University	10	10
Gregory M. Zage	Associate Director, Analyst	BA	Davidson College	4	4

Maxwell J. Anthony, Director, joined Sterling in 2012 and is part of the team responsible for new business development and client service. Specifically, Max is a fixed income strategist and is responsible for development investment solutions for clients. He has investment experience since 1996. Prior to joining Sterling, he worked for Bank of America as a product specialist within debt capital markets. He also served as an independent consultant providing capital structure optimization for corporate, governmental, and municipal clients. Max is a graduate of North Carolina State University where he received his BS in Business Management.

Kristin E. Jaerling, Director, joined Sterling in 2003 as an analyst in the firm's Private Client Group before assuming her current role as the firm's Client Service Coordinator. Kristin has investment experience since 2003. Kristin is a graduate from the University of North Carolina-Charlotte where she received her BSBA in Finance with a minor in Economics.

Mark M. Montgomery, CFA, Managing Director, joined Sterling in 1997 and is a Senior Fixed Income Portfolio Manager and head of Sterling's Fixed Income Portfolio Management. He has investment experience since 1990. Prior to joining Sterling, he worked at The Vanguard Group for seven years working on their long-term and high-yield municipal portfolio management team. Mark is a graduate of West Chester University where he received his BS in Marketing and a Minor in Public Administration. He received his MBA from Drexel University with a concentration in investment management. He is a CFA charterholder.

Richard T. LaCoff, Managing Director, joined Sterling in 2007 and is a Senior Fixed Income

Portfolio Manager and head of Sterling's Fixed Income Trading and Analytics. He has investment experience since 1991. Prior to joining Sterling, he worked for RiverSource Investments as a Senior Portfolio Manager overseeing more than $12 billion in tax-exempt assets. He developed domestic as well as international fixed income experience during his nine year tenure with Payden & Rygel Investment Counsel. During that time he held a number of positions that included Global Bond Strategist, Head of Global Non-Dollar Investment Grade Credit Strategy, and Head of Municipal Bond Strategy and Trading. He held the former two positions while living in London where he established Payden & Rygel's overseas trading operation. Additionally, he managed taxable and tax exempt portfolios at The Vanguard Group. Rick is a magna cum laude graduate of Villanova University where he received his BS in Business Administration and holds an MS in Finance from Drexel University.

Neil T. Grant, CFA, Executive Director, worked for eight years at ING Investment Management as a Vice President on their structured finance team before joining Sterling in 2004. Neil is a Fixed Income Portfolio Manager and currently head of the mortgage and structured product area for Sterling's fixed income team. Prior to ING he worked at Bear, Stearns & Company for four years on their commitment desk supporting their mortgage conduit. Neil is a graduate of Syracuse University where he received his BS in Finance. He received his MBA from Emory University and is a CFA charterholder.

Robert F. Millikan, CFA, Executive Director, joined BB&T Asset Management in 2000 and Sterling through merger in October 2010. Bob has investment experience since 1990. He is responsible for managing the state-specific municipal bond fund portfolios for the Sterling Capital Funds as well as for the tax-free funds' investment policy, research and management. Prior to joining BB&T, he worked 10 years for First Citizens Bank as Vice President and Fixed Income Portfolio Manager for both taxable and tax-exempt accounts. Bob is a graduate of Wake Forest University where he received his BA in Economics. He is a past President of the North Carolina Society of Financial Analysts and also a past Chairman of the Board of Directors for the Carolinas Municipal Advisory Council. He is currently serving on the CFA North Carolina Strategic Advisory Board. He is a CFA charterholder.

Michael Z. Sun, CFA, Executive Director, joined Sterling in 2009 and is a Senior Fixed Income Structured Products Analyst. He has investment experience since 1998. Prior to joining Sterling, he served as Vice President, Portfolio Manager/Senior Research Analyst for Evergreen

Investments. Michael is a graduate of Bowling Green State University where he received his MA in Economics. He received his MS in Urban & Regional Study at Beijing University, and received his BS in Geography at Nanjing University. He is a CFA charterholder.

Kevin E. McNair, CFA, Director, joined BB&T Asset Management in 1994 and Sterling through merger in October 2010. He has investment experience since 1994. He is the Portfolio Manager for the U.S. Treasury Money Market Fund. Kevin is a graduate of the University of North Carolina at Chapel Hill where he received his BA in Economics. He received his MA in Economics from North Carolina State University. He is a CFA charterholder.

Brad D. Eppard, CFA, Director, joined BB&T Asset Management in 2003 and Sterling through merger in October 2010. Brad has investment experience since 1985. He is the Portfolio Manager for the Sterling Intermediate U.S. Government Fund. Prior to joining BB&T, he was a Fixed Income Strategist for Legg Mason Wood Walker and Director and Senior Vice President with Boatmen's Capital Management. Brad is a graduate of Radford University where he received his BS in Business Administration/Accounting. He is a CFA charterholder.

Richard M. Reid, Director, joined Sterling in 2011 and is a Fixed Income Municipal Portfolio Manager. Richard has investment experience since 1985. He has traded municipal bonds with an emphasis on intermediate high grades, underwritten and managed syndicates, and sold to institutional clients focused on both high grade and high yield tax free securities. Prior to joining Sterling, he was a Senior Vice President for BC Ziegler and a Principal at Banc of America Securities LLC. Richard is a cum laude graduate of Harvard University where he received his BA in Economics. He received his MBA from Wake Forest University.

Brent A. Barton, CFA, Director, joined Sterling in 2011 as a Senior Fixed Income Analyst. Brent has investment experience since 1991. Prior to joining Sterling, he worked for Wells Capital Management. Previous work experience included seven years as a portfolio manager and senior analyst with First Colony Life Insurance Company and as a banking analyst with the Virginia State Corporation Commission. Brent is a graduate of Randolph-Macon College where he received his BA degree in Business/Economics with a minor in English literature. He received his MBA from the College of William & Mary. He is a CFA charterholder.

Peter L. Brown, CFA, Director, joined Sterling in 2004 and is a Fixed Income Analyst. He has

investment experience since 2000. Prior to joining Sterling, he held financial analyst positions at National Institutes of Health and First Union National Bank/First Union Securities. Pete is a graduate of Cornell University where he received his BS in Statistics with minors in Business Management, and Marketing and Communications. He received his MBA from Wake Forest University. He is a CFA charterholder.

Howard E. Buznitsky, CFA, Director, joined Sterling in 2006 as a Senior Fixed Income Analyst with a focus on credit research. He has investment experience since 1993. Prior to joining Sterling, he worked for BNY Capital Markets as a High Yield/Distressed Debt Analyst. Previous work experience includes analyst positions at Bank of New York and Prudential Asset Management Company. Howard is a magna cum laude graduate of Lehigh University where he received his BS in Financial Management. He received his MBA from MIT Sloan School of Management. He is a CFA charterholder.

Joseph H. Ely, Jr., CFA, Director, joined Sterling in 2009 as a Senior Fixed Income Analyst. He has investment experience since 1993. His experience includes nine years as a Senior Credit Analyst. Prior to joining Sterling, he worked for Evergreen Investment Management Company. Prior to Evergreen, he served as Assistant Vice President and Senior Product Analyst for Wachovia Bank. Joe is a graduate of University of North Carolina at Chapel Hill where he received his BA in Economics. He received his MBA from Appalachian State University. He is a CFA charterholder.

Michael P. McVicker, Director, joined Sterling in 1992 and is a Fixed Income Analyst. He has investment experience since 1992. Mike is a graduate of the University of North Carolina-Charlotte where he received his BSBA in Finance with a minor in Psychology.

Jeffrey D. Ormsby, Director, joined Sterling in 2011 and is a Fixed Income Analyst in the mortgage and structured product area. Jeff has investment experience since 2006. Prior to joining Sterling, he worked for Smith Breeden Associates as a CMBS trader and portfolio management analyst within their investments group. Jeff is a summa cum laude graduate of North Carolina State University where he received his BS in Economics and was recognized as Valedictorian. He received his MBA from UNC's Kenan-Flager Business School, where he was the Norman Block Valedictorian Award recipient.

any changes would impact investment choices.

D. What is the largest number of accounts handled by any single manager/team (give size of team)?

Sterling's 18-member Fixed Income Team has eight portfolio managers for both taxable and tax-exempt portfolios across the yield curve. On average, each fixed income portfolio manager has approximately 30 institutional client relationships for which they are responsible. The important determinant of a portfolio manager's workload is the amount of differentiated mandates for which they are responsible, not necessarily the number of portfolios managed. For example, five portfolios with identical guidelines can be block traded as though it were one account, which limits the amount of time required to manage the portfolios.

4. Investment Management Approach and Discipline

A. Briefly describe your firm's investment management philosophy.

Firm Investment Philosophy

Sterling Capital Management is dedicated to providing outstanding investment performance and exceptional client service. Sterling's primary goal is long-term, consistent performance and service. We achieve this by maintaining a consistent risk management process and a service-focused business model.

Fixed Income Investment Philosophy

Sterling applies a disciplined and risk managed approach to constructing and maintaining our clients' fixed income portfolios. The firm seeks to add value in both up and down markets by identifying broad macroeconomic trends while utilizing sector and security specific research. Sterling's philosophy has remained consistent since the inception of the product. With an average experience of our fixed income team members of 17 years, we attempt to generate incremental returns over market indices with low volatility.

B. Describe the investment program you are proposing for us, including the type and mix of securities you propose to purchase, how the funds will be managed after the initial investments are made and how you will provide liquidity should it be necessary.

Based on the parameters outlined, Sterling would propose its Short Term Fixed Income strategy be employed in managing the City's funds. The nucleus of short term fixed income portfolios are consistently invested in Treasuries, agencies, corporates, MBS, CMBS, ABS, and municipals. The Fixed Income Team also looks to add tactical positions in other opportunities to mitigate the portfolio's risk through diversification while enhancing the opportunity set. Ultimately, the addition of any securities would be dictated by each client's Investment Policy Agreement. Further, based on the City's specific funding needs, Sterling will work consultatively with the City and any professional designees to construct the optimal maturity spectrum and duration profile. Please refer to question #9 for a hypothetical asset allocation scenario that Sterling has created based on the investment policy you provided.

Investment Process:

Led by Managing Directors Mark Montgomery and Richard LaCoff, the firm's 18-member Fixed Income Team works together in top-down analysis including duration, yield curve, and sector analysis. At the security level, each member of Sterling's Fixed Income Team has an area of specialization. Responsibilities are divided by expertise, which includes corporate bonds, mortgage-backed and asset-backed securities, municipals, agency securities, and Treasury/Treasury-Related securities. In addition to monitoring ongoing compliance of individual client accounts, Sterling's Fixed Income Team formally meets on a bi-weekly basis to review macro portfolio strategies including duration/yield curve positioning, sector allocations, credit exposures, and security specific issues, as well as to review portfolio performance. This team approach assures consistency in terms of portfolio structure. Once the team has identified a sector or security to be added to the firm's portfolios, the specialist in that area is responsible for buying or selling the position, which will be allocated pro rata across client portfolios. The lead portfolio manager assigned to your account would have responsibility for implementing the group strategy in your portfolio. Mark Montgomery and Richard LaCoff have supervisory responsibility for the entire fixed income team and overall responsibility for all portfolios.

Sterling utilizes an opportunistic investment approach that seeks to add value and manage risk in each of our clients' portfolios. Our process incorporates a macro view that drives our "Top Down"

decisions and fundamental "Bottom-Up" research that drives sector and security selection.

Duration Management:

Sterling initiates its investment approach by utilizing qualitative and quantitative analysis that seeks to measure the degree of interest rate risk in the market. Through this analysis and the team's overall assessment of economic conditions, we compare current fundamentals and technicals with current interest rate levels and make decisions on the general trend in interest rates and their effect on our clients' portfolios. By adjusting the average maturities in our clients' portfolios, we are able to take advantage of broad trends in interest rates and add incremental returns. Duration will range from 70%-130% of the duration target. To account for liability driven planning that public entities maintain, we work closely with our clients to calibrate the appropriate portfolio profile.

Yield Curve Analysis:

An additional top down component of the firm's process is the analysis of the yield curve. Sterling's Fixed Income Team considers both relative value of current yields and expected changes in the shape of the curve to optimize yield curve positioning. The slopes at different parts of the curve are evaluated in determining the best risk versus return opportunities. In addition, our team evaluates macroeconomic trends and supply expectations to forecast likely changes in the shape of the curve. Based upon our teams' assessment of all of these factors, we will employ either a bullet, ladder or barbell portfolio structure. Our goal is to position our portfolio investments at the optimum point of the yield curve to maximize returns while maintaining an acceptable degree of risk.

Sector Selection:

An important step in Sterling's fixed income process is the overall positioning of portfolio sector exposures. Key variables that are considered in our sector allocation decisions include the fundamentals, the technicals, and the relative valuations of each sector. In addition, volatility and interest rate expectations are overlaid when deciding upon our allocation to each sector. If we expect a significant rise in volatility along with a decline in rates, we would add a positive convexity bias to our portfolios by emphasizing treasuries and/or bullet agencies. If we were anticipating a decline in volatility and rates to remain range bound, we would overweight spread product, callable agencies. Finally, if we were forecasting a rise in rates, regardless of volatility, we would emphasize spread product without extension risk such as corporate bonds and notes.

In all market environments, we thoroughly analyze the structural risks and characteristics of the securities in our portfolios.

Relative Value Analysis:

In addition to considering volatility and interest rate expectations, Sterling employs relative value analysis across sectors. Sterling measures the incremental yield differentials across agencies and corporates, relative to both U.S. Government and interest rate swap yields. Exposures among these sectors will vary as the yield differentials (rich/cheap) change during different market environments. Standard deviation analysis using historical sector spread ranges helps identify portfolio opportunities.

Credit Research & Analysis:

Sterling's basic philosophy relative to credit is to avoid problem creditors and industries irrespective of spread and yield. Each of our clients has an investment policy that usually designates a minimum credit rating per security and a minimum average rating for the entire portfolio. We strive to avoid deteriorating credits; therefore, our portfolios typically maintain ratings above the minimum requirement as designated in the guidelines. However, it is our strong belief that there are many companies with lower credit ratings that have stable to improving fundamentals. We seek to identify those credits that are improving but have not yet been recognized by the market as worthy of a higher credit rating. The credit analysis function is based on fundamental analysis of individual credits as well as a qualitative review of desired "top-down" exposure to various industry sectors. Our analysis of credits includes an exhaustive review of issuers' revenue growth, EBITDA cash flow analysis, capital sufficiency and access to capital. Our goal is to construct a portfolio that is well diversified in credits across industries that have proven business models.

Approximately 80% of the firm's research effort is conducted internally by Sterling's 18-member Fixed Income team, and approximately 20% is external. Sterling uses a combination of internally generated research as well as research from numerous Wall Street brokerage firms and third-party products. The firm subscribes to several premium external sources including FactSet, Standard & Poor's Ratings Direct, Moody's Ratings Interactive, Bloomberg, Hoover Research, Barclays Capital Live, U.S. Securities and Exchange Commission's Online Edgar Database, and numerous Wall Street brokerage firm reports. Sterling also receives assorted economic and research publications from various firms worldwide including International Strategy & Investment

(ISI) and brokers such as Barclays and Bank of America.

Security Selection:

The Fixed Income Team works to develop an approved list of names. Individual security selection decisions are based on analysis from the appropriate sector specialist. If the sector specialist identifies a security for purchase that is not on the approved list or appears on the list but may violate the team's overall strategy, the specialist would first discuss the proposed purchase to the appropriate security team (i.e. credit or structured products). The potential purchase may also be discussed at the bi-weekly Fixed Income Team meeting. The Fixed Income Team would debate and discuss the purchase of the particular security to ensure that it would not violate the overall macro decisions made by the firm's senior investment professionals. Upon approval, the portfolio manager assigned to the account oversees implementation, including the determination of target dollar amounts.

Sterling's buy discipline is fundamentally based on the underlying strength of the company or security being considered. When adding a security, the first step is the decision to weight the sector. The second step is to identify the names that Sterling is interested in adding that are on the approved list and that are not currently in the portfolio. The final step is the relative value decision of evaluating one security on an incremental spread basis versus another. Sterling buys securities only when the credit is fundamentally sound, meets our diversification objectives, and offers good relative value.

Sector specialists operate within the macro parameters as established by senior portfolio management. For example, although a security may reside on the approved list, if its maturity conflicts with the top down positioning established at the senior level then it would be ineligible for purchase. The team's overall strategy and outlook takes precedence over security level allocation.

Sterling will sell a security when it becomes fully priced relative to its spread and underlying fundamentals. An investment thesis accompanies every credit approval. The thesis contains specific trigger items that would prompt a review by the analyst and also has a pre-determined exit level. Sterling will sell a security once the original investment thesis is materially violated. Sterling will sell a security when it begins to exhibit deteriorating credit trends. Finally, there are situations in which the fundamentals of a company or security are solid, but we view the trading

levels as "rich" or "unattractive." In these situations, we temporarily suspend the purchase of these bonds until appropriate incremental spreads are available. There is no minimum time period that Sterling will hold a security.

Risk Management:

From a risk management perspective, we feel the ongoing risk assessment at both the portfolio and individual security level is paramount. If you cannot measure risk, you cannot manage it. Sterling's process is designed to manage risk across four key areas:

- Interest Rate & Yield Curve
- Credit
- Structure
- Liquidity

In order to manage interest rate risk, Sterling utilizes a combination of both fundamental and quantitative proprietary systems. Our decisions are based on the identification of trends rather than trading opportunities. Duration constraints are 70% to 130% of benchmark duration. Sterling's proactive approach seeks to evaluate a series of well proven economic and market related statistics to arrive at the appropriate investment strategy for our clients.

Sterling maintains a strong bias towards limiting the degree of credit risk in our portfolios. We use a combination of "bottom-up" fundamental credit research coupled with "top down" quantitative sector analysis in identifying the names in our portfolios. Our credit process allows us to identify and maintain only those names that are stable to improving credits. While Sterling subscribes to the external rating agencies for access to their views on credits, the rating agencies are only a small component of our comprehensive evaluation process. Our process evaluates specific data such as earnings before interest, taxes, depreciation and amortization (EBITDA) in evaluating a company's cash flow strength and its ability to meet expected as well as unanticipated operating challenges. We gauge the quality of earnings as well as the strength of the firm's capital base relative to level of outstanding debt. Finally, Sterling evaluates the company's overall financial strength relative to the rating agencies' desired target levels to determine if the degree of financial risk is appropriate for our portfolios.

Sterling's risk management process also focuses on the structural risk of the securities in our portfolio. Very close attention is paid to the inherent features of the securities we select in order to understand the duration, convexity and credit risk of the bonds. Some of these considerations include the servicer, the underlying collateral and the structural integrity of a deal being evaluated.

We require a clear understanding of how securities will respond to various movements in interest rates as well as possible new issuance events. Sterling also analyzes features such as puts, calls, sinking fund, projected average lives and payment windows before any investment decision is made.

Sterling does not believe that it is appropriate to sacrifice liquidity for yield. Clients may need liquidity to fund both expected and unexpected needs. By maintaining our focus on the liquidity of our holdings, we strive to meet liquidity needs within 3 to 5 business days and, in emergency situations, can offer daily liquidity but do not recommend this given the non-standard settlement. In addition, securities with limited liquidity typically offer greater credit and interest rate risk. Therefore, our objective is to avoid illiquid securities. We maintain transitional cash which is typically sufficient to meet daily flow requests.

C. What are the primary strategies employed by your firm for adding value to portfolios (e.g., market timing, credit research, etc,)?

Sterling believes that the market provides a different driver of investment performance each year. Our process focuses on identifying the key driver for a given year and positioning the portfolios to benefit from the opportunity available. Historically, Sterling has benefitted from sector rotation, yield curve positioning, and duration positioning but the magnitude of conviction and excess return captured for each driver changes year to year.

D. Describe how investment ideas are originated and how researched, and how the ultimate investment decision is made. Explain how investment decisions are then implemented, monitored and evaluated.

Sterling's senior portfolio managers, together with input from the firm's Investment Committee, determine the macro strategy which includes how we want to position our clients portfolios relative to duration, yield curve and sector allocation. Individual security selection decisions are based on analysis from the appropriate sector specialist.

Approximately 80% of the firm's research effort is conducted internally by Sterling's 18-member Fixed Income team, and approximately 20% is external. Sterling uses a combination of internally generated research as well as research from numerous Wall Street brokerage firms and third-

party products. The firm subscribes to several premium external sources including FactSet, Standard & Poor's Ratings Direct, Moody's Ratings Interactive, Bloomberg, Hoover Research, Barclays Capital Live, U.S. Securities and Exchange Commission's Online Edgar Database, and numerous Wall Street brokerage firm reports. Sterling also receives assorted economic and research publications from various firms worldwide including International Strategy & Investment (ISI) and brokers such as Barclays and Bank of America.

Sterling's credit research function is based on fundamental, bottom up analysis of individual credits as well as a qualitative review of desired "top-down" exposure to various industry sectors. We analyze individual company financial data to assess the strength or weakness of possible corporate holdings. Sterling's primary goal in the credit research process is the identification of stable-to-improving metrics. The initial universe is comprised of the credit names in the Barclays Capital Aggregate Bond Index. Relative valuation based upon statistical analysis provides for some "idea generation" and a research list. Once a credit is selected for research, it undergoes rigorous, fundamental analysis. The team also approaches credit analysis from a macro perspective, striving for recognition of the credit's sensitivities to the outlook in economic growth, interest rates, commodity prices, f/x rates, and legal/regulatory issues. Sterling utilizes qualitative and quantitative methods to determine the most important drivers for stable to improving credits. The team considers metrics such as recurring profitability, cash flow generation, leverage, segment analysis, debt distribution, and relative valuation along with qualitative factors. Only after passing through a systematic fundamental and macro analysis does the credit become eligible for possible inclusion in client portfolios.

From this dynamic process we develop an approved list of names that we incorporate into our portfolios. Our goal is to construct a portfolio that is well diversified in credits in industries that are comprehendible and understood without question. Once the team has identified a sector or security to be added to the firm's portfolios, the specialist in that area is responsible for buying or selling the position, which will be allocated pro rata across client portfolios. The lead portfolio manager for each account would have responsibility for implementing the group strategy in the portfolio. Ultimately, portfolio managers have decision-making responsibility for their portfolios within the set risk parameters and investment policy guidelines.

Monitoring

Each of our client's portfolios is governed by a detailed Investment Policy Agreement which is

created from discussions between Sterling and the client. The account objectives and guidelines are summarized and provided to each portfolio manager, the firm's trading desk, compliance officer, and the assigned client service representative. Investment policy restrictions and overall guidelines are also entered directly into the firm's investment policy database in order to identify potential compliance infractions on a pre-trade basis.

Sterling utilizes a proprietary compliance system that was internally developed. By building a custom system, Sterling can easily adapt and change the system for any new client restrictions or shift in rules or regulations. Sterling's InCompliance software has the ability to check trades against client mandates on a pre-trade, post-trade, and end of day cycles. Trades can be run through on a pre-trade basis prior to execution to ensure the trade is permissible. Secondly, once a trade is executed and entered into our trade order management system, the trade is again checked for policy compliance. The last check, or end of day check, is run on the entire portfolio at the end of day, to ensure the portfolio is still in compliance after all of the day's trading. This end of day check will also flag violations that may occur due to changes in market value or ratings downgrades.

In addition, portfolios are reviewed monthly to ensure that they are in compliance with the investment policy. Questions about particular transactions and restrictions are addressed to the portfolio manager and compliance officer. The compliance department also reviews investment policy compliance procedures at least annually to identify any needed improvements.

If violations to a client's policy are identified, they are brought to the attention of the firm's Chief Compliance Officer, Clint Ward, and through communications with the client if necessary, appropriate action is determined. Sterling bears the cost of any noncompliant trade in need of reversal. Any gain on this type of trade accrues to the benefit of the client.

E. Describe your firm's research capabilities and resources. Does your firm assign credit research to specialists?

Approximately 80% of the firm's research effort is conducted internally by Sterling's 18-member Fixed Income team, and approximately 20% is external. Sterling uses a combination of internally generated research as well as research from numerous Wall Street brokerage firms and third-party products. The firm subscribes to several premium external sources including FactSet,

Standard & Poor's Ratings Direct, Moody's Ratings Interactive, Bloomberg, Hoover Research, Barclays Capital Live, U.S. Securities and Exchange Commission's Online Edgar Database, and numerous Wall Street brokerage firm reports. Sterling also receives assorted economic and research publications from various firms worldwide including International Strategy & Investment (ISI) and brokers such as Barclays and Bank of America.

Sterling chooses to specialize in a broad variety of security classes as Sterling's fixed income process involves positioning our portfolios among various sector exposures dependent upon an analysis of the fundamentals, the technicals, and the relative valuations of each sector. At the security level, each of the Fixed Income Team's 18 members has an area of specialization. Please see below for firm-wide areas of specialization for Sterling's fixed income team:

Treasury/Agency:	Kevin McNair, Brad Eppard, & Pete Brown
Corporate:	Joe Ely, Howard Buznitsky, Brent Barton, & Gregory Zage
Securitized:	Neil Grant, Michael Sun, & Jeff Ormsby
Municipal:	Robert Millikan, Richard Reid, Michael McVicker, & David Johnson

Each member of Sterling's fixed income team has an area of specialization; portfolio responsibilities are divided by areas of expertise, which includes corporate bonds, securitized products, municipals, government-related and Treasury securities. Sterling's fixed income team formally meets on a bi-weekly basis to review portfolio strategies including duration/yield curve positioning, sector allocations, and security specific issues, as well as to review portfolio performance. This team approach assures consistency in terms of portfolio structure. Individual security selection decisions are based on analysis from the appropriate sector specialist.

Mortgage and Structured Products:

Sterling has extensive experience in the mortgage-backed sector and utilizes fundamental bond analysis while incorporating various tools in analyzing MBS and structured products. We evaluate the bonds on a fundamental basis and analyze the security collateral, structure and servicer risks. Additionally, we evaluate option adjusted spreads (OAS), key rate durations, and scenario analysis to aide in relative valuation and sector investments. We utilize several analytical systems including FactSet, Bloomberg, INTEX (for detailed analysis on MBS) and TREPP (for CMBS).

Neil Grant is responsible for Sterling's mortgage and structured products sector. Neil has been with the firm for eight years and has 21 years of investment experience. Before joining Sterling in 2004, Neil worked for eight years at ING Investment Management as a Vice President on their structured finance team. Prior to ING he worked at Bear, Stearns & Company for four years on their commitment desk supporting their mortgage conduit. Michael Sun and Jeff Ormsby, fixed income analysts, also cover the mortgage and structured products sector. Michael and Jeff have eleven years and five years of investment experience, respectively.

Corporate Securities:

Once a corporate security is selected for research, it undergoes rigorous, fundamental analysis. The team also approaches credit analysis from a macro perspective, striving for recognition of the credit's sensitivities to the outlook in economic growth, interest rates, commodity prices, f/x rates, and legal/regulatory issues. Sterling's basic philosophy relative to corporate notes is to avoid problem creditors and industries irrespective of spread and yield. However, it is our strong belief that there are many companies with lower credit ratings that have stable to improving fundamentals. We seek to identify those credits that are improving but have not yet been recognized by the market as worthy of a higher credit rating. The credit analysis function is based on fundamental analysis of individual credits as well as a qualitative review of desired "top-down" exposure to various industry sectors. Our analysis of credits includes an exhaustive review of issuers' revenue growth, EBITDA cash flow analysis, capital sufficiency and access to capital. Our goal is to construct a portfolio that is well diversified in stable to improving credits in industries that are comprehendible and understood without question.

Howard Buznitsky and Joseph Ely are the senior analysts for Sterling's corporate securities sector. Howard has been with the firm six years and has eighteen years of investment experience. Prior to joining Sterling in 2006, Howard worked for BNY Capital Markets as a High Yield/Distressed Debt Analyst and also held analyst positions at Bank of New York and Prudential Asset Management Company. Joseph Ely has been with the firm three years and has eighteen years of investment experience. Prior to joining Sterling, Joe worked as a Senior Credit Analyst for Evergreen Investment Management Company and also served as Assistant Vice President and Senior Product Analyst for Wachovia Bank. Brent Barton and Gregory Zage, fixed income analysts, also contribute to corporate security research. Brent and Gregory have twenty years and five years of investment experience, respectively.

Treasury & Government-Related Securities:

The selection of agency securities is driven by our macro views on interest rates and yield curve due to the interest sensitive nature of the sector. Relative value opportunities exist via structural features at the individual security level such as calls and step-up coupons that are priced to add value in certain macro scenarios.

Peter Brown, Kevin McNair, and Brad Eppard comprise Sterling's government-related fixed income team. Pete Brown has nine years of investment experience. Before joining Sterling in 2004, Pete held financial analyst positions at National Institutes of Health and First Union National Bank/First Union Securities. Kevin McNair joined BB&T Asset Management in 1994 and Sterling through merger in 2010. Kevin has investment experience since 1994. Brad Eppard has investment experience since 1985. Prior to joining BB&T Asset Management in 2003, Brad was a Fixed Income Strategist for Legg Mason Wood Walker and Director and Senior Vice President with Boatmen's Capital Management.

Municipal Securities:

The selection of securities in the municipal market tends to be a bottom up process as the availability of a particular credit is subject to market conditions. Sterling generally avoids unrated, below-investment grade, infrequent or extremely small issuers and instead focuses on investment grade securities with name recognition (and therefore sufficient secondary market liquidity) that meet the investment objectives for the client.

Robert Millikan and Richard Reid are responsible for Sterling's municipal fixed income sector. Bob Millikan joined BB&T Asset Management in 2000 and has investment experience since 1990. Prior to joining the firm, he worked 10 years for First Citizens Bank as Vice President and Fixed Income Portfolio Manager for both taxable and tax-exempt accounts. Richard Reid joined Sterling in 2011 with 25 years of investment experience. Prior to joining Sterling, Richard was a Senior Vice President for BC Ziegler and a Principal at Bank of America Securities and traded municipal bonds with an emphasis on intermediate high grades, underwritten and managed syndicates. Michael McVicker and David Johnson, fixed income analysts, also contribute to municipal security research and have 20 years and 13 years of investment experience, respectively.

F. What suggestions do you have for changing the City's existing Investment Policy to increase yield without unduly sacrificing safety and liquidity, while staying within Florida state statutes.

Sterling would make the following recommendations to the City's investment policy:

- Specify minimum credit quality rating (for corporate bonds from "A" to either A/A2/A or A-/A3/A-, and for municipal bonds from "AA" to either Aa2/AA/Aa2 or Aa3/AA-/Aa3)
- Revise maximum maturity language to be calculated as 10 years from settlement date
- Increase maximum corporate bond allowance from 25% to 35% and allow purchase of Yankee corporate bonds in addition to U.S. corporate bonds
- Assess money market fund utilization

Below is the rationale for the recommendations listed above:

- Revised maturity language: By specifying maximum of 10 years from settlement date instead of trade date, would allow for participation in any new issues.
- Increase of corporate bond allowance: Corporate bonds offer greater yield compared to government bonds. Increasing the maximum allocation allows Sterling to take advantage of wider spreads during periods of volatility and can provide the firm the opportunity to add value.
- Inclusion of Yankees: This would allow for greater diversification with potential for some pickup in yield.
- Assessment of money markets: Based on the current structure and potential legislation of money market funds, it is a good practice to assess portfolio exposures.

G. In one sentence, describe your firm's fixed income investment policy. When was it established?

Sterling applies a disciplined and risk managed approach to constructing and maintaining our clients' fixed income portfolios and seeks to add value in both up and down markets with low volatility. Sterling's fixed income philosophy and policy has remained consistent since inception of the strategy.

5. Performance

A. Provide a breakdown of the total assets managed by your firm. Do not include figures for any subsidiaries, affiliates, or parent firms. As of March 31, 2012 or as of: 12/31/11

Please see below for Sterling's total institutional assets under management as of December 31, 2011. Following the 2010 merger with BB&T Asset Management, Sterling has an additional $9.4 billion in balanced portfolios under management.

	# of accts	$ value (in $1,000)
Tax Exempt Assets		
ERISA	52	$2,777,480
Public	12	$1,880,560
Taft-Hartley	6	$200,443
Endowment	56	$607,748
Foundation	*combined with Endowment above*	
Other	46	$2,770,418
Total Tax-Exempt	**172**	**$8,236,649**
Taxable Assets		
Personal Trusts	102	$602,174
Commingled	0	$0
Total Taxable	**276**	**$11,863,026**
Mutual Funds		
Equity	10	$2,269,700
Fixed Income	12	$1,372,728
Money Market	3	$945,082
Total Mutual Funds	**25**	**$4,587,510**
Overall Total	**473**	**$24,687,185**

B. For each of the last five years please indicate the number of fixed income accounts gained and lost in each category.

ACCOUNTS GAINED

	2007	2008	2009	2010	2011
PUBLIC	3	2	1	0	1
ERISA	N/A*	N/A*	N/A*	N/A*	N/A*
TAFF-HARTLEY	0	0	0	0	0
ENDOWMENT	0	0	1	3	3
FOUNDATION	*combined with Endowment above for total "Non Profit"				
OTHER	12	39	35	16	15
TOTAL	**15**	**41**	**37**	**19**	**19**

ACCOUNTS LOST					
	2007	**2008**	**2009**	**2010**	**2011**
PUBLIC	0	0	0	0	1
ERISA	N/A*	N/A*	N/A*	N/A*	N/A*
TAFF-HARTLEY	0	0	0	0	0
ENDOWMENT	0	1	0	1	1
FOUNDATION	*combined with Endowment above for total "Non Profit"				
OTHER	8	4	9	12	12
TOTAL	**8**	**5**	**9**	**13**	**14**

*Sterling does not track accounts gained/lost by ERISA status

C. Provide the rates of return indicated below by fund (limited to fixed income investments - exclude equity portfolios). If you have a fund, which would mirror the City's authorized investments, please bring this to our attention as such. Where multi-products exist, simply duplicate the return tables listed below for each product submitted. Additionally, if available, submit return figures calculated by a third party performance firm. Be sure to indicate the asset value and number of accounts corresponding to the return figures.

Sterling is proposing a separate account vehicle for its Short Term Fixed Income strategy. Over the last several years, portfolios within Sterling's Short Term Fixed Income Composite have had an average duration of approximately 1.5 to 2 years. Please see below for returns and data for our Short Term Fixed Income Composite. Please find included in Tab 9 our GIPS performance disclosure.

Fixed Income Performance

YEAR ENDING	**RETURN %**	**# OF ACCOUNTS***	**Market Value ($)***
2007	7.04	13	$305 million
2008	6.46	4	$149 million
2009	3.79	11	$620 million
2010	2.66	19	$1.0 billion
2011	1.51	20	$2.3 billion
Annualized 3 year thru 12/31	2.65		
Annualized 5 year thru 12/31	4.27		
1st Q 2011 2nd Q 2011 3rd Q 2011 4th Q 2011 1st Q 2012	0.29 0.82 -0.02 0.42 0.79		

*Represents number of accounts and market value of accounts in the Composite

D. Is your Firm in compliance with the Association for Investment Management and Research (AIMR) Standards?

Yes, as of January 1, 1993, the firm's performance results have been GIPS compliant (formerly AIMR).

E. What is the average size of the five largest fixed income funds under current active management?

The average size of Sterling's five largest separately managed fixed income accounts is $959 million.

6. <u>Accounting and Reporting</u>

A. Describe the investment accounting and reporting system used by your firm and if it complies with AIMR standards.

Sterling utilizes the Advent APX portfolio accounting and reporting system to bring speed and accuracy to all of the firm's portfolio management functions. As of January 1, 1993, the firm's performance results have been GIPS compliant.

Sterling works with our clients to provide customized reporting tailored to each individual client's needs. In addition to customized statements, we provide a complete asset inventory and transaction summary, a book value earnings summary analysis and an amortization/accretion schedule. Sterling has the ability to customize its accounting system, Advent APX, to meet changes in investment types and reporting requirements. For any major changes, including regulatory and legal requirements, Sterling would work with Advent to make sure appropriate changes are made to the system.

B. Describe the frequency and format of reports that you shall provide to the City, (including the methods and formulas used to calculate yield and performance). The city requires reports on a monthly basis for each month of the year, a quarterly basis and an annual report. Also, in order for the City to comply with accounting and financial reporting requirements, state what data is available for the reports, such as effective duration on an investment basis, type of investment basis and total portfolio basis. Sample reports must be included.

Sterling has an institutional staff of 26 employees including members from our Operations Group, Client Service Team, and Compliance Group that support the client reporting process for institutional fixed income accounts. Sterling's key operations staff includes Chief Operating Officer Ken Cotner and Operations Manager Catherine Casemyr. Each account is assigned a dedicated portfolio administrator from the additional nine members of the Operations Group who is responsible for processing trades, reconciling accounts, and compiling the monthly client statements. Sterling's key client service staff includes your Client Service Representative, Max Anthony, and back-up contact Kristin Jaerling. The Client Service Team works in conjunction with the operations and compliance groups to provide the custom reporting needs of each client.

Sterling's accounting and performance statements are distributed monthly or quarterly; the reporting frequency is dictated by the client. Sterling typically produces custom account statements for our clients within five business days after month or quarter end. However, we have the ability to accommodate clients who need to receive their statements between 1 and 3 days after month/quarter end. Sterling also has the ability to send the monthly account statement electronically utilizing a portable document format (.pdf) or Excel file via Sterling's secured website. A client can sign on to view and print their monthly reports from this website. Sterling works with our clients to provide customized reporting tailored to each individual client's needs.

Sterling uses FactSet for fixed income attribution analysis. The Fixed Income Team runs daily analysis reports breaking down portfolio duration exposure by sector versus the index; credit quality exposure versus the index; sector exposure versus the index; and overall portfolio statistics versus the index. The investment team also conducts performance attribution analysis on a monthly basis to define where active management decisions added value or where the portfolio was penalized.

Please see below for a summary of the materials provided:

Accounting	**Risk**	**Performance**
Portfolio Summary	Security Detail:	Attribution
Financials	- Type	Custom Performance
Portfolio Appraisal	- Sector	Product Commentary
Security Detail	- Credit Ratings	Market Commentary
Income & Expenses	- Duration	Quarterly Reviews
Transaction Detail	Index Comparison	
Book Value Earnings		
Amortization & Accretion		
Bank Reconciliation		
Tax Lots		

Please find included in Tab 9 a sample of our firm's reporting package, which, in addition to standard portfolio reporting, includes quarterly portfolio reviews and commentary as provided by Sterling's client service and fixed income teams. We have also included a description of our yield and return calculation methods.

C. Describe the types of benchmarks that would be included with the performance.

Each of our client's portfolios is governed by a detailed Investment Policy Agreement. Generally, the Investment Policy Agreement stipulates a benchmark(s) that is included in the performance reports. Sterling utilizes benchmarks that have similar characteristics relative to the portfolios we manage to measure portfolio performance. The benchmark for the Short-Term Fixed Income Composite is the Merrill Lynch 1-3 Year Government Index. However, portfolios within the Composite have various benchmarks, including the Merrill Lynch 1-3 Year Govt/Corp Index, the Merrill Lynch 1-3 Year Govt/Corp A or Better Index, and the Barclays Capital 1-3 Year Govt/Credit Index.

D. Describe the process the firm would go through to assist in identifying appropriate industry benchmarks. What performance benchmark(s) would you suggest for our portfolio given our current investment policy which states an overall with a weighted average duration of less than 3 years?

Sterling would conduct an initial meeting with the City to assist in determining the appropriate benchmark for its portfolio based on detailed discussions regarding risk tolerance, expected

Sterling has a disaster recovery plan in place to address business interruption risk. The recovery plan contains procedures for the managers to follow when the plan is activated and procedures for recovering critical functions. Ken Cotner, the firm's Chief Operating Officer, is responsible for initiating the business recovery process by assessing the situation and contacting key managers.

Sterling's plan identifies procedures for physical relocation, rapid replacement of critical hardware and software necessary for managing client portfolios and other functions, and recovery of critical data from offsite back-ups. Sterling believes its backup protocols provide a sufficient level of security to ensure consistent and reliable access to mission critical investment data that is housed on our local area network. Sterling continuously backs up all electronic data on the Sterling network to an offsite facility of Iron Mountain. Back-ups are performed by Iron Mountain through a dedicated server connected to Sterling's environment, eliminating the need for on-site back-up tapes. A "warm site" consisting of an actual physical backup facility and installed computers, servers, etc. has been set up at a secure facility. BB&T also maintains facilities in Charlotte that would be options for temporary space needs. Our capabilities include four-hour turnaround time for restoration service on Sterling's primary domain server, proprietary trading system server, and email server. Sterling's Business Recovery Plan is reviewed annually. The firm has not been forced to implement its Business Recovery Plan in response to an actual disaster; however, occasional data restoration has been required for individual users. The plan was last tested in June 2011.

B. What makes your firm unique?

As part of Sterling's macro analysis of the fixed income markets and broader economy, we often share our viewpoints and analysis with our existing clients. We feel that this value added service is widely used and appreciated by our clients. From an investment perspective, Sterling's qualitative and quantitative interest rate and yield curve analysis contribute to our ability to add value in our top-down decision making. Sterling's niche position as a mid-size fixed income manager enables the firm to be more nimble in gaining exposure and/or reducing exposure to specific credits via the cash market compared to larger competitors. This has proven very beneficial in periods of heightened market volatility.

At certain periods during a market cycle there are opportunities to capture value added through overall positioning of the portfolio from both a duration and yield curve perspective. There are

also inefficiencies across sectors in various market environments. Given the firm's experienced fixed income team, Sterling believes it can add value through selectivity in security selection in all markets. For example, Sterling has found that when there is weakness in the equity market and illiquidity in the corporate bond market, a number of strong credits actually become more attractive. At those periods in time, Sterling will selectively add to our corporate positions at an equal weighting (or greater) to the benchmark. Sterling actively manages portfolios using a defined and focused process. Our fixed income team can continue to provide positive incremental performance utilizing this process and identifying those anomalies and inefficiencies as they become evident.

Our fixed income portfolio managers have over 150 years of combined investment experience, and have experienced a variety of market environments over the past twenty years. We have been able to combine consistent incremental returns over market indices with low volatility. However, past performance is no guarantee of future results. Market conditions vary from year to year and can result in a decline in market value due to material market or economic conditions.

Finally, Sterling places tremendous emphasis on exceptional client service and customer satisfaction. Sterling believes its ethics policies, procedures, and culture differentiate it from other firms in that we go above and beyond the minimum requirements. The mission statement of the firm is taken very seriously and embodies the client service-focused culture that is present at Sterling. Sterling commits to:

- Provide outstanding investment performance and exceptional client service
- Foster a work environment built on integrity, communication, respect and teamwork
- Embrace change as a means of improving the quality of our services

The proposer understands that the information contained in these Proposal Pages is to be relied upon by the City in awarding the proposed Agreement, and such information is warranted by the proposer to be true. The proposer agrees to furnish such additional information, prior to acceptance of any proposal, relating to the qualifications of the proposer, as may be required by the City.

9. <u>City's preferred tiers/categories:</u> How would you construct your portfolio taking into consideration the preferred tiers/categories stated below?

Given the current environment and the provided investment policy constraints, Sterling would recommend allocating the City's portfolio as follows (with a targeted average duration of 3 years):

Sector	% of Total	Comments
Treasury	10.0	
Agency	35.0	Bullet and callable
Corporate	25.0	A or better, U.S. only
Mortgage-Backed	10.0	Pass-thru and CMOs
CMBS	10.0	
Municipal	10.0	Taxable
TOTAL	**100.0**	

Please find below the summary characteristics for the entire portfolio:

Duration	2.95 Years
Yield-to-Maturity	1.50%
Average Credit Rating	AA

However, to refine the best portfolio construction, Sterling will collaboratively assess the City's operating needs and liability structure.

A. Immediate needs: **less than 30 days**
B. Short term: **30 days to a maximum of 12 months**
C. Intermediate term: **1 year – up to 2-1/2 years**
D. Long term: **2-1/2 years up to 10 years (the City's maximum per policy)**

10. Can you submit a monthly and/or quarterly report within (30) days after the completion of a month or quarter? Yes __X___ No _____

If No – How many days after?

Sterling typically produces custom account statements for our clients within five business days after month or quarter end. However, we have the ability to accommodate clients who need to receive their statements between 1 and 3 days after month/quarter end.

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ADDENDUM NO. 1

RFP 125-10899
INVESTMENT MANAGEMENT SERVICES

ISSUED: April 6, 2012

The Proposal Due Date for RFP 125-10899 Investment Management Services, states that the Request For Proposal shall open (due date), on April 16, 2012, prior to 2:00pm EST. This has been changed to read that the Request for Proposal (due date) shall open on **April 23, 2012, prior to 2:00pm EST**. This change is being made as the City shall be issuing a second Addendum next week with additional changes to the RFP document.

All Addendum, questions and answers posted in BidSync are incorporated and made part of the City's Contract with the proposer.

All other terms, conditions, and specifications remain unchanged.

This Addendum No. 1 should be submitted with your RFP Response.

Michael Walker, CPPB
Procurement and Contracts Manager

Company Name: Sterling Capital Management
(Please print)

Proposer's Signature: Kenneth D Cotter

Date: 4/19/12

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ADDENDUM NO. 2

RFP 125-10899
INVESTMENT MANAGEMENT SERVICES

ISSUED: April 9, 2012

The following paragraphs in RFP 125-10899 shall be deleted in its entirety:

PART I – INTRODUCTION INFORMATION, ITEM 05. ELIGIBILITY (second paragraph), PART III – SPECIAL CONDITIONS, ITEM 24. SPECIAL INFORMATION CONTROLS, and PART VIII –PROPOSED PAGES – TECHNICAL PROPOSAL, Tab 9, which states the following:

"The Contractor shall provide a current SSAE 16, SOC 2, Type 1 report with their proposal. Awarded contractor will be required to provide an SSAE 16, SOC 2, Type II report annually during the term of this contract. If the Contractor cannot provide the SSAE 16, SOC 2, Type 1 report at the time of proposal submittal, a current SOC 3 report will be accepted."

And shall be replaced with the following SSAE 16 requirements:

The Contractor(s) or all investment managers shall be required to provide a SSAE 16, SOC 1, Type 2 Report, within six (6) months from the effective date of the contract. The SSAE 16, SOC 1, Type II Report will be required each year for the term of the contract. This includes third party entities. No other documentation shall be accepted.

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The following section in RFP 125-10899 shall be deleted:

PART VII – PROPOSAL SUMMARY REQUIREMENTS, Item 7. Fees (in basis points) after first paragraph, which states the following:

Fee quotes MUST be for a fixed monthly amount based on the average monthly balance within the following range, based on a current pool of market value of approximately $542,000,000), as of 12/31/12. No other fees shall be accepted other than the fees in basis points, as stated below.

(In basis points)

$1.00 to $150,000,000	_____
Over $150,000,000	_____

And shall be replaced with the revised basis points:

Fee quotes MUST be for a fixed monthly amount based on the average monthly balance within the following range, based on a current pool of market value of approximately $542,000,000), as of 12/31/12. No other fees shall be accepted other than the fees in basis points, as stated below.

CONTRACTOR – PLEASE FILL IN THE REVISED BASIS POINTS IN THIS ADDENDUM, AS STATED BELOW:

	(In basis points)
$1.00 to $25,000,000	12 bps
Over $25,000,000 up to $50,000,000	10 bps
Over $50,000,000 up to $100,000,000	8 bps
~~Over $50,000,000 up to $100,000,000~~	
Over $100,000,000 up to $150,000,000	7 bps
Over $150,000,000	6bps

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The following New language is being added and made part of this RFP under PART III - SPECIAL CONDITIONS, ITEM 25. Also added and made part of this RFP of this RFP is Exhibit B Local Business Preference Certification Statement document.:

25. LOCAL BUSINESS PREFERENCE

Section 2-199.2, Code of Ordinances of the City of Fort Lauderdale, (Ordinance No. C-12-04), provides for a local business preference.

In order to be considered for a local business preference, a bidder or proposer must include the Local Business Preference Certification Statement, Exhibit"B" of this RFP, and documentation of the following, as applicable to the local business preference class claimed, **at the time of proposal submittal**:

Upon recommendation for contract award based on the application of a local Business Preference the Proposer shall within ten (10) calendar days submit the following documentation to the Local Business Preference Class claimed:

A) Copy of City of Fort Lauderdale current year business tax receipt, **or** Broward County current year business tax receipt, **and**

B) List of the names of all employees of the bidder or proposer and evidence of employees' residence within the geographic bounds of the City of Fort Lauderdale or Broward County, as the case may be, such as current Florida driver license, residential utility bill (water, electric, telephone, cable television), or other type of similar documentation acceptable to the City.

Failure to comply at time of proposal submittal shall result in the Proposer being found ineligible for the local business preference.

THE COMPLETE LOCAL BUSINESS PREFERENCE ORDINANCE MAY BE FOUND ON THE CITY'S WEB SITE AT THE FOLLOWING LINK: http:/www.fortlauderdale.gov/purchasing/index.htm

Definitions: The term "Business" shall mean a person, firm, corporation or other business entity which is duly licensed and authorized to engage in a particular work in the State of Florida. Business shall be broken down into four (4) types of classes:

1. Class A Business -- shall mean any Business that has established and agrees to maintain a permanent place of business located in a non-residential zone and staffed with full-time employees within the limits of the City **and** shall maintain a staffing level of the prime contractor for the proposed work of at least fifty percent (50%) who are residents of the City.
2. Class B Business - shall mean any Business that has established and agrees to maintain a permanent place of business located in a non-residential zone and staffed with full-time employees within the limits of the City **or** shall maintain a staffing level of the prime contractor for the proposed work of at least fifty percent (50%) who are residents of the City.
3. Class C Business - shall mean any Business that has established and agrees to maintain a permanent place of business located in a non-residential zone **and** staffed with full-time employees within the limits of Broward County.

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4. Class D Business – shall mean any Business that does not qualify as either a Class A, Class B, or Class C business.

All other terms, conditions, and specifications remain unchanged.

This Addendum No. 2 MUST be submitted with your RFP Response.

Michael Walker, CPPB
Procurement and Contracts Manager

Company Name: Sterling Capital Management
(Please print)

Proposer's Signature: [illegible]

Date: 4/19/12

EXHIBIT C

Sterling Capital Management LLC

Best and Final Offer

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COST PROPOSAL PAGE

Fee quotes MUST be for a fixed monthly amount based on the average monthly balance within the following range, based on a current pool of market value of approximately $542,000,000), as of 12/31/12. No other fees shall be accepted other than the fees in basis points, as stated below.

CONTRACTOR – PLEASE FILL IN THE REVISED BASIS POINTS AS STATED BELOW (NO DEVIATIONS):

	(In basis points)
$1.00 to $25,000,000	12
Over $25,000,000 up to $50,000,000	10
Over $50,000,000 up to $100,000,000	8
Over $100,000,000 up to $150,000,000	7
Over $150,000,000	6

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QUESTIONNAIRE

RFP #125-10899 INVESTMENT MANAGEMENT SERVICES
BEST AND FINAL
PROPOSER QUESTIONNAIRE

Below are questions we would like you to answer as part of your best and final, and also be prepared to address in your oral presentation.

1. Will you be able to construct the portfolio according to the City's current investment policy? If not, why not, and what changes would have to be made?

Yes. Based on the parameters outlined, Sterling would propose its Short Term Fixed Income strategy be employed in managing the City's funds. Based on the City's specific funding needs, Sterling will work consultatively with the City and any professional designees to construct the optimal maturity spectrum and duration profile.

Sterling would make the following recommendations to the City's investment policy:

- Specify minimum credit quality rating (for corporate bonds from "A" to either A/A2/A or A-/A3/A-, and for municipal bonds from "AA" to either Aa2/AA/Aa2 or Aa3/AA-/Aa3)
- Revise maximum maturity language to be calculated as 10 years from settlement date
- Increase maximum corporate bond allowance from 25% to 35% and allow purchase of Yankee corporate bonds in addition to U.S. corporate bonds
- Assess money market fund utilization

Below is the rationale for the recommendations listed above:

- Revised maturity language: By specifying maximum of 10 years from settlement date instead of trade date, would allow for participation in any new issues.
- Increase of corporate bond allowance: Corporate bonds offer greater

yield compared to government bonds. Increasing the maximum allocation allows Sterling to take advantage of wider spreads during periods of volatility and can provide the firm the opportunity to add value.

- Inclusion of Yankees: This would allow for greater diversification with potential for some pickup in yield.
- Assessment of money markets: Based on the current structure and potential legislation of money market funds, it is a good practice to assess portfolio exposures.

2. Would we be investing in an already-existing fund or would securities be selected and held specifically for us?

Sterling is proposing a separate account vehicle for its Short Term Fixed Income strategy. Sterling manages custom portfolios for many of its institutional fixed income accounts. Each of our client's portfolios is governed by a detailed Investment Policy Agreement which is created from discussions between Sterling and the client. Sterling would conduct an initial meeting with the City to assist in determining the appropriate benchmark based on detailed discussions regarding risk tolerance, expected portfolio flows, and expected changes in the client's liabilities. Sterling has found that the majority of government entities have investment policies in place prior to hiring an investment manager. Sterling will manage a portfolio according to the guidelines agreed upon with the City. If input is desired, Sterling will work to adjust the firm's standard policy based on current and prospective need. Sterling firmly believes that it is necessary to incorporate current market themes and regulatory changes into the investment policy.

If bond proceeds were to be included in the investment pool, Sterling would work closely with the City and its designated advisors to understand the specifics relating to each issue and to determine the best strategy for management for each issue. The strategy for the management of the proceeds varies by transaction based upon the specific parameters of the investment policy, applicable state statutes, and any covenants contained in the Indenture and related documents for the specific transaction.

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3. Does your firm consider itself and those who will be working with us to be fiduciaries of our investment funds? If not, why not?
   Yes, Sterling is able to accept fiduciary responsibility.

4. If your firm provides other financial services (banking, insurance, broker/dealer, etc) under what circumstances might we not get best execution for our trades?
   Sterling is solely focused on investment advisory services for the benefit of our clients and generates 100% of its revenues through asset management. Sterling is an independently operated subsidiary of BB&T Corporation, with Sterling employees retaining 20% of the ownership units of the firm. Sterling shares an affiliation with the following investment advisers that are owned by BB&T: BB&T Investment Services, Inc., Scott & Stringfellow, Inc., and SHDR Investment Advisers, Inc. Sterling does not currently trade through any related or affiliated broker/dealers nor envisions any circumstances when we would do so.

   Sterling utilizes several electronic trading systems to ensure that we are getting the best execution possible, including Trade Web, Market Axess, Bonds Direct & Bond Hub. The firm also utilizes Advent's MOXY trade order management system for allocation and processing. When possible, Sterling takes advantage of buying larger blocks (i.e. $10 million) and delivering smaller portions to our clients' accounts, allowing us to access the better yields and tighter bid/ask spreads offered on larger blocks of securities. We issue favorable execution by staying focused on the markets and transacting with multiple broker/dealers, which helps the team know what market levels are competitive.

   Sterling identifies top broker/dealers in terms of execution, research capabilities, and specialty markets and tends to concentrate the bulk of its business with those brokers providing best execution and ideas. Sterling regularly communicates to its brokers where they stand in terms of the dollar value of business being conducted with each and where they rank in terms of activity within each security classification.

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5. What is your recommendation as to how our portfolio should be constructed?

Based on the parameters outlined, Sterling would propose its Short Term Fixed Income strategy be employed in managing the City's funds. The nucleus of short term fixed income portfolios are consistently invested in Treasuries, agencies, corporates, MBS, CMBS, ABS, and municipals. The Fixed Income Team also looks to add tactical positions in other opportunities to mitigate the portfolio's risk through diversification while enhancing the opportunity set. Ultimately, the addition of any securities would be dictated by each client's Investment Policy Agreement. Further, based on the City's specific funding needs, Sterling will work consultatively with the City and any professional designees to construct the optimal maturity spectrum and duration profile.

Investment Process:

Led by Managing Directors Mark Montgomery and Richard LaCoff, the firm's 18-member Fixed Income Team works together in top-down analysis including duration, yield curve, and sector analysis. At the security level, each member of Sterling's Fixed Income Team has an area of specialization. Responsibilities are divided by expertise, which includes corporate bonds, mortgage-backed and asset-backed securities, municipals, agency securities, and Treasury/Treasury-Related securities. In addition to monitoring ongoing compliance of individual client accounts, Sterling's Fixed Income Team formally meets on a bi-weekly basis to review macro portfolio strategies including duration/yield curve positioning, sector allocations, credit exposures, and security specific issues, as well as to review portfolio performance. This team approach assures consistency in terms of portfolio structure. Once the team has identified a sector or security to be added to the firm's portfolios, the specialist in that area is responsible for buying or selling the position, which will be allocated pro rata across client portfolios. The lead portfolio manager assigned to your account would have responsibility for implementing the group strategy in your portfolio. Mark Montgomery and Richard LaCoff have supervisory responsibility for the entire fixed income team and

overall responsibility for all portfolios.

Sterling utilizes an opportunistic investment approach that seeks to add value and manage risk in each of our clients' portfolios. Our process incorporates a macro view that drives our "Top Down" decisions and fundamental "Bottom-Up" research that drives sector and security selection.

Duration Management:

Sterling initiates its investment approach by utilizing qualitative and quantitative analysis that seeks to measure the degree of interest rate risk in the market. Through this analysis and the team's overall assessment of economic conditions, we compare current fundamentals and technicals with current interest rate levels and make decisions on the general trend in interest rates and their effect on our clients' portfolios. By adjusting the average maturities in our clients' portfolios, we are able to take advantage of broad trends in interest rates and add incremental returns. Duration will range from 70%-130% of the duration target. To account for liability driven planning that public entities maintain, we work closely with our clients to calibrate the appropriate portfolio profile.

Yield Curve Analysis:

An additional top down component of the firm's process is the analysis of the yield curve. Sterling's Fixed Income Team considers both relative value of current yields and expected changes in the shape of the curve to optimize yield curve positioning. The slopes at different parts of the curve are evaluated in determining the best risk versus return opportunities. In addition, our team evaluates macroeconomic trends and supply expectations to forecast likely changes in the shape of the curve. Based upon our teams' assessment of all of these factors, we will employ either a bullet, ladder or barbell portfolio structure. Our goal is to position our portfolio investments at the optimum point of the yield curve to maximize returns while maintaining an acceptable degree of risk.

Sector Selection:

An important step in Sterling's fixed income process is the overall positioning of portfolio sector exposures. Key variables that are considered in our sector allocation decisions include the fundamentals, the technicals, and the relative valuations of each sector. In addition, volatility and interest rate expectations are overlaid when deciding upon our allocation to each sector. If we expect a significant rise in volatility along with a decline in rates, we would add a positive convexity bias to our portfolios by emphasizing treasuries and/or bullet agencies. If we were anticipating a decline in volatility and rates to remain range bound, we would overweight spread product, callable agencies. Finally, if we were forecasting a rise in rates, regardless of volatility, we would emphasize spread product without extension risk such as corporate bonds and notes. In all market environments, we thoroughly analyze the structural risks and characteristics of the securities in our portfolios.

Relative Value Analysis:

In addition to considering volatility and interest rate expectations, Sterling employs relative value analysis across sectors. Sterling measures the incremental yield differentials across agencies and corporates, relative to both U.S. Government and interest rate swap yields. Exposures among these sectors will vary as the yield differentials (rich/cheap) change during different market environments. Standard deviation analysis using historical sector spread ranges helps identify portfolio opportunities.

Credit Research & Analysis:

Sterling's basic philosophy relative to credit is to avoid problem creditors and industries irrespective of spread and yield. Each of our clients has an investment policy that usually designates a minimum credit rating per security and a minimum average rating for the entire portfolio. We strive to avoid deteriorating credits; therefore, our portfolios typically maintain ratings above the minimum requirement as designated in the guidelines. However, it is our strong belief that there are many companies with lower credit ratings that have stable to improving fundamentals. We seek to identify those credits that are improving but have not yet been recognized by the market as worthy of a higher credit rating. The credit analysis

function is based on fundamental analysis of individual credits as well as a qualitative review of desired "top-down" exposure to various industry sectors. Our analysis of credits includes an exhaustive review of issuers' revenue growth, EBITDA cash flow analysis, capital sufficiency and access to capital. Our goal is to construct a portfolio that is well diversified in credits across industries that have proven business models.

Approximately 80% of the firm's research effort is conducted internally by Sterling's 18-member Fixed Income team, and approximately 20% is external. Sterling uses a combination of internally generated research as well as research from numerous Wall Street brokerage firms and third-party products. The firm subscribes to several premium external sources including FactSet, Standard & Poor's Ratings Direct, Moody's Ratings Interactive, Bloomberg, Hoover Research, Barclays Capital Live, U.S. Securities and Exchange Commission's Online Edgar Database, and numerous Wall Street brokerage firm reports. Sterling also receives assorted economic and research publications from various firms worldwide including International Strategy & Investment (ISI) and brokers such as Barclays and Bank of America.

Security Selection:

The Fixed Income Team works to develop an approved list of names. Individual security selection decisions are based on analysis from the appropriate sector specialist. If the sector specialist identifies a security for purchase that is not on the approved list or appears on the list but may

violate the team's overall strategy, the specialist would first discuss the proposed purchase to the appropriate security team (i.e. credit or structured products). The potential purchase may also be discussed at the bi-weekly Fixed Income Team meeting. The Fixed Income Team would debate and discuss the purchase of the particular security to ensure that it would not violate the overall macro decisions made by the firm's senior investment professionals. Upon approval, the portfolio manager assigned to the account oversees implementation, including the determination of target dollar amounts.

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Sterling's buy discipline is fundamentally based on the underlying strength of the company or security being considered. When adding a security, the first step is the decision to weight the sector. The second step is to identify the names that Sterling is interested in adding that are on the approved list and that are not currently in the portfolio. The final step is the relative value decision of evaluating one security on an incremental spread basis versus another. Sterling buys securities only when the credit is fundamentally sound, meets our diversification objectives, and offers good relative value.

Sector specialists operate within the macro parameters as established by senior portfolio management. For example, although a security may reside on the approved list, if its maturity conflicts with the top down positioning established at the senior level then it would be ineligible for purchase. The team's overall strategy and outlook takes precedence over security level allocation.

Sterling will sell a security when it becomes fully priced relative to its spread and underlying fundamentals. An investment thesis accompanies every credit approval. The thesis contains specific trigger items that would prompt a review by the analyst and also has a pre-determined exit level. Sterling will sell a security once the original investment thesis is materially violated. Sterling will sell a security when it begins to exhibit deteriorating credit trends. Finally, there are situations in which the fundamentals of a company or security are solid, but we view the trading levels as "rich" or "unattractive." In these situations, we temporarily suspend the purchase of these bonds until appropriate incremental spreads are available. There is no minimum time period that Sterling will hold a security.

Portfolio Construction:

Given the current environment and the provided investment policy constraints, Sterling would recommend allocating the City's portfolio as follows (with a targeted average duration of 3 years):

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Sector	% of Total	Comments
Treasury	10.0	
Agency	35.0	Bullet and callable
Corporate	25.0	A or better, U.S. only
Mortgage-Backed	10.0	Pass-thru and CMOs
CMBS	10.0	
Municipal	10.0	Taxable
TOTAL	**100.0**	

Please find below the summary characteristics for the entire portfolio:

Duration	2.95 Years
Yield-to-Maturity	1.50%
Average Credit Rating	AA

However, to refine the best portfolio construction, Sterling will collaboratively assess the City's operating needs and liability structure.

PLEASE SIGN BELOW:

Contractor/Proposer/ Bidder Company Name: Sterling Capital Management LLC

Authorized Company Person's Signature: Kenneth S Cotrees

Authorized Company Person's Title: Managing Director

Date: 6/11/12

EXHIBIT D

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August 15, 2012

Sterling Capital Management LLC
Two Morrocroft Centre
4064 Colony Road, Suite 300
Charlotte, NC 28211

RE: RFP #125-10899 Investment Management Services

Dear Proposer:

The City of Fort Lauderdale, Procurement Services Division, is continuing to evaluate the responses received for RFP #125-10899, Investment Management Services.

The City is requesting that each finalist submit a "Second Best and Final Offer" for services in addition to the initial proposals.

In accordance with Fort Lauderdale City Code Sec. 2-194 (f),

"Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals and such revisions may be permitted through negotiations after submissions and prior to award for the purpose of obtaining best and final offers."

The City is requesting that each finalist submit a "Second Best and Final Offer" according to the attached Cost Proposal Page.

In accordance with Fort Lauderdale City Code Sec. 2-194 (g),

"Award shall be made to the responsible offeror whose proposal is determined in writing to be the most advantageous to the City taking into consideration price and the evaluation factors set forth in the request for proposals."

The proposer must complete pricing submission in the attached Cost Proposal Page for Investment Management Services, no other forms or formats will be accepted. No other costs will be accepted.

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Attached you will find the forms to be completed and returned to the City. Do not use any other method to submit your information.

This document will need to be returned via **sealed bid envelope (email or fax will not be accepted)** no later than **2:00 pm EDT on August 22, 2012**. Your submittal envelope should state the following information on the outside of the envelope:

RFP 125-10899
"Second Best and Final Offer"
Opening Date: 8/22/12

Please mail your response back to:

City of Fort Lauderdale
100 N. Andrews Avenue, Suite 619
Procurement Services Division
Fort Lauderdale, FL 33301

Any clarification questions please contact Michael Walker at mwalker@fortlauderdale.gov or call at 954-828-5677.

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COST PROPOSAL PAGE

Fee quotes MUST be for a fixed monthly amount based on the average monthly balance within the following range, based on a current pool of market value of approximately $542,000,000), as of 12/31/12. No other fees shall be accepted other than the fees in basis points, as stated below.

CONTRACTOR – PLEASE FILL IN THE REVISED BASIS POINTS AS STATED BELOW (NO DEVIATIONS):

	(In basis points)
$1.00 to $25,000,000	10.5
Over $25,000,000 up to $50,000,000	8.5
Over $50,000,000 up to $100,000,000	6.5
Over $100,000,000 up to $150,000,000	5.5
Over $150,000,000	4.5

PLEASE SIGN BELOW:

Contractor/Proposer/ Bidder Company Name: Sterling Capital Management LLC

Authorized Company Person's Signature: [signature]

Authorized Company Person's Title: President, Managing Director

Date: 8/20/12