

**AGREEMENT FOR  
INVESTMENT MANAGEMENT SERVICES**

**THIS AGREEMENT**, made this 10<sup>th</sup> day of December 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 Wells Capital Management Incorporated, a California corporation authorized to transact business in the State of Florida, ("Contractor" or "Company"), whose address and phone number are 525 Market Street, 10<sup>th</sup> Floor, San Francisco, CA 94105, Phone: 415-396-4771, Fax: 415-975-6214, 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 12, 2012, ("Exhibit B"), except that the Contractor's proposed "\$50,000 annual minimum" fee is deleted.
- (3) The Contractor's Second Best & Final, dated August 23, 2012 ("Exhibit C").
- (4) The Contractor's First Best & Final, dated June 12, 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 Dec 10, 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" in the Contractor's omnibus additional insured endorsement. Any costs for adding the City as "additional insured" shall be at the Contractor's expense.

The Contractor agrees to provide the City of Fort Lauderdale Procurement Services Division with (30) thirty days written notice in the event of policy cancellation resulting in termination of coverage or if coverage is modified in such way that results in noncompliance with the insurance requirements stated herein. Such notification will be in writing by U.S. mail, 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.

**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. Conflicts**

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. 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 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. Investment Policy**

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:

[Signature]  
Senior Assistant City Attorney

ATTEST:

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CONTRACTOR  
By: [Signature]  
Print Name: KAREN NORTON  
President COO

(CORPORATE SEAL)

STATE OF California :  
COUNTY OF San Francisco :

The foregoing instrument was acknowledged before me this 4<sup>th</sup> day of December, 2012, by Karen Norton as president for Wells Capital Management Incorporated, a California corporation authorized to transact business in the State of Florida.

(SEAL)

Hai Nguyen  
Notary Public, State of California  
(Signature of Notary Public)

*Please see attached  
acknowledgment.*

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

Personally Known \_\_\_\_\_ OR Produced Identification X  
Type of Identification Produced California Driver's License.

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California

County of San Francisco

On Dec. 4, 2012 before me, Hai Nguyen  
Date Here Insert Name and Title of the Officer

personally appeared Karen Norton  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature H. Nguyen  
Signature of Notary Public



Place Notary Seal Above

**OPTIONAL**

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

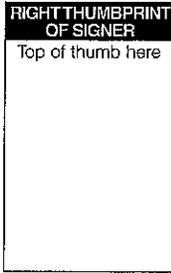
Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

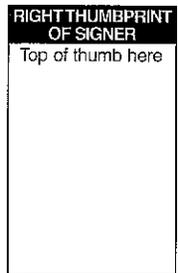
- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_



**Solicitation 125-10899**  
**Investment Management Services**



CITY OF FORT LAUDERDALE

**City of Fort Lauderdale**

## Bid 125-10899 Investment Management Services

Bid Number **125-10899**  
Bid Title **Investment Management Services**

Bid Start Date **Mar 26, 2012 11:09:22 AM EDT**  
Bid End Date **Apr 23, 2012 2:00:00 PM EDT**  
Question &  
Answer End **Apr 6, 2012 5:30:00 PM EDT**  
Date

Bid Contact **Michael F Walker**  
**Procurement & Contracts Manager**  
**Procurement**  
**954-828-5677**  
**mwalker@fortlauderdale.gov**

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

New Documents **RFP 10899 Addendum No. 1 dated April 6, 2012.doc**

Previous End Date **Apr 16, 2012 2:00:00 PM EDT**      New End Date **Apr 23, 2012 2:00:00 PM EDT**

Previous Q & A End Date **Apr 6, 2012 2:00:00 PM EDT**      New Q & A End Date **Apr 6, 2012 5:30:00 PM EDT**

#### Changes were made to the following items:

[Investment Management Services](#)

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

New Documents **RFP 10899 Addendum No. 2 dated April 9, 2012.doc**  
**RFP 10899 EX B - CFL LOCAL PREFERENCE CERTIFICATION 2.doc**

#### Changes were made to the following items:

[Investment Management Services](#)

### Description

The City of Fort Lauderdale, Florida (City) is seeking proposals from qualified proposers, hereinafter referred to as the Contractor, to provide Investment Management Services for the City's Finance Department, in accordance with the terms, conditions, and specifications contained in this Request for Proposals (RFP).

For information concerning procedures for responding to this solicitation, contact Procurement and Contracts Manager at (954) 828-5677 or email at [mwalker@fortlauderdale.gov](mailto:mwalker@fortlauderdale.gov). Such contact shall be for clarification purposes only.

For information concerning technical specifications, please utilize the question / answer feature provided by BidSync at [www.bidsync.com](http://www.bidsync.com). Questions of a material nature must be received prior to the cut-off date specified in the RFP Schedule. Material changes, if any, to the scope of services or bidding procedures will only be transmitted by written addendum. (See addendum section of BidSync Site). Contractor's please note: Proposals shall be submitted as stated in PART VI – Requirements of the Proposal. No part of your proposal can be submitted via FAX. No variation in price or conditions shall be permitted based upon a claim of ignorance. Submission of a proposal will be considered evidence that the Contractor has familiarized themselves with the nature and extent of the work, and the equipment, materials, and labor required. The entire proposal must be submitted in accordance with all specifications contained in this solicitation.

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). Also 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**

**RFP # 125-10899****TITLE: Investment Management Services****PART I – INTRODUCTION/INFORMATION****01. PURPOSE**

The City of Fort Lauderdale, Florida (City) is seeking proposals from qualified proposers, hereinafter referred to as the Contractor, to provide Investment Management Services for the City's Finance Department, in accordance with the terms, conditions, and specifications contained in this Request for Proposals (RFP).

**02. INFORMATION OR CLARIFICATION**

For information concerning procedures for responding to this solicitation, contact Procurement and Contracts Manager at (954) 828-5677 or email at [mwalker@fortlauderdale.gov](mailto:mwalker@fortlauderdale.gov) . Such contact shall be for clarification purposes only.

For information concerning technical specifications, please utilize the question / answer feature provided by BidSync at [www.bidsync.com](http://www.bidsync.com) . Questions of a material nature must be received prior to the cut-off date specified in the RFP Schedule. Material changes, if any, to the scope of services or bidding procedures will only be transmitted by written addendum. (See addendum section of BidSync Site). Contractor's please note: Proposals shall be submitted as stated in PART VI – Requirements of the Proposal. No part of your proposal can be submitted via FAX. No variation in price or conditions shall be permitted based upon a claim of ignorance. Submission of a proposal will be considered evidence that the Contractor has familiarized themselves with the nature and extent of the work, and the equipment, materials, and labor required. The entire proposal must be submitted in accordance with all specifications contained in this solicitation.

**03. TRANSACTION FEES**

The City of Fort Lauderdale uses BidSync ([www.bidsync.com](http://www.bidsync.com)) to distribute and receive bids and proposals. There is no charge to vendors/contractors to register and participate in the solicitation process, nor will any fees be charged to the awarded vendor.

**04. PRE-PROPOSAL CONFERENCE**

There will be a no pre-proposal conference and/or site visit scheduled for this Request for Proposal.

**05. ELIGIBILITY**

To be eligible for award of a contract in response to this solicitation the Contractor must demonstrate that they have successfully completed services, as specified in the Technical Specifications / Scope of Services section of this solicitation, are normally and routinely engaged in performing such services and are properly and legally licensed to perform such work. In addition, the Contractor must have no conflict of interest with regard to any other work performed by the Contractor for the City of Fort Lauderdale.

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.

**06. PRICING/DELIVERY**

All pricing should be identified in PART VII – PROPOSAL SUMMARY REQUIREMENTS. No additional costs may be accepted, other than the costs stated on the Proposal pages.

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), whose 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 II - RFP SCHEDULE**

EVENT	DATE/TIME
Release of RFP	03/26/12
Deadline for Questions/Request for Clarifications	04/06/12
Addendum if Necessary	04/09/12
Proposal Due Date/Time (Deadline)	04/16/12 Prior to 2:00PM EDT

**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 contract, 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).

09. **FINANCE DIRECTOR OR DESIGNEE**  
Under the direction of the Finance Director or designee, the City may utilize an Investment Advisor, whose principal duties shall be to oversee the Investment Manager(s) in the execution of their functions, as a fiduciary for the funds being provided to the Investment Managers as per but not limited to the following:
- Maintain Investment Policy compliance with Florida state statutes
  - Liaison with Investment Manager(s)
  - Coordinate and approve all work under the contract
  - Resolve any disputes
  - Assure consistency and quality of Investment Manager(s) performance
  - Schedule and conduct Investment Manager(s) performance evaluations and document findings
  - Review and approve for payment all invoices for work performed or items delivered
  - Prepare periodic reports to City management and City Commission
10. **INVOICES/PAYMENT**  
The City will accept invoices no more frequently than once per month. Each invoice shall fully detail the related costs and shall specify the status of the particular task or project as of the date of the invoice as regards the accepted schedule for that task or project. Payment will be made within thirty (30) days after receipt of an invoice acceptable to the City, in accordance with the Florida Local Government Prompt Payment Act. If, at any time during the contract, the City shall not approve or accept the Contractor's work product, and agreement cannot be reached between the City and the Contractor to resolve the problem to the City's satisfaction, the City shall negotiate with the Contractor on a payment for the work completed and usable to the City.
11. **RELATED EXPENSES/TRAVEL EXPENSES**  
All costs including travel, if necessary are to be included in your proposal. The City will not accept any additional costs.
12. **NO EXCLUSIVE CONTRACT/ADDITIONAL SERVICES**  
While this contract is for services provided to the department referenced in this Request for Proposals, the City may require similar work for other City departments. Contractor agrees to take on such work unless such work would not be considered reasonable or become an undue burden to the Contractor.
- Contractor agrees and understands that the contract shall not be construed as an exclusive arrangement and further agrees that the City may, at any time, secure similar or identical services from another vendor at the City's sole option.
- The City may require additional items or services of a similar nature, but not specifically listed in the contract. The Contractor agrees to provide such items or services, and shall provide the City prices on such additional items or services based upon a formula or method, which is the same or similar to that used in establishing the prices in his proposal. If the price(s) offered are not acceptable to the City, and the situation cannot be resolved to the satisfaction of the City, the City reserves the right to procure those items or services from other vendors, or to cancel the contract upon giving the Contractor thirty (30) days written notice.
13. **DELETION OR MODIFICATION OF SERVICES**  
The City reserves the right to delete any portion of this Contract at any time without cause, and if such right is exercised by the City, the total fee shall be reduced in the same ratio as the estimated cost of the work deleted bears to the estimated cost of the work originally planned. If work has already been accomplished on the portion of the Contract to be deleted, the Contractor shall be paid for the deleted portion on the basis of the estimated percentage of completion of such portion.

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](http://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

- 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
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A copy of **ANY** current Certificate of Insurance should be included with your proposal.

In the event that you are the successful bidder, you will be required to provide a certificate naming the City as an "additional insured" for General Liability.

Certificate holder should be addressed as follows:

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

**16. SUBCONTRACTORS**

If the Contractor proposes to use subcontractors in the course of providing these services to the City, this information shall be a part of the bid response. Such information shall be subject to review, acceptance and approval of the City, prior to any contract award. The City reserves the right to approve or disapprove of any subcontractor candidate in its best interest and to require Contractor to replace subcontractor with one that meets City approval.

Contractor shall ensure that all of Contractor's subcontractors perform in accordance with the terms and conditions of this Contract. 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 the City's approval or disapproval, and indemnify and hold harmless the City and the City's officers, employees, and agents from and against any claim, lawsuit, third-party action, or judgment, including any award of attorney fees and any award of costs, by or in favor of any Contractor's subcontractors for payment for work performed for the City.

**17. INSURANCE – SUBCONTRACTORS**

Contractor shall require all of its subcontractors to provide the aforementioned coverage as well as any other coverage that the contractor may consider necessary, and any deficiency in the coverage or policy limits of said subcontractors will be the sole responsibility of the contractor.

**18. 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.

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](http://www.fortlauderdale.gov/purchasing/notices_of_intent.htm). Tabulations of receipt of those parties responding to a formal solicitation may be found at

<http://www.fortlauderdale.gov/purchasing/bidresults.htm>, or any interested party may call the Procurement Office at 954-828-5933.

23. SAMPLE CONTRACT AGREEMENT

A sample of the formal agreement template, which may be required to be executed by the awarded vendor, can be found at our website <http://fortlauderdale.gov/purchasing/general/contractsample021412.pdf>

24. SERVICE INFORMATION CONTROLS

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.

## 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.

**PART V – PROPOSAL EVALUATION CRITERIA**

The award of the contract will be based on certain objective and subjective considerations listed below:

Understanding of the overall needs of the City for such services, as presented in the narrative proposal. Ability to provide the type and quantity and quality of services requested within this proposal. This includes the responsiveness of the proposer in meeting the requirements. 30%

Other Factors: 40%

1. Ability to excel within the fixed income investment environment.
2. Ability to produce meaningful reports on a monthly basis reflecting results for the month and year. (Comparison Bench Mark).
3. Ability to stay within the parameters of the City's Investment Policy.
4. Ability to provide on-line computer access by authorized city representatives to the City's portfolio, in a pdf and spreadsheet downloadable format.

Cost of services based on the proposer's fee proposal 30%

**TOTAL PERCENT AVAILABLE: 100%**

An evaluation committee of qualified City Staff or other persons selected by the City will conduct evaluations of proposals. It may be a two-step process. In step one; the committee will evaluate all responsive proposals based upon the information and references contained in the proposals as submitted. The committee shall review each proposal and rank each proposer's evaluation criteria as stated in this RFP (i.e. criteria 1, 2, 3, 4), and determine a minimum of three (3), if more than three (3) proposals are responsive, to be finalists for further consideration. In the event there are less than three (3) responsive proposals, the committee will give further consideration to all responsive proposals received. In step two, the committee may then conduct discussions (oral presentations), for clarification purposes only, with the finalists and re-score and re-rank the finalists' proposals. The evaluation committee may then make a recommendation, resulting from this process, to the City Manager for award of a contract(s).

The City may require visits to customer installations or demonstrations of product by Contractor's, as part of the evaluation process.

The City of Fort Lauderdale reserves the right, before awarding the contract, to require a Proposer to submit any evidence of its qualifications as the City may deem necessary, and to consider any evidence available of financial, technical and other qualifications and capabilities, including performance experience with past and present users.

The City of Fort Lauderdale reserves the right to request additional clarifying information and request an oral presentation from any and all Proposers prior to determination of award.

The City reserves the right to award the contract to that Proposer who will best serve the interest of the City. The City reserves the right based upon its deliberations and in its opinion, to accept or reject any or all proposals. The City also reserves the right to waive minor irregularities or variations to the specifications and in the bidding process.

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 VI - REQUIREMENTS OF THE PROPOSAL**

All proposals must be submitted as specified on the proposal pages, which follow. Any attachments must be clearly identified. To be considered, the proposal must respond to all parts of the RFP. Any other information thought to be relevant, but not applicable to the enumerated categories, should be provided as an appendix to the proposal. If publications are supplied by a proposer to respond to a requirement, the response should include reference to the document number and page number. Proposals not providing this reference will be considered to have no reference material included in the additional documents.

All proposals must be submitted in a sealed package with the RFP number, due and open date, and RFP title clearly marked on the outside. If more than one package is submitted they should be marked 1 of 2, etc.

**THIS IS A PAPER RFP WITH CD.** All proposals must be received by the City of Fort Lauderdale, in the Procurement Services Division, Room 619, City Hall, 100 North Andrews Avenue, Fort Lauderdale, Florida, 33301 prior to 2:00 pm on the date specified in PART II – RFP SCHEDULE. Submittal of response by fax or e-mail will NOT be acceptable.

**PROPOSERS MUST SUBMIT AN IDENTIFIED ORIGINAL COPY PLUS (3) COPIES OF THE PROPOSAL PAGES INCLUDING ANY ATTACHMENTS**

**THE ABOVE REQUIREMENT TOTALS 4 COPIES OF YOUR PROPOSAL. CONTRACTOR SHOULD SUBMIT (5) COPIES OF YOUR PROPOSAL ON A CD. FAILURE TO PROVIDE PROPOSALS AS STATED ABOVE, MAY BE GROUNDS TO FIND CONTRACTOR NON-RESPONSIVE.**

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.

**A representative who is authorized to contractually bind the Contractor shall sign the Bid/Proposal Signature page. Omission of a signature on that page may result in rejection of your proposal.**

**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
Government Institutions			
Other Institutions			
Total			

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

### 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.
- 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.
- C. Describe your firm's activities to keep portfolio managers informed of developments relevant to the management of local government funds.
- D. What is the largest number of accounts handled by any single manager/team (give size of team)?

### 4. Investment Management Approach and Discipline

- A. Briefly describe your firm's investment management philosophy.
- 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.
- C. What are the primary strategies employed by your firm for adding value to portfolios (e.g., market timing, credit research, etc.)?
- 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.
- E. Describe your firm's research capabilities and resources. Does your firm assign credit research to specialists?
- 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.

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:     /    /    

	<u># of accts</u>	<u>\$ value (in \$1,000)</u>
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	_____	_____

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					
ERISA					
TAFF-HARTLEY					
ENDOWMENT					
FOUNDATION					
OTHER					
TOTAL					

ACCOUNTS LOST

	2007	2008	2009	2010	2011
PUBLIC					
ERISA					
TAFF-HARTLEY					
ENDOWMENT					
FOUNDATION					
OTHER					
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			
1 <sup>st</sup> Q 2011			
2nd Q 2011			
3rd Q 2011			
4th Q 2011			
1 <sup>st</sup> 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.

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

7. Fees (In 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.

(In basis points)

\$1.00 to \$150,000,000 \_\_\_\_\_  
 Over \$150,000,000 \_\_\_\_\_

8. Other

- A. Provide a description of your firm's technological capabilities.
- B. What makes your firm unique?

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

- 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 \_\_\_\_\_ No \_\_\_\_\_

If No – How many days after? \_\_\_\_\_

**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.

**CITY OF FORT LAUDERDALE  
GENERAL CONDITIONS**

These instructions are standard for all contracts for commodities or services issued through the City of Fort Lauderdale Procurement Services Division. The City may delete, supersede, or modify any of these standard instructions for a particular contract by indicating such change in the Invitation to Bid (ITB) Special Conditions, Technical Specifications, Instructions, Proposal Pages, Addenda, and Legal Advertisement. In this general conditions document, Invitation to Bid (ITB) and Request for Proposal (RFP) are interchangeable.

**PART I BIDDER PROPOSAL PAGE(S) CONDITIONS:**

- 1.01 BIDDER ADDRESS:** The City maintains automated vendor address lists that have been generated for each specific Commodity Class item through our bid issuing service, BidSync. Notices of Invitations to Bid (ITB'S) are sent by e-mail to the selection of bidders who have fully registered with BidSync or faxed (if applicable) to every vendor on those lists, who may then view the bid documents online. Bidders who have been informed of a bid's availability in any other manner are responsible for registering with BidSync in order to view the bid documents. There is no fee for doing so. If you wish bid notifications be provided to another e-mail address or fax, please contact BidSync. If you wish purchase orders sent to a different address, please so indicate in your bid response. If you wish payments sent to a different address, please so indicate on your invoice.
- 1.02 DELIVERY:** Time will be of the essence for any orders placed as a result of this ITB. The City reserves the right to cancel any orders, or part thereof, without obligation if delivery is not made in accordance with the schedule specified by the Bidder and accepted by the City.
- 1.03 PACKING SLIPS:** It will be the responsibility of the awarded Contractor, to attach all packing slips to the OUTSIDE of each shipment. Packing slips must provide a detailed description of what is to be received and reference the City of Fort Lauderdale purchase order number that is associated with the shipment. Failure to provide a detailed packing slip attached to the outside of shipment may result in refusal of shipment at Contractor's expense.
- 1.04 PAYMENT TERMS AND CASH DISCOUNTS:** Payment terms, unless otherwise stated in this ITB, will be considered to be net 30 days after the date of satisfactory delivery at the place of acceptance and receipt of correct invoice at the office specified, whichever occurs last. Bidder may offer cash discounts for prompt payment but they will not be considered in determination of award. If a Bidder offers a discount, it is understood that the discount time will be computed from the date of satisfactory delivery, at the place of acceptance, and receipt of correct invoice, at the office specified, whichever occurs last.
- 1.05 TOTAL BID DISCOUNT:** If Bidder offers a discount for award of all items listed in the bid, such discount shall be deducted from the total of the firm net unit prices bid and shall be considered in tabulation and award of bid.
- 1.06 BIDS FIRM FOR ACCEPTANCE:** Bidder warrants, by virtue of bidding, that the bid and the prices quoted in the bid will be firm for acceptance by the City for a period of ninety (90) days from the date of bid opening unless otherwise stated in the ITB.
- 1.07 VARIANCES:** For purposes of bid evaluation, Bidder's must indicate any variances, no matter how slight, from ITB General Conditions, Special Conditions, Specifications or Addenda in the space provided in the ITB. No variations or exceptions by a Bidder will be considered or deemed a part of the bid submitted unless such variances or exceptions are listed in the bid and referenced in the space provided on the bidder proposal pages. If variances are not stated, or referenced as required, it will be assumed that the product or service fully complies with the City's terms, conditions, and specifications.
- By receiving a bid, City does not necessarily accept any variances contained in the bid. All variances submitted are subject to review and approval by the City. If any bid contains material variances that, in the City's sole opinion, make that bid conditional in nature, the City reserves the right to reject the bid or part of the bid that is declared, by the City as conditional.
- 1.08 NO BIDS:** If you do not intend to bid please indicate the reason, such as insufficient time to respond, do not offer product or service, unable to meet specifications, schedule would not permit, or any other reason, in the space provided in this ITB. Failure to bid or return no bid comments prior to the bid due and opening date and time, indicated in this ITB, may result in your firm being deleted from our Bidder's registration list for the Commodity Class Item requested in this ITB.
- 1.09 MINORITY AND WOMEN BUSINESS ENTERPRISE PARTICIPATION AND BUSINESS DEFINITIONS:** The City of Fort Lauderdale wants to increase the participation of Minority Business Enterprises (MBE), Women Business Enterprises (WBE), and Small Business Enterprises (SBE) in its procurement activities. If your firm qualifies in accordance with the below definitions please indicate in the space provided in this ITB.

Minority Business Enterprise (MBE) "A Minority Business" is a business enterprise that is owned or controlled by one or more socially or economically disadvantaged persons. Such disadvantage may arise from cultural, racial, chronic economic circumstances or background or other similar cause. Such persons include, but are not limited to: Blacks, Hispanics, Asian Americans, and Native Americans.

The term "Minority Business Enterprise" means a business at least 51 percent of which is owned by minority group members or, in the case of a publicly owned business, at least 51 percent of the stock of which is owned by minority group members. For the purpose of the preceding sentence, minority group members are citizens of the United States who include, but are not limited to: Blacks, Hispanics, Asian Americans, and Native Americans.

Women Business Enterprise (WBE) a "Women Owned or Controlled Business" is a business enterprise at least 51 percent of which is owned by females or, in the case of a publicly owned business, at least 51 percent of the stock of which is owned by females.

Small Business Enterprise (SBE) "Small Business" means a corporation, partnership, sole proprietorship, or other legal entity formed for the purpose of making a profit, which is independently owned and operated, has either fewer than 100 employees or less than \$1,000,000 in annual gross receipts.

BLACK, which includes persons having origins in any of the Black racial groups of Africa.

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.

#### 3.02 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.

#### 3.03 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.

- 3.04 TAXES:** The City of Fort Lauderdale is exempt from Federal Excise and Florida Sales taxes on direct purchase of tangible property. Exemption number for EIN is 59-6000319, and State Sales tax exemption number is 85-8013875578C-1.
- 3.05 WARRANTIES OF USAGE:** Any quantities listed in this ITB as estimated or projected are provided for tabulation and information purposes only. No warranty or guarantee of quantities is given or implied. It is understood that the Contractor will furnish the City's needs as they arise.
- 3.06 APPROVED EQUAL:** When the technical specifications call for a brand name, manufacturer, make, model, or vendor catalog number with acceptance of APPROVED EQUAL, it shall be for the purpose of establishing a level of quality and features desired and acceptable to the City. In such cases, the City will be receptive to any unit that would be considered by qualified City personnel as an approved equal. In that the specified make and model represent a level of quality and features desired by the City, the Bidder must state clearly in the bid any variance from those specifications. It is the Bidder's responsibility to provide adequate information, in the bid, to enable the City to ensure that the bid meets the required criteria. If adequate information is not submitted with the bid, it may be rejected. The City will be the sole judge in determining if the item bid qualifies as an approved equal.
- 3.07 MINIMUM AND MANDATORY TECHNICAL SPECIFICATIONS:** The technical specifications may include items that are considered minimum, mandatory, or required. If any Bidder is unable to meet or exceed these items, and feels that the technical specifications are overly restrictive, the bidder must notify the Procurement Services Division immediately. Such notification must be received by the Procurement Services Division prior to the deadline contained in the ITB, for questions of a material nature, or prior to five (5) days before bid due and open date, whichever occurs first. If no such notification is received prior to that deadline, the City will consider the technical specifications to be acceptable to all bidders.
- 3.08 MISTAKES:** Bidders are cautioned to examine all terms, conditions, specifications, drawings, exhibits, addenda, delivery instructions and special conditions pertaining to the ITB. Failure of the Bidder to examine all pertinent documents shall not entitle the bidder to any relief from the conditions imposed in the contract.
- 3.09 SAMPLES AND DEMONSTRATIONS:** Samples or inspection of product may be requested to determine suitability. Unless otherwise specified in Special Conditions, samples shall be requested after the date of bid opening, and if requested should be received by the City within seven (7) working days of request. Samples, when requested, must be furnished free of expense to the City and if not used in testing or destroyed, will upon request of the Bidder, be returned within thirty (30) days of bid award at Bidder's expense. When required, the City may request full demonstrations of units prior to award. When such demonstrations are requested, the Bidder shall respond promptly and arrange a demonstration at a convenient location. Failure to provide samples or demonstrations as specified by the City may result in rejection of a bid.
- 3.10 LIFE CYCLE COSTING:** If so specified in the ITB, the City may elect to evaluate equipment proposed on the basis of total cost of ownership. In using Life Cycle Costing, factors such as the following may be considered: estimated useful life, maintenance costs, cost of supplies, labor intensity, energy usage, environmental impact, and residual value. The City reserves the right to use those or other applicable criteria, in its sole opinion that will most accurately estimate total cost of use and ownership.
- 3.11 BIDDING ITEMS WITH RECYCLED CONTENT:** In addressing environmental concerns, the City of Fort Lauderdale encourages Bidders to submit bids or alternate bids containing items with recycled content. When submitting bids containing items with recycled content, Bidder shall provide documentation adequate for the City to verify the recycled content. The City prefers packaging consisting of materials that are degradable or able to be recycled. When specifically stated in the ITB, the City may give preference to bids containing items manufactured with recycled material or packaging that is able to be recycled.
- 3.12 USE OF OTHER GOVERNMENTAL CONTRACTS:** The City reserves the right to reject any part or all of any bids received and utilize other available governmental contracts, if such action is in its best interest.
- 3.13 QUALIFICATIONS/INSPECTION:** Bids will only be considered from firms normally engaged in providing the types of commodities/services specified herein. The City reserves the right to inspect the Bidder's facilities, equipment, personnel, and organization at any time, or to take any other action necessary to determine Bidder's ability to perform. The Procurement Director reserves the right to reject bids where evidence or evaluation is determined to indicate inability to perform.
- 3.14 BID SURETY:** If Special Conditions require a bid security, it shall be submitted in the amount stated. A bid security can be in the form of a bid bond or cashiers check. Bid security will be returned to the unsuccessful bidders as soon as practicable after opening of bids. Bid security will be returned to the successful bidder after acceptance of the performance bond, if required; acceptance of insurance coverage, if required; and full execution of contract documents, if required; or conditions as stated in Special Conditions.
- 3.15 PUBLIC RECORDS/TRADE SECRETS/COPYRIGHT:** The Proposer's response to the RFP is a public record pursuant to Florida law, which is subject to disclosure by the City under the State of Florida Public Records Law, Florida Statutes Chapter 119.07 ("Public Records Law"). The City shall permit public access to all documents, papers, letters or other material submitted in connection with this RFP and the Contract to be executed for this RFP, subject to the provisions of Chapter 119.07 of the Florida Statutes.

Any language contained in the Proposer's response to the RFP purporting to require confidentiality of any portion of the Proposer's response to the RFP, except to the extent that certain information is in the City's opinion a Trade Secret pursuant to Florida law, shall be void. If a Proposer submits any documents or other information to the City which the Proposer claims is Trade Secret information and exempt from Florida Statutes Chapter 119.07 ("Public Records Law"), the Proposer shall clearly designate that it is a Trade Secret and that it is asserting that the document or information is exempt. The Proposer must specifically identify the exemption being claimed under Florida Statutes 119.07. The City shall be the final arbiter of whether any information contained in the Proposer's response to the RFP constitutes a Trade Secret. The city's determination of whether an exemption applies shall be final, and the proposer agrees to defend, indemnify, and hold harmless the city and the city's officers, employees, and agent, against any loss or damages incurred by any person or entity as a result of the city's treatment of records as public records. Proposals purporting to be subject to copyright protection in full or in part will be rejected.

EXCEPT FOR CLEARLY MARKED PORTIONS THAT ARE BONA FIDE TRADE SECRETS PURSUANT TO FLORIDA LAW, DO NOT MARK YOUR RESPONSE TO THE RFP AS PROPRIETARY OR CONFIDENTIAL. DO NOT MARK YOUR RESPONSE TO THE RFP OR ANY PART THEREOF AS COPYRIGHTED.

- 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](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.
- 4.02 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 Contractor's 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.

#### **PART V PURCHASE ORDER AND CONTRACT TERMS:**

- 5.01 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.
- 5.02 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.

- 5.03 SAFETY STANDARDS:** All manufactured items and fabricated assemblies shall comply with applicable requirements of the Occupation Safety and Health Act of 1970 as amended, and be in compliance with Chapter 442, Florida Statutes. Any toxic substance listed in Section 38F-41.03 of the Florida Administrative Code delivered as a result of this order must be accompanied by a completed Material Safety Data Sheet (MSDS).
- 5.04 ASBESTOS STATEMENT:** All material supplied must be 100% asbestos free. Bidder, by virtue of bidding, certifies that if awarded any portion of the ITB the bidder will supply only material or equipment that is 100% asbestos free.
- 5.05 OTHER GOVERNMENTAL ENTITIES:** If the Bidder is awarded a contract as a result of this ITB, the bidder may, if the bidder has sufficient capacity or quantities available, provide to other governmental agencies, so requesting, the products or services awarded in accordance with the terms and conditions of the ITB and resulting contract. Prices shall be F.O.B. delivered to the requesting agency.
- 5.06 VERBAL INSTRUCTIONS PROCEDURE:** No negotiations, decisions, or actions shall be initiated or executed by the Contractor as a result of any discussions with any City employee. Only those communications which are in writing from an authorized City representative may be considered. Only written communications from Contractors, which are assigned by a person designated as authorized to bind the Contractor, will be recognized by the City as duly authorized expressions on behalf of Contractors.
- 5.07 INDEPENDENT CONTRACTOR:** The Contractor is an independent contractor under this Agreement. Personal services provided by the Proposer shall be by employees of the Contractor and subject to supervision by the Contractor, and not as officers, employees, or agents of the City. Personnel policies, tax responsibilities, social security, health insurance, employee benefits, procurement policies unless otherwise stated in this ITB, and other similar administrative procedures applicable to services rendered under this contract shall be those of the Contractor.
- 5.08 INDEMNITY/HOLD HARMLESS AGREEMENT:** The Contractor agrees to protect, defend, indemnify, and hold harmless the City of Fort Lauderdale and its officers, employees and agents from and against any and all losses, penalties, damages, settlements, claims, costs, charges for other expenses, or liabilities of every and any kind including attorneys fees, in connection with or arising directly or indirectly out of the work agreed to or performed by Contractor under the terms of any agreement that may arise due to the bidding process. Without limiting the foregoing, any and all such claims, suits, or other actions relating to personal injury, death, damage to property, defects in materials or workmanship, actual or alleged violations of any applicable Statute, ordinance, administrative order, rule or regulation, or decree of any court shall be included in the indemnity hereunder.
- 5.09 TERMINATION FOR CAUSE:** If, through any cause, the Contractor shall fail to fulfill in a timely and proper manner its obligations under this Agreement, or if the Contractor shall violate any of the provisions of this Agreement, the City may upon written notice to the Contractor terminate the right of the Contractor to proceed under this Agreement, or with such part or parts of the Agreement as to which there has been default, and may hold the Contractor liable for any damages caused to the City by reason of such default and termination. In the event of such termination, any completed services performed by the Contractor under this Agreement shall, at the option of the City, become the City's property and the Contractor shall be entitled to receive equitable compensation for any work completed to the satisfaction of the City. The Contractor, however, shall not be relieved of liability to the City for damages sustained by the City by reason of any breach of the Agreement by the Contractor, and the City may withhold any payments to the Contractor for the purpose of setoff until such time as the amount of damages due to the City from the Contractor can be determined.
- 5.10 TERMINATION FOR CONVENIENCE:** The City reserves the right, in its best interest as determined by the City, to cancel contract by giving written notice to the Contractor thirty (30) days prior to the effective date of such cancellation.
- 5.11 CANCELLATION FOR UNAPPROPRIATED FUNDS:** 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 authorized by law.
- 5.12 RECORDS/AUDIT:** 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. The Contractor agrees to make available to the City's Internal Auditor, during normal business hours and in Broward, Miami-Dade or Palm Beach Counties, all books of account, reports and records relating to this contract should be retained for the duration of the contract and for three years after the final payment under this Agreement, or until all pending audits, investigations or litigation matters relating to the contract are closed, whichever is later.
- 5.13 PERMITS, TAXES, LICENSES:** The successful Contractor shall, at their own expense, obtain all necessary permits, pay all licenses, fees and taxes, required to comply with all local ordinances, state and federal laws, rules and regulations applicable to business to be carried out under this contract.
- 5.14 LAWS/ORDINANCES:** The Contractor shall observe and comply with all Federal, state, local and municipal laws, ordinances rules and regulations that would apply to this contract.
- 5.15 NON-DISCRIMINATION:** There shall be no discrimination as to race, sex, color, creed, age or national origin in the operations conducted under this contract.
- 5.16 UNUSUAL CIRCUMSTANCES:** If during a contract term where costs to the City are to remain firm or adjustments are restricted by a percentage or CPI cap, unusual circumstances that could not have been foreseen by either party of the contract occur, and those circumstances significantly affect the Contractor's cost in providing the required prior items or services, then the Contractor may request adjustments to the costs to the City to reflect the changed circumstances. The circumstances must be beyond the control of the Contractor, and the requested adjustments must be fully documented. The City may, after examination, refuse to accept the adjusted costs if they are not properly documented, increases are considered to be excessive, or decreases are considered to be insufficient. In the event the City does not wish to accept the adjusted costs and the matter cannot be resolved to the satisfaction of the City, the City will reserve the following options:
1. The contract can be canceled by the City upon giving thirty (30) days written notice to the Contractor with no penalty to the City or Contractor. The Contractor shall fill all City requirements submitted to the Contractor until the termination date contained in the notice.

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.

**RESOLUTION NO. 11-314**

**A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF FORT LAUDERDALE, FLORIDA, AMENDING THE CITY'S INVESTMENT POLICY BY INCREASING THE NUMBER OF INVESTMENT MANAGERS AND THE MAXIMUM AMOUNT OF EACH PORTFOLIO MANAGED TO \$100,000,000.**

WHEREAS, in accordance with Section 218.415, Florida Statutes, investment activity by a unit of local government must be consistent with a written investment plan adopted by the governing body; and

WHEREAS, pursuant to Resolution No. 00-115 adopted on September 6, 2000, the City Commission of the City of Fort Lauderdale approved the City's Investment Policy; and

WHEREAS, pursuant to Resolution No. 07-238 adopted at a special meeting on November 29, 2007, the City Commission authorized temporary amendments to the City's Investment Policy and directed the City's Investment Committee to make a recommendation regarding the investment of funds in the Florida State Board of Administration; and

WHEREAS, pursuant to Resolution No. 08-39 adopted on February 19, 2008, the City Commission amended the City's Investment Policy by decreasing the percentage of funds invested in the Florida State Board of Administration and by increasing the percentage invested in money market funds; permitting investment through regional broker dealers; increasing the targeted cash balance in the City's depository bank including conditions for investment in the Florida State Board of Administration; revising the membership of the Investment Committee and providing definitions; and

WHEREAS, the City's Finance Director together with the City's Budget Advisory Board, have proposed amendments to the Investment Policy to increase the number of investment managers and the maximum amount of each portfolio managed to \$100,000,000;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FORT LAUDERDALE, FLORIDA:**

**SECTION 1.** That the City Commission of the City of Fort Lauderdale, Florida hereby approves the amendments to the City's Investment Policy as shown in Exhibit 1, attached hereto and incorporated herein.

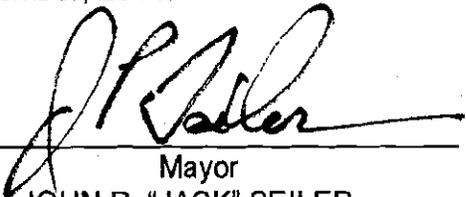
RESOLUTION NO. 11-314

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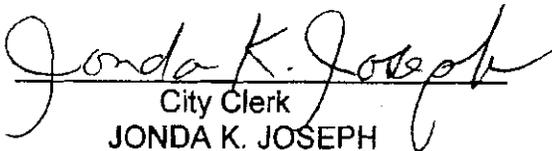
SECTION 2. That except as amended as provided in Exhibit 1, the City's Investment Policy adopted pursuant to Resolution No. 00-115, as amended, is in full force and effect.

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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**INVESTMENT POLICY**  
REVISION EFFECTIVE – NOVEMBER 1, 2011

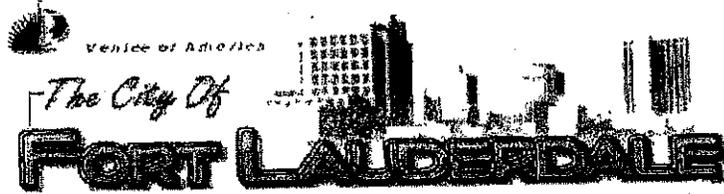


Exhibit 1

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ATTACHMENT A: Glossary of Cash and Investment Management Terms

## **Investment Policy City of Fort Lauderdale, Florida**

### **I. PURPOSE**

The purpose of this policy is to set forth the investment objectives and parameters for the management of public funds of the City of Fort Lauderdale, Florida (hereinafter "City"). These policies are designed to safeguard the City's funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices.

### **II. SCOPE**

In accordance with Section 218.415, Florida Statutes, this investment policy applies to all cash and investments held or controlled by the City and shall be identified as "general operating funds" of the City with the exception of the City's Pension Funds including those funds in chapters 175 and 185, Other Post Employment Benefit Funds (OPEB), Deferred Compensation & Section 401(a) Plans, and funds related to the issuance of debt where there are other existing policies or indentures in effect for such funds. Additionally, any future revenues, which have statutory investment requirements conflicting with this Investment Policy and funds held by state agencies (e.g., Department of Revenue), are not subject to the provisions of this policy.

### **III. INVESTMENT OBJECTIVES**

#### **A. Safety of Principal**

The foremost objective of this investment program is the safety of the principal of those funds within the portfolios. Investment transactions shall seek to avoid capital losses, whether they are from securities defaults or erosion of market value. To attain this objective, the City will maintain a diversified portfolio so that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

From time to time, securities may be traded for other similar securities to improve yield, maturity or credit risk. For these transactions, a loss may be incurred for accounting purposes, provided any of the following occurs with respect to the replacement security:

1. Yield has been increased, or
2. Maturity has been reduced, or
3. Quality of the investment has been improved.

#### **B. Maintenance of Liquidity**

The portfolios shall be managed in such a manner that funds are available to meet reasonably anticipated cash flow requirements in an orderly manner. Periodic cash flow analyses will be performed in order to ensure that the portfolio is positioned to provide sufficient liquidity.

#### **C. Return on Investment**

Investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of least importance compared to

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.

## VII. INTERNAL CONTROLS AND INVESTMENT PROCEDURES

The Director of Finance shall establish a system of internal controls and operational procedures that are in writing and made a part of the City's operational procedures. The internal controls should be designed to prevent losses of funds, which might arise from fraud, employee error, and misrepresentation, by third parties, or imprudent actions by employees. The written procedures should include reference to custodial agreements, repurchase agreements, separation of transaction authority from accounting and recordkeeping, wire transfer agreements, banking service contracts, collateral/depository agreements, and "delivery vs. payment" procedures. No person may engage in an investment transaction except as authorized under the terms of this policy.

Independent auditors as a normal part of the annual financial audit to the City shall conduct a review of the system of internal controls to ensure compliance with policies and procedures.

## VIII. CONTINUING EDUCATION

The Director of Finance, Treasurer, and appropriate staff shall annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products, pursuant to Section 218.415(14) F.S.

## IX. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

Authorized City staff and Investment Manager(s) shall only purchase securities from the following financial and investment institutions:

- A. **Certificates of Deposit or Savings Accounts**  
These investments may only be purchased from public depositories qualified by the Treasurer of the State of Florida, in accordance with Chapter 280, Florida Statutes.
- B. **Overnight Repurchase Agreement**  
Collateral for the City's "Sweep Accounts" shall be held at City's depository bank which must be a State Qualified Public Depository (QPD).
- C. **All Other Investments**  
For purchases and sales of securities by the City staff, only dealers designated as "Primary Securities Dealers" by the Federal Reserve Bank of New York, brokers/dealers that are wholly owned subsidiaries of financial institutions or from direct issuers of commercial paper and bankers' acceptances will be utilized.

Each Dealer's representative will be required to complete the "City's Investment Firm Certification Form" prior to the City conducting any business with the Broker/Dealer or its representative (not including the City's Investment Manager(s) dealer relationships). The City's Investment Manager(s) will be responsible for operating within the guidelines of the policy and will maintain more than three dealer relationships. The City's Investment Manager(s) may also execute purchases and sales with regional broker/dealers if the transaction is to the benefit of the portfolio. In this event, the Investment Manager(s) will document the benefit by providing the City's Treasurer with a minimum of three competitive bid/offers.

**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

D. The transaction involves new issues or issues in the "when issued" market.

Overnight sweep repurchase agreements will not be bid, but may be placed with the City's depository bank relating to the demand account for which the repurchase agreement was purchased.

## **XII. AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION**

Investments should be made subject to the cash flow needs and such cash flows are subject to revisions as market conditions and the City's needs change. However, when the invested funds are needed in whole or in part for the purpose originally intended or for more optimal investments, the Treasurer or Investment Manager(s) may sell the investment at the then-prevailing market price and place the proceeds into the proper account at the City's custodian.

The following are the investment requirements and allocation limits on security types, issuers, and maturities as established by the City. Diversification strategies within the established guidelines shall be reviewed and revised periodically as necessary. The percentage allocations limits for investment types and issuers are calculated based on the original cost of each investment. Investments not listed in this policy are prohibited.

### **A. The Florida Prime Fund**

1. Investment Authorization  
Investment in the Florida Prime Fund.
2. Portfolio Composition  
Maximum of 25% of available funds may be invested in the Florida Prime Fund.
3. Rating Requirements  
Rating shall be "AAAm" by Standard & Poor's, or the equivalent by another rating agency.
4. Due Diligence Requirements  
Ongoing verification of the fund's rating as stated above.

### **B. United States Government Securities**

1. Purchase Authorization  
Investment in negotiable direct obligations, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government. Such securities will include, but not be limited to the following:

- Cash Management Bills
- Treasury Securities – State and Local Government Series ("SLGS")
- Treasury Bills
- Treasury Notes
- Treasury Bonds
- Treasury Strips

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.

D. Federal Instrumentalities (United States Government sponsored agencies)

1. Purchase Authorization  
Investment in bonds, debentures, notes or callables issued or guaranteed by United States Government sponsored agencies (Federal Instrumentalities) which are non-full faith and credit agencies limited to the following:
  - Federal Farm Credit Bank (FFCB)
  - Federal Home Loan Bank or its City banks (FHLB)
  - Federal National Mortgage Association (FNMA)
  - Federal Home Loan Mortgage Corporation (Freddie Mac) including Federal Home Loan Mortgage Corporation participation certificates
2. Portfolio Composition  
A maximum of 100% of available funds may be invested in Federal Instrumentalities.
3. Limits on Individual Issuers  
A maximum of 25% of available funds may be invested in any one issuer.
4. Maturity Limitations  
The maximum length to maturity for an investment in any Federal Instrumentality security is ten (10) years from the date of purchase.

E. Interest Bearing Time Deposit or Saving Accounts

1. Purchase Authorization  
Investment in non-negotiable interest bearing time certificates of deposit or savings accounts in banks organized under the laws of this state and/or in national banks organized under the laws of the United States and doing business and situated in the State of Florida, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes. Additionally, the bank shall not be listed with any recognized credit watch information service.
2. Portfolio Composition  
A maximum of 10% of available funds may be invested in non-negotiable interest bearing time certificates of deposit.
3. Limits on Individual Issuers  
A maximum of 10% of available funds may be deposited with any one issuer.
4. Maturity Limitations  
The maximum maturity on any certificate shall be no greater than one (1) year from the date of purchase.

F. Repurchase Agreements

1. Purchase Authorization
  - a. Investment in repurchase agreements composed of only those investments authorized in Section XII. B, C, and D. All firms are required to sign the City's Master Repurchase Agreement prior to the execution of a repurchase agreement transaction.

- 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 of 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

that have a long term debt rating, at the time of purchase, at a minimum "A " by Moody's and "A " by Standard & Poor's (S&P) or "A " by Fitch, IBCA, Inc. (Fitch)

2. **Portfolio Composition**  
A maximum of 25% of available funds may be directly invested in corporate notes.
  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 corporate notes shall be (10) ten years from the date of purchase.
1. **Bankers' Acceptances**
    1. **Purchase Authorization**  
Investment in Bankers' acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, at the time of purchase, the short-term paper is rated, at a minimum, "A-1" by S&P, "Aa2" by Moody's or "F-1" by Fitch
    2. **Portfolio Composition**  
A maximum of 10% of available funds may be directly invested in Bankers' acceptances
    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 Bankers' acceptances shall be 180 days from the date of purchase.
- J. **State and/or Local Government Taxable and/or Tax-Exempt Debt**
    1. **Purchase Authorization**  
Investment in state and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least "Aa" by Moody's or "AA" S&P and Fitch for long-term debt, or rated at least "MIG-2" by Moody's and "SP-1" by S&P and "F-1" by Fitch for short-term debt.
    2. **Portfolio Composition**  
A maximum of 25% of available funds may be invested in taxable and tax-exempt General Obligation bonds.  
  
A maximum of 10% of available funds may be invested in taxable and tax-exempt Revenue and Excise tax bonds of municipalities, provided no issuer of such securities has been in default.
    3. **Maturity Limitations**  
A maximum length to maturity for an investment in any state or local government debt security is ten (10) years from the date of purchase.

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.

**N. Mortgage-Backed Securities (MBS)**

1. **Investment Authorization**  
Investment in mortgage-backed securities (MBS) which are based on mortgages that are guaranteed by a government agency or GSE for payment of principal and a guarantee of timely payment.
2. **Portfolio Composition**  
A maximum of 20% of available funds may be invested in MBS.
3. **Limits of Individual Issuers**  
A maximum of 15% of available funds may be invested with any one issuer.
4. **The maximum percentage invested in securities of any one issuer is inclusive of mortgage backed securities of same issuer.**
5. **Maturity Limitations**  
The maturity of mortgage securities shall be considered the date corresponding to its average life. This date reflects the point at which an investor will have received back half of the original principal (face) amount. The average life may be different from the stated legal maturity included in a security's description.

**XIII. DERIVATIVES AND REVERSE REPURCHASE AGREEMENTS**

A Derivative is defined as "a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or index or asset values." Those responsible for making investment decisions or chief financial officer shall have developed sufficient understanding of the derivative products and have the expertise to manage them.

Reverse repurchase agreements are allowed, when deemed necessary and subject to limitations in order to finance short-term cash flow needs or to provide liquidity for the portfolio. Institutions that are party to the transaction must have entered into a Master Repurchase Agreement and entered into a Tri-Party Custody Agreement which provides for a third party to take custody of the securities subject to the Master Repurchase Agreement.

**XIV. PERFORMANCE MEASUREMENTS**

In order to assist in the evaluation of the portfolios' performance, the City will use performance benchmarks for short-term and long-term portfolios. The use of benchmarks will allow the City to measure its returns against other investors in the same markets.

- A. The 90-day Treasury Bill Rate will be used as a benchmark as compared to the portfolio's net book value rate of return for current operating funds (short-term portfolio).
- B. The long-term investment portfolio shall be designed with the annual objective of exceeding the return of the Merrill Lynch 1-3 Year Treasury Index compared to the portfolio's total rate of return. The Merrill Lynch 1-3 Year Treasury Index represents all U.S. Treasury securities maturing over one year, but less than three years. This maturity range is an appropriate benchmark based on the objectives of the City.
- C. Other indices may be used from time to time to measure the portfolio performance.

**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

custodian involving the purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. Only after receiving written authorization from the Director of Finance shall the City Treasurer be authorized to deliver securities "free". Securities held as collateral shall be held free and clear of any liens.

**XVII. INVESTMENT POLICY ADOPTION**

The investment policy shall be adopted by Resolution. The City Manager, City Auditor, Director of Finance and Treasurer shall review the policy annually and the City Commission shall approve any necessary modifications.

**APPROVED AND ADOPTED BY THE CITY COMMISSION ON \_\_\_\_\_**

\_\_\_\_\_

City Mayor

\_\_\_\_\_

City Manager

\_\_\_\_\_

City Clerk

## 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 known 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.

**Benchmark.** A market index used as a comparative basis for measuring the performance of an investment portfolio. A performance benchmark should represent a close correlation to investment guidelines, risk tolerance and duration of the actual portfolio's investments.

**Bid Price.** Price at which a broker/dealer offers to purchase a security from an investor.

**Bond Market Association (BMA).** The bond market trade association representing the largest securities markets in the world. In addition to publishing a Master Repurchase Agreement, widely accepted as the industry standard document for Repurchase Agreements, the BMA also recommends bond market closures and early closes due to holidays.

**Bond.** Financial obligation for which the issuer promises to pay the bondholder (the purchaser or owner of the bond) a specified stream of future cash flows, including periodic interest payments and a principal repayment.

**Book Entry Securities.** Securities that are recorded in a customer's account electronically through one of the financial markets electronic delivery and custody systems, such as the Fed Securities wire, DTC and PTC (as opposed to bearer or physical securities). The trend is toward a certificate-free society in order to cut down on paperwork and to diminish investors' concerns about the certificates themselves. The vast majority of securities are now book entry securities.

**Book Value.** The value at which a debt security is reflected on the holder's records at any point in time. Book value is also called "amortized cost" as it represents the original cost of an investment adjusted for amortization of premium or accretion of discount. Also called "carrying value." Book value can vary over time as an investment approaches maturity and differs from "market value" in that it is not affected by changes in market interest rates.

**Broker/Dealer.** A person or firm transacting securities business with customers. A "broker" acts as an agent between buyers and sellers, and receives a commission for these services. A "dealer" buys and sells financial assets from its own portfolio. A dealer takes risk by owning inventory of securities, whereas a broker merely matches up buyers and sellers. See also "Primary Dealer."

**Bullet Notes/Bonds.** Notes or bonds that have a single maturity date and are non-callable.

**Call Date.** Date at which a call option may be or is exercised.

**Call Option.** The right, but not the obligation, of an issuer of a security to redeem a security at a specified value and at a specified date or dates prior to its stated maturity date. Most fixed-income calls are at par, but can be at any previously established price. Securities issued with a call provision typically carry a higher yield than similar securities issued without a call feature. There are three primary types of call options (1) European - one-time calls, (2) Bermudan - periodically on a predetermined schedule (quarterly, semi-annual, annual), and (3) American - continuously callable at any time on or after the call date. There is usually a notice period of at least 5 business days prior to a call date.

**Callable Bonds/Notes.** Securities, which contain an imbedded call option giving the issuer, has the right to redeem the securities prior to maturity at a predetermined price and time.

**Certificate of Deposit (CD).** Bank obligation issued by a financial institution generally offering a fixed rate of return (coupon) for a specified period of time (maturity). Can be as long as 10 years to maturity, but most CDs purchased by public agencies are one year and under.

**Collateral.** Investment securities or other property that a borrower pledges to secure repayment of a loan, secure deposits of public monies, or provide security for a repurchase agreement.

**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.

**Designated Bond.** Farm Credit Designated Bonds are high credit quality, liquid, non-callable and callable securities. New issues of Designated Bonds are \$1 billion or larger for non-callable securities and \$500 million or larger for callable securities. Reopens of existing Designated Bond issues are generally a minimum of \$100 million. Designated Bonds generally have a two to ten year original maturity and are offered through a syndicate of two to six Bond Dealers. Callable Designated Bonds will contain one-time only "European" redemption features.

**Discount Notes.** Unsecured general obligations issued by Federal Agencies at a discount. Discount notes mature at par and can range in maturity from overnight to one year. There are very large primary (new issue) and secondary markets.

**Discount Rate.** Rate charged by the system of Federal Reserve Banks on overnight loans to member banks. Changes to this rate are administered by the Federal Reserve and closely mirror changes to the "fed funds rate."

**Discount Securities.** Non-interest bearing money market instruments that are issued at discount and redeemed at maturity for full face value. Examples include U.S Treasury Bills, Federal Agency Discount Notes, Bankers' Acceptances and Commercial Paper.

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

**Diversification.** A method of reducing risk by investing in a variety of assets.

**Dollar Price.** A bond's cost expressed as a percentage of its face value. For example, a bond quoted at a dollar price of 95 ½, would have a principal cost of \$955 per \$1,000 of face value.

**Duration.** The weighted average maturity of a security's or portfolio's cash flows, where the present values of the cash flows serve as the weights. The greater the duration of a security/portfolio, the greater its percentage price volatility with respect to changes in interest rates. Used as a measure of risk and a key tool for managing a portfolio versus a benchmark and for hedging risk. There are also different kinds of duration used for different purposes (e.g. MacAuley Duration, Modified Duration).

**Fannie Mae.** See "Federal National Mortgage Association."

**Fed Money Wire.** A computerized communications system that connects the Federal Reserve System with its member banks, certain U. S. Treasury offices, and the Washington D.C. office of the Commodity Credit Corporation. The Fed Money Wire is the book entry system used to transfer cash balances between banks for themselves and for customer accounts.

**Fed Securities Wire.** A computerized communications system that facilitates book entry transfer of securities between banks, brokers and customer accounts. Used primary for settlement of U.S. Treasury and Federal Agency securities.

**Fed.** Sec "Federal Reserve System."

**Federal Agency Security.** A debt instrument issued by one of the federal agencies. Federal agencies are considered second in credit quality and liquidity only to U.S. Treasuries.

**Federal Agency.** Government sponsored/owned entity created by the U.S. Congress, generally for the purpose of acting as a financial intermediary by borrowing in the marketplace and directing proceeds to specific areas of the economy considered to otherwise have restricted access to credit markets. The largest Federal Agencies are GNMA, FNMA, FHLMC, FHLB, FFCB, SLMA, and TVA.

**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

system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its "reference note" program.

**Federal National Mortgage Association (FNMA or "Fannie Mae").** A government sponsored public corporation (GSE) that provides liquidity to the residential mortgage market by purchasing mortgage loans from lenders, financed by the issuance of debt securities and MBS (pools of mortgages packaged together as a security). FNMA 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, callable agency securities and MBS. Also issues notes under its "benchmark note" program.

**Federal Reserve Bank.** One of the 12 distinct banks of the Federal Reserve System.

**Federal Reserve System (The Fed).** The independent central bank system of the United States that establishes and conducts the nation's monetary policy. This is accomplished in three major ways: (1) raising or lowering bank reserve requirements, (2) raising or lowering the target Fed Funds Rate and Discount Rate, and (3) in open market operations by buying and selling government securities. The Federal Reserve System is made up of twelve Federal Reserve District Banks, their branches, and many national and state banks throughout the nation. It is headed by the seven member Board of Governors known as the "Federal Reserve Board" and headed by its Chairman.

**Fiscal Agent/Paying Agent.** A bank or trust company that acts, under a trust agreement with a corporation or municipality, in the capacity of general treasurer. The agent performs such duties as making coupon payments, paying rents, redeeming bonds, and handling taxes relating to the issuance of bonds.

**Fitch Investors Service, Inc.** One of several "Nationally Recognized Statistical Rating Organization" (NRSRO) that provide credit ratings on corporate and municipal debt issues.

**Floating Rate Security (FRN or "floater").** A bond with an interest rate that is adjusted according to changes in an interest rate or index. Differs from variable-rate debt in that the changes to the rate take place immediately when the index changes, rather on a predetermined schedule. See also "Variable Rate Security."

**Freddie Mac.** See "Federal Home Loan Mortgage Corporation".

**Ginnie Mae.** See "Government National Mortgage Association".

**Global Notes:** Notes designed to qualify for immediate trading in both the domestic U.S. capital market and in foreign markets around the globe. Usually large issues that are sold to investors worldwide and therefore have excellent liquidity. Despite their global sales, global notes sold in the U.S. top U.S. investors are typically denominated in U.S. dollars.

**Government National Mortgage Association (GNMA or "Ginnie Mae").** A government-owned corporation within the Department of Housing and Urban Development (HUD). Today, Ginnie Mae securities are the only mortgage-backed securities that offer the full faith and credit guaranty of the United States government. It acquires, packages, and resells mortgages and mortgage purchase commitments in the form of mortgage-backed securities and is the largest issuer of mortgage pass-through securities.

**Government Securities.** An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, Bonds, and SLGS."

**Government Sponsored Enterprise (GSE).** Privately owned entity subject to federal regulation and supervision, created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy such as students, farmers, and homeowners. GSEs carry the implicit backing of the U.S.

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.

**Inverse Floater.** A floating rate security structured in such a way that it reacts inversely to the direction of interest rates. Considered risky as their value moves in the opposite direction of normal fixed-income investments and whose interest rate can fall to zero.

**Investment Advisor.** A company that provides professional advice managing portfolios, investment recommendations and/or research in exchange for a management fee.

**Investment Adviser Act of 1940.** Federal legislation that sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

**Investment Manager** A company that actively manages fixed income portfolios which include operating funds, capital reserves, insurance reserves, proceeds from the sale of bonds and other funds.

**Investment Grade.** Bonds considered suitable for preservation of invested capital; bonds rated a minimum of Baa3 by Moody's, BBB- by Standard & Poor's, or BBB- by Fitch. Although "BBB" rated bonds are considered investment grade, most public agencies cannot invest in securities rated below "A."

**Liquidity.** Relative ease of converting an asset into cash without significant loss of value. Also, a relative measure of cash and near-cash items in a portfolio of assets. Also, a term describing the marketability of a money market security correlating to the narrowness of the spread between the bid and ask prices.

**Local Government Investment Pool (LGIP).** An investment by local governments in which their money is pooled as a method for managing local funds, (i.e., Florida PRIME).

**Long-Term Core Investment Program.** Funds that are not needed within a one-year period.

**Market Value.** The fair market value of a security or commodity. The price at which a willing buyer would pay for a security.

**Mark-to-market.** Adjusting the value of an asset to its market value, reflecting in the process unrealized gains or losses.

**Master Repurchase Agreement.** A widely accepted standard agreement form published by the Bond Market Association (BMA) that is used to govern and document Repurchase Agreements and protect the interest of parties in a repo transaction.

**Maturity Date.** Date on which principal payment of a financial obligation is to be paid.

**Medium Term Notes (MTNs).** Used frequently to refer to corporate notes of medium maturity (5-years and under). Technically, any debt security issued by a corporate or depository institution with maturities from 1 to 10 years and issued under an MTN shelf registration. Usually issued in smaller issues with varying coupons and maturities, and underwritten by a variety of broker/dealers (as opposed to large corporate deals issued and underwritten all at once in large size and with a fixed coupon and maturity).

**Money Market.** The market in which short-term debt instruments (bills, commercial paper, bankers' acceptance, etc.) are issued and traded.

**Money Market Mutual Fund (MMF).** A type of mutual fund that invests solely in money market instruments, such as Treasury bills, commercial paper, bankers' acceptances, and repurchase agreements. Money market mutual funds are registered with the SEC under the Investment Company Act of 1940 and are subject "rule 2a-7" which significantly limits average maturity and credit quality of holdings. MMFs are managed to maintain a stable net asset value (NAV) of \$1.00. Many MMFs carry ratings by a NRSRO.

**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.)

$$\frac{[(\text{Total assets}) - (\text{Liabilities})]}{(\text{Number of shares outstanding})}$$

**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."

**Primary Dealer.** Any of a group of designated government securities dealers designated by to the Federal Reserve Bank of New York. Primary dealers can buy and sell government securities directly with the Fed. Primary dealers also submit daily reports of market activity and security positions held to the Fed and are subject to its informal oversight. Primary dealers are considered the largest players in the U.S. Treasury securities market.

**Prime Paper.** Commercial paper of high quality. Highest rated paper is A-1+/A-1 by S&P and P-1 by Moody's.

**Principal.** Face value of a financial instrument on which interest accrues. May be less than par value if some principal has been repaid or retired. For a transaction, principal is par value times price and includes any premium or discount.

**Prudent Investor Standard.** Standard that requires that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. More stringent than the "prudent person" standard as it implies a level of knowledge commensurate with the responsibility at hand.

**Qualified Public Depository** - Per Florida Statute 280, means any bank, saving bank or savings association that:

1. Is organized and exists under the laws of the United States, the laws of this state or any other state or territory of the United States;
2. Has its principal place of business in this state or has a branch office in this state which is authorized under the laws of this state or of the United States to receive deposits in this state.,
3. Has deposit insurance under the provision of the Federal Deposit Insurance Act, as amended, 12 U.S.C. ss.1811 seq.
4. Meets all requirements of F.S. 280
5. Has been designed by the Treasurer as a qualified public depository.

**Range Note.** A type of structured note that accrues interest daily at a set coupon rate that is tied to an index. Most range notes have two coupon levels; a higher accrual rate for the period the index is within a designated range, the lower accrual rate for the period that the index falls outside the designated range. This lower rate may be zero and may result in zero earnings.

**Rate of Return.** Amount of income received from an investment, expressed as a percentage of the amount invested.

**Realized Gains (Losses).** The difference between the sale price 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 "Unrealized Gains (Losses)."

**Reference Bills:** FFLMC's short-term debt program created to supplement its existing discount note program by offering issues from one month through one year, auctioned on a weekly or on an alternating four-week basis (depending upon maturity) offered in sizeable volumes (\$1 billion and up) on a cycle of regular, standardized issuance. Globally sponsored and distributed, Reference Bill issues are intended to encourage active trading and market-making and facilitate the development of a term repo market. The

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 an investor and a custody bank that allows the custody bank to "loan" the investor's investment holdings, reinvest the proceeds in permitted investments, and share 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).

**Structured Notes.** Notes that have imbedded into their structure options such as step-up coupons or derivative-based returns.

**Swap.** Trading one asset for another.

**TAP Notes:** Federal Agency notes issued under the FHLB TAP program. Launched in 6/99 as a refinement to the FHLB bullet bond auction process. In a break from the FHLB's traditional practice of bringing numerous small issues to market with similar maturities, the TAP Issue Program uses the four most common maturities and reopens them up regularly through a competitive auction. These maturities (2, 3, 5 and 10 year) will remain open for the calendar quarter, after which they will be closed and a new series of TAP issues will be opened to replace them. This reduces the number of separate bullet bonds issued, but generates enhanced awareness and liquidity in the marketplace through increased issue size and secondary market volume.

**Tennessee Valley Authority (TVA).** A wholly owned corporation of the United States government that was established in 1933 to develop the resources of the Tennessee Valley region in order to strengthen the regional and national economy and the national defense. Power operations are separated from non-power operations. TVA securities represent obligations of TVA, payable solely from TVA's net power proceeds, and are neither obligations of nor guaranteed by the United States. TVA is currently authorized to issue debt up to \$30 billion. Under this authorization, TVA may also obtain advances from the Treasury of up to \$150 million. Frequent issuer of discount notes, agency notes and callable agency securities.

**Total Return.** Investment performance measured over a period of time that includes coupon interest, interest on interest, and both realized and unrealized gains or losses. Total return includes, therefore, any market value appreciation/depreciation on investments held at period end.

**Treasuries.** Collective term used to describe debt instruments backed by the U.S. Government and issued through the U.S. Department of the Treasury. Includes Treasury bills, Treasury notes, Treasury Inflation-Protected Securities (TIPS) and Treasury bonds. Also a benchmark term used as a basis by which the yields of non-Treasury securities are compared (e.g., "trading at 50 basis points over Treasuries").

**Treasury Bills (T-Bills).** Short-term direct obligations of the United States Government issued with an original term of one year or less. Treasury bills, or T-bills, are sold in terms ranging from a few days to 52 weeks. Bills are typically sold at a discount from the par amount (also called face value). For instance, you might pay \$990 for a \$1,000 bill. When the bill matures, you would be paid \$1,000. The difference between the purchase price and face value is interest. It is possible for a bill auction to result in a price equal to par, which means that Treasury will issue and redeem the securities at par value.

**Treasury Bonds.** Long-term interest-bearing debt securities backed by the U.S. Government. Issued Treasury bonds pay a fixed rate of interest every six months until they mature and are issued in a term of 30 years.

**Treasury Inflation-Protected Securities (TIPS)** Provide protection against inflation. The principal of a TIPS increases with inflation and decreases with deflation, as measured by the Consumer Price Index. When a TIPS matures, you are paid the adjusted principal or original principal, whichever is greater. TIPS pay interest twice a year, at a fixed rate. The rate is applied to the adjusted principal; so, like the principal, interest payments rise with inflation and fall with deflation.

**Treasury Notes.** Intermediate interest-bearing debt securities backed by the U.S. Government and issued with maturities ranging from one to ten years by the U.S. Department of the Treasury. Treasury Notes, earn a fixed rate of interest every six months until maturity. Notes are issued in terms of 2, 3, 5, 7, and 10 years.

**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 can 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."

**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.**

**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.

Variations:

\_\_\_\_\_  
\_\_\_\_\_



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100 N. Andrews Avenue, #619 • Fort Lauderdale, Florida 33301  
954-828-5933 FAX 954-828-5576  
[purchase@fortlauderdale.gov](mailto:purchase@fortlauderdale.gov)

## 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: \_\_\_\_\_  
(Please print)

Proposer's

Signature: \_\_\_\_\_

Date: \_\_\_\_\_



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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  
Over \$25,000,000 up to \$50,000,000  
Over \$50,000,000 up to \$100,000,000  
Over \$50,000,000 up to \$100,000,000  
Over \$100,000,000 up to \$150,000,000  
Over \$150,000,000

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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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954-828-5933 FAX 954-828-5576  
[purchase@fortlauderdale.gov](mailto:purchase@fortlauderdale.gov)

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

Page 4 of 4

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: \_\_\_\_\_  
(Please print)

Proposer's  
Signature: \_\_\_\_\_

Date: \_\_\_\_\_

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 identification. They are personally known to me or have produced as

(SEAL)

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

Name of Notary Typed, Printed or Stamped

My Commission Expires:

Commission Number

- 1. Unless the policy is changed, NO. Also the policy must comply with 218.415 Florida Statutes, particularly 218.415(2) Investment Objectives.
2. Unless the policy is changes, NO.
3. Please refer to the Investment policy for the minimum grade for each investment type. for example, Corporate notes must have a minimum long term debt rating, at a minimum of 'A' by either Moody's or Standard & poor's at the time of purchase. Documentation must be maintained as proof of this requirement for audit purposes.
4. NO.
5. Commingled or mutual funds are permitted as long as the underlying investments in these funds meet the criteria of type and do not exceed the maximum allowable percentage as detailed in the investment policy. Again, the identification, rating and proportionate share of a particular investment in a commingled or mutual fund must be identifiable for audit purposes. **(Answered: Apr 5, 2012 3:09:07 PM EDT)**

**Question 10**

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? **(Submitted: Apr 3, 2012 3:18:46 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 11**

In question 4. of Investment Management Approach and Discipline G. you ask for the firms fixed income investment policy in one sentence? Is that supposed to be investment philosophy? **(Submitted: Apr 3, 2012 4:26:14 PM EDT)**

**Answer**

- 4(A) refers to Philosophy, 4.(GO Policy **(Answered: Apr 5, 2012 3:09:07 PM EDT)**)

**Question 12**

Regarding Part VII, Question 2C, can you define short-term, medium-term and long-term funds? **(Submitted: Apr 3, 2012 4:43:56 PM EDT)**

**Answer**

- Please refer to Part VII, Item 9.

City's preferred tiers/categories:

- 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) **(Answered: Apr 5, 2012 3:09:07 PM EDT)**

**Question 13**

To get a sense of your existing portfolio, I have a four questions.

1. What is the current duration of your portfolio?
2. What are your current allocations to Gov't, Corp, and asset backed? Realize these are general buckets. Please be more specific if you choose.
3. Who are your current managers?
4. What are the current investment management fees you are paying? **(Submitted: Apr 4, 2012 2:37:19 PM EDT)**

**Answer**

- 1. Less than one year

2. Summary of Cash Investment as of December 31, 2011:

Cash and Money Market Accounts - market value \$260,359.43, % of portfolio - 48%, max. % authorized - 100%.  
Money Market Funds - market value - \$83,390,512.49, % of portfolio - 15.37%, max. % authorized - 75%.  
Local Government Investment Pool - market value - \$58,390,512.49, % of portfolio - 10.82%, max. % authorized - 25%.  
U.S. Treasury Bond/Note - market value - \$64,161,327.90, % of portfolio - 11.83%, max. % authorized - 100%.  
Federal Agency Bond/Note - market value - \$42,245,664.04, % of portfolio - 7.79%, max. % authorized - 100%.  
Federal agency MBS/CMO/CMBS - market value - \$3,669,837.64, % of portfolio - 7.79%, max. % authorized - 20%.  
Municipal Bond/Note - \$6,404,335.90, % of portfolio - 1.18%, max. % authorized - 25%.  
Corporate note - market value - \$18,234,437.02, % of portfolio - 3.36%.  
Corporate ABS - market value - \$5,284,331.38, % of portfolio - 0.97% (combined (2) Corporate items above maximum % authorized is 25%).

Commerical paper - market value - \$0.00, % of profolio - 0.00%, maiumum % authorized - 25%.  
 Unsettled Activity Cash - market value \$7,182.70, % of profolio - N/A, maximum % authorized - N/A.  
 Total market value = \$542,450,659.22, % of portfolio = 100%

3. PFM and Cutwater Asset Managers. They currently 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

Contractor make available to the City's Internal Auditor, during normal hours and in Broward County, all books of account, reports and records relating to this contract. A similar requirement is reflected in the sample IMA. Please confirm that a Contractor that is not operating in Broward County does not need to maintain all of its advisory records related to the IMA in Broward County. **(Submitted: Apr 5, 2012 3:15:55 PM EDT)**

**Answer**

- General Conditions

Part V

5.12 RECORDS/AUDIT: 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. The Contractor agrees to make available to the City's Internal Auditor, during normal business hours and in Broward, Miami-Dade or Palm Beach Counties, all books of account, reports and records relating to this contract should be retained for the duration of the contract and for three years after the final payment under this Agreement, or until all pending audits, investigations or litigation matters relating to the contract are closed, whichever is later.

The contractor needs to maintain all records as stated above and make readily available to the Auditor as requested. The documentation does not have to be maintained in Broward, Miami-Dade or Palm Beach counties. **(Answered: Apr 6, 2012 4:35:28 PM EDT)**

**Question 19**

Page 10 "Initially the process will require close coordination with the Director of Finance or designee. Please define "close coordination". Does this mean pre-clear all trades?

Page 5 "authorized Investment Institutions and Dealers": Our approved list of Counterparties goes through an in-depth internal approval process. May we work from our Approved Counterparty List in order to execute trades? Will each of our counterparties be required to complete the City's Investment Firm Certification Form?

Page 6 "Maturity Guidelines" "shall have a final maturity of 10 years or less from the date of purchase. " Is date of purchase considered trade date or settlement date?

Thank you. **(Submitted: Apr 5, 2012 3:34:50 PM EDT)**

**Answer**

- 1. The investment manager will be in communication with the Director of Finance or designee to establish reporting needs, necessary documentation, etc. It does not mean pre-clear trades.

2. Please define counterparty?

3. Settlement date. **(Answered: Apr 6, 2012 4:35:28 PM EDT)**

**Question 20**

On the Bid/Proposal Signature Page, under Variances, it states:

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.

What is the exception link? **(Submitted: Apr 5, 2012 3:43:32 PM EDT)**

**Answer**

- This only applies to electronic bids. This is a PAPER BID ONLY. If you choose to take any variances, your firm may be deemed non-responsive. **(Answered: Apr 5, 2012 4:30:44 PM EDT)**

**Question 21**

"In Section 7 (Fees in basis points), there exists a form that contemplates a two-tiered fee proposal with a breakpoint at \$150 million. Does the City intend to limit proposals to this framework, or will alternative fixed basis point fee structures be considered in this solicitation? **(Submitted: Apr 5, 2012 4:06:21 PM EDT)**

**Answer**

- SEE ADDENDUM NO 2 ATTACHED DATED APRIL 9, 2012

Based on numerous questions regarding using only a two-tiered fee structure, please see Addendum No. 2 dated April 9, 2012 with revised tiered structure. Please provide Addendum No. 2 with your revised Basis Points for the revised Tiered Structure with your RFP response. **(Answered: Apr 9, 2012 4:02:54 PM EDT)**

**Question 22**

In Section 8 (City's preferred tiers/categories), will selected managers be asked to execute strategies that operate only within these tiers/categories or will they have the latitude to invest more broadly within the overall policy limits? Will the City ask selected managers to manage multiple portfolios, across certain individual or multiple tiers/categories?

**(Submitted: Apr 5, 2012 4:06:40 PM EDT)**

**Answer**

- 1. Yet to be determined. Currently, the managers have the latitude to invest within the policy limits.

2. Also, yet to be determined. **(Answered: Apr 6, 2012 4:35:28 PM EDT)**

**Question 23**

Can the City please clarify its intention to have the funds held in a safekeeping Trust account? Would the city entertain the use of commingled vehicles or mutual funds where assets are safekept at a third-party custodian in which the selected manager has no business interest? **(Submitted: Apr 5, 2012 4:06:56 PM EDT)**

**Answer**

- 1. From the Government Finance Officers Association (GFOA) Best Practices:

"In a third-party safekeeping agreement, the government arranges for a firm other than the party that sold the investment to provide for the transfer and safekeeping of the securities. Financial firms should not serve as both government broker-dealer and custodian. Safekeeping represents a financial institution's obligation to act on behalf of the owner under the owner's control. Custody is a more clearly defined control position by the agent responding to the owner's requirements.

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 reports 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:

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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 incumbent 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:

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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:

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**Question 28**

In the fifth paragraph of "Part VI-Requirements of the Proposal," the City states "Contractor should submit (5) copies of your proposal on a CD." Does this request call for five identical PDF copies of the proposal document to be included on the CD? Or is the City requesting 5 CDs, each of which includes a single copy of the proposal? **(Submitted: Apr 6, 2012 12:45:52 PM EDT)**

**Answer**

- The City is requesting (3) Paper copies of your proposal- with one marked as "original". The City is also asking for your original proposal downloaded on (5) CD's, so we have (5) additional copies of your proposal on CD's. **(Answered: Apr 9, 2012 7:14:06 AM EDT)**

**Question 29**

Would a selected manager have the flexibility to dedicate more than 25% to corporates in their portfolio? **(Submitted: Apr 6, 2012 12:49:38 PM EDT)**

**Answer**

- No. **(Answered: Apr 9, 2012 12:27:13 PM EDT)**

**Question 30**

1. Could you please confirm that the total assets (approximately \$542 million) would be split across two mandates, one which would be benchmarked against the Merrill Lynch 1-3 Year Treasury Index and one which would be benchmarked against the 90-Day T-Bill Index?

2. If #1 is yes, would it be possible for a firm to submit a bid for just one of those mandates, or would participation in bids for both mandates be required?

3. Do the sector maximum percentages indicated in the Investment Policy that was provided refer to maximums that each portfolio would need to adhere to, or are these maximums for the fund as a whole? **(Submitted: Apr 6, 2012 5:07:47 PM EDT)**

**Answer**

- 1. The market value of the City's assets was approximately \$542 million on 12/31/2011. Since these funds include operating funds and bond proceeds, the total available for investment fluctuates on an annual basis. The City may hold funds liquidity purposes and not allocate to any investment manager. And the funds the City decides to allocate will be allocated to up to four investment managers, not necessarily split into two mandates.

2. N/A

3. These are the maximums for the City's funds as a whole **(Answered: Apr 9, 2012 12:27:13 PM EDT)**

EXHIBIT B

*revised  
PMB*



Request for Proposal  
Investment Management Services

Presented to:

**City of Fort Lauderdale, Florida**

April 23, 2012

WELLS CAPITAL MANAGEMENT





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: Thomas M. O'Malley (signature) April 19, 2012 (date)

Name (printed) THOMAS O'MALLEY Title: MANAGING DIRECTOR

Company: (Legal Registration) WELLS CAPITAL MANAGEMENT

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: 525 MARKET ST., 10TH FLOOR

City: SAN FRANCISCO State: CA Zip: 94105

Telephone No. 415-396-4771 FAX No. 415-975-6214 Email: O'MALLEY@WELLSCAP.COM

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

Payment Terms (section 1.04): See Section 7 Total Bid Discount (section 1.05): See Section 7

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. 1, 2

Date Issued Apr 6, 2012; Apr 9, 2012

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.

Variations: Wells Fargo would not amend insurance certificate - the City would be included under our General Liability Insurance as stated





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954-828-5933 FAX 954-828-5576  
[purchase@fortlauderdale.gov](mailto:purchase@fortlauderdale.gov)

## 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: WELLS CAPITAL MANAGEMENT  
(Please print)

Proposer's  
Signature: Thomas M. O'Malley

Date: April 19, 2012





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Page 1 of 4

## **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.





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.



**Statement of Proposed Services**

WellsCap is able to provide fixed income service for a portion of the City's operating and capital funds pursuant to Florida Statutes and the City's investment policy.

We are proposing to develop and implement investment strategies for the City that will seek to enhance portfolio performance under current and future market conditions within the parameters of the City's investment objectives of:

- Safety of Principal
- Maintenance of Liquidity
- Return on Investment

Security types will include:

- U.S. Treasuries
- U.S. Agencies
- Federal Instruments
- Repurchase Agreements
- Commercial Paper
- Corporate Notes
- Bankers' Acceptances
- Mortgage-Backed Securities

The portfolio will be customized to meet the City's specific liquidity needs. Liquidity will be provided from the following sources:

- Coupon Payments
- Maturities
- Security Amortization
- Security Sales

The actual portfolio composition will be driven by the investment policy and current market conditions. In today's environment, the portfolio would likely have the following characteristics:

	Sector Breakdown (% of Portfolio Assets)											
	Target Duration	Effective Duration	Yield to Worst	Average Quality	Credit	Mortgage Backed	Asset Backed	Tsy	Govt Related <sup>1</sup>	Money Mkt Instruments <sup>2</sup>	Muni	Cash
Taxable 3-Month	0.25	0.43	0.30	AA+	20	0	0	18	33	6	0	23
Taxable 1-3 Year	1.75	1.68	1.20	AA	37	9	4	25	18	0	6	1

Please reference Tab 10, Attachment 2 for the GIPS-compliant presentation on the WellsCap Taxable 3 Month and Taxable 1-3 Year Fixed Income Composites.

The City's portfolio strategy will be formalized at monthly strategy meetings where emphasis is placed on consistent portfolio construction at all times. In addition, sector allocation and security selection discussions occur on a daily basis on the trading desk between portfolio managers. Formal strategies can be modified at any time should market conditions dictate.

Portfolio managers have the discretion and responsibility to incrementally modify allocations to take advantage of attractive opportunities and construct portfolios that are consistent with client guidelines and directives and WellsCap strategy.

Janette Dziadon, The City's assigned Relationship Manager, will communicate major shifts in strategy or significant market developments to clients on an immediate, proactive basis. Incremental changes are communicated during portfolio performance review meetings that will be scheduled consistent with the City's wishes.

In our short duration investment process, an assessment of both the larger economic environment as well as the current structure of the bond market serves as the cornerstone in the evolution of our dynamic investment strategy. The top down economic assessment includes a review of and outlook for economic growth, inflation, monetary and fiscal policy, regulatory policy and international factors. In evaluating the fixed income market, we consider the Fed Funds futures contract market, an analysis of the forward curve, historical yield curve analysis, sector and quality spreads and swap spreads.

Based on this analysis, we develop strategy conclusions for portfolio duration posture, sector weightings and yield curve strategy. Sector weightings and duration positioning capture trends in the business cycle and will shift incrementally over time. The decision to overweight or underweight yield-advantaged sectors, such as corporate bonds, versus benchmarks are made throughout the phases of the business cycle.

**Duration Decision** - Portfolio durations are positioned within an agreed-upon range relative to the client's specified performance benchmark. We do not make large reactive changes. Duration is adjusted incrementally as the trend in interest rates progresses throughout the business cycle. Portfolios are actively monitored using proprietary analytical systems to perform stress tests and simulate "what if" scenarios for various interest rate moves.

**Yield Curve Positioning** - Historical analysis combined with a fundamental and technical outlook results in optimal yield curve positioning. Our portfolio analytics system provides scenario analysis capabilities and key rate duration reports to quantify a portfolio's sensitivity to shifts in the yield curve.

**Sector Selection** - The sector allocation decision is a key component in positioning portfolios to capitalize on market trends. Throughout the business cycle, we tactically emphasize sectors that offer the most attractive yields relative to U.S. Treasuries. Our research includes analysis of historical relative yield spreads, future expectations of sector performance, observation of credit trends and a determination of sector influence on portfolio behavior.

**Security Selection** - A rigorous relative value assessment and a disciplined research process drive Security selection. We focus on the factors unique to each sector when evaluating securities for investment. We identify securities with attractive risk/reward characteristics and believe that securities that are over or under valued can be identified and captured.

**Credit Research** - Our Credit Research Team independently evaluates and monitors the credit worthiness of fixed-income security issues and issuers using a proprietary risk-rating model. Our rating system works as an overlay to the general rating agencies. The Credit Research Team monitors and maintains an Approved List of issues to which all portfolios must adhere.

Having provided investment solutions as a group since 1988, we believe we differentiate ourselves through:

- **A deep, seasoned team** of portfolio managers, sector specialists, and credit analysts utilize **proprietary credit models** in providing fixed income expertise across sectors and throughout the yield curve.
- Our consistent approach to investing stands the test of time.
- **Diversification, guideline compliance, and independent risk management** are emphasized in the construction, management, and oversight of all client portfolios.
- We build portfolios for today's markets with a **history of competitive returns**.
- **Dedicated relationship managers** and client service professionals with vast experience in the short duration fixed income markets

## The City of Ft. Lauderdale's Short Duration Fixed Income Investment Team

<b>Portfolio Management</b>	<b>Jeffrey L. Weaver, CFA</b> Investment Team Leader
	<b>Andrew Greenberg, CFA</b> Limited Duration Leader
	<b>Dean Meddaugh, CFA</b> Senior Portfolio Manager, Limited Duration
	<b>Brett Stein, CFA</b> Portfolio Manager, Limited Duration
	<b>Anthony Melville, CFA</b> Enhanced Cash Leader
	<b>Travis Dugan, CFA</b> Portfolio Manager, Enhanced Cash
	<b>Jonathan Buenaventura</b> Portfolio Manager, Enhanced Cash
	<b>Craig J. Blok, CFA</b> Associate Portfolio Manager, Enhanced Cash
<b>Jay N. Mueller, CFA</b> Senior Portfolio Manager, Short Duration Plus	

<b>Client Services</b>	<b>Janette Dziadon</b> Senior Relationship Manager Philadelphia, Pennsylvania
	<b>Michael P. Rodgers</b> Managing Director, Institutional Fixed Income Team of 17 Relationship Managers

<b>Research</b>	<b>Matthew A. Grimes, CFA</b> Head of Short Duration Credit Research Team of 8 Credit Analysts
	<b>D. James Newton II, CFA</b> Head of Corporate Credit Research Team of 9 Credit Analysts
	<b>Kendrick Anderson</b> Head of Tax-Exempt Short Duration Credit Research Team of 6 Credit Analysts
	<b>Thomas Stoeckmann</b> Head of Municipal Credit Research Team of 8 Credit Analysts

<b>Portfolio Management</b>	<b>Lyle Fitterer, CFA</b> Managing Director, Tax-Advantaged-Plus
	<b>Wendy Cassetta</b> Senior Portfolio Manager, Tax-Advantaged-Plus
	<b>James Rutzen, CFA, FRM</b> Senior Portfolio Manager, Municipals
	<b>Raymond M. Wong</b> Senior Portfolio Manager, Municipals

<b>Internal Resources</b>	<b>James W. Paulsen, Ph.D.</b> Chief Investment Strategist
	<b>Gary Schlossberg</b> Senior Economist

<b>Risk Management</b>	<b>Kirk D. Hartman</b> Chief Investment Officer
	<b>David Germany, Ph.D.</b> Chief Fixed Income Officer
	<b>Michael T. Seeman, CFA</b> Director of Investment Risk Management

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***Janette Dziadon***

***Senior Relationship Manager, Institutional Fixed Income, Eastern Region***

Janette Dziadon is a senior relationship manager on the Institutional Fixed Income team at WellsCap, and would be the primary contact for the City. She joined WellsCap from Tattersall Advisory Group (TAG), where she began her investment industry career in 1979. Prior to her current role, she served as portfolio manager, managing director, and head of the Short Duration Investment group within the Liquidity and Structured Solutions team of TAG, as well as manager of Corporate Cash Investment Service at CoreStates Investment Advisors. She earned a bachelor's degree in finance and economics and a master's degree in business administration from Temple University. Janette has completed Level I of the CFA Program and is a member of the CFA Society of Philadelphia.

***Jeffrey L. Weaver, CFA***

***Senior Portfolio Manager, Short Duration Fixed Income***

Jeff Weaver is a senior portfolio manager for the WellsCap Short Duration Fixed Income and Liquidity Management team, where he oversees both short duration and liquidity management separate account functions and staff. Jeff joined the firm in 1994 as a portfolio manager working with institutional short-term fixed income portfolios and mutual funds. He assumed the role of intermediate fixed income portfolio manager in 1999, and assumed his current role in 2002. He began his investment industry career in 1991 at Bankers Trust Company in New York as a short term fixed income trader and portfolio manager. He earned a bachelor's degree in economics from the University of Colorado, Boulder. Jeff has earned the right to use the CFA designation and is a member of the CFA Institute and the Security Analysts of San Francisco.

Item 1 - Cover Page

Wells Capital Management, Incorporated

525 Market St. San Francisco, CA 94105

415-396-8000

[www.wellscap.com](http://www.wellscap.com)

March 30, 2012

Form ADV, Part 2; our "Disclosure Brochure" or "Brochure" as required by the Investment Advisers Act of 1940 is a very important document between Clients (you, your) and "Wells Capital Management" (us, we, our).

***This brochure provides information about the qualifications and business practices of Wells Capital Management, Inc. ("WellsCap"). If you have any questions about the contents of this brochure, please contact us at 415-396-8000 or [www.wellscap.com](http://www.wellscap.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any State Securities Authority. Additional information about WellsCap also is available at the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select "investment adviser firm" and type in our firm name). Results will provide you both Part 1 and 2 of our Form ADV.***

WellsCap is a registered investment adviser with the Securities and Exchange Commission. Our registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, is information you use to evaluate us (and other advisers) which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship.



## Item 2 – Material Changes

### SUMMARY OF MATERIAL CHANGES SINCE LAST UPDATE (March 13, 2012)

- Item 4 has been updated to include WellsCap's AUM as of December 31, 2011
- "Best Execution" under Item 12 has been updated to disclose the use of execution platforms which may impose additional costs

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting the Chief Compliance Officer staff at (415) 396-5502 or [nobuko.nagata@wellschap.com](mailto:nobuko.nagata@wellschap.com).

Our Brochure is available on our web site [www.wellschap.com](http://www.wellschap.com), also free of charge. Additional information about Wells Capital Management, Inc. is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with WellsCap who are registered, or are required to be registered, as investment adviser representatives of WellsCap.



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## Item 4 – Advisory Business

### FIRM OVERVIEW

Wells Capital Management, Incorporated (“WellsCap”) is incorporated in California and is a registered investment adviser. WellsCap is a wholly owned subsidiary of Wells Fargo Bank, N.A. (“Wells Fargo”), which is wholly owned by Wells Fargo & Company, a diversified financial services company. WellsCap was created in 1996 from Wells Fargo’s existing institutional business, whose investment management teams have been in place since 1987. WellsCap maintains a significant presence in the institutional investment field and manages institutional portfolios for endowments, foundations, healthcare organizations, educational organizations, public agencies, multi-employer plans, sovereign organizations, insurance companies, and Taft-Hartley plans. Over 800 professionals located in offices throughout the United States are dedicated to the management and servicing of WellsCap’s client portfolios. WellsCap also provides portfolio investment management services as a sub-advisor to registered investment companies and serves as the collateral manager for certain non-registered structured products (i.e. collateralized debt obligations “CDO” and collateralized loan obligations “CLO”).

WellsCap’s management of client portfolios is generally on a fully discretionary basis. The firm actively manages those portfolios with an overall goal of maximizing total returns subject to each client’s risk profile and investment guidelines and tailored to the individual needs of clients. WellsCap does not consider the above services “financial planning” or any similar term.

### TYPES OF ADVISORY SERVICES

Types of Investments. WellsCap offers a variety of equity, balanced and fixed income investment strategies, utilizing securities that include, but are not limited to, common stock, preferred stock, corporate bonds (both higher and lower rated), municipal bonds (both insured and uninsured) and certain cash equivalents (e.g. money market funds).

WellsCap may offer investment advice on the following types of investments:

- Equity securities (including exchange-listed securities, over-the counter securities, foreign issues, tactical, and long/short strategies)
- Warrants



- Corporate debt securities
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual funds
- Option contracts on securities and commodities
- U.S. government securities
- Interests in limited liability companies
- Credit default swaps
- Structured Products (CDO, CLO and CMO)
- Bank Loans

In limited circumstances, where clients are deemed able and are willing to accept greater risk in pursuit of potential higher total return, WellsCap also uses some leveraging and hedging techniques, including buying securities on margin, and selling securities short. Clients may impose restrictions on investing in certain securities or types of securities. Some of WellsCap's clients have restrictions as to which securities may be purchased. For instance, for some clients, no investments shall be made in securities of corporations whose operations are not consistent with moral teachings. Clients have also placed restrictions on the percentage of assets under management that may be held in the securities of any one company and other concentration caps.

WellsCap is not a broker dealer and consistently, does not sponsor wrap fee programs. Nor does WellsCap maintain direct contractual investment advisory relationships with Wrap sponsors. Instead, WellsCap may contract with Registered Investment Advisors for the purpose of offering sub-advisory services. In providing these sub-advisory services, WellsCap makes reasonable inquiry and establish assurances that its client, the registered investment advisor, either provides the necessary ADV to the Wrap clients itself or that it validate the sponsor's undertaking of such action.

#### CURRENT ASSETS UNDER MANAGEMENT

As of December 31, 2011, WellsCap has discretionary advisory authority over \$315.6 Billion in assets under management.



## Item 5 – Fees and Compensation

WellsCap assumes discretionary investment authority for investment accounts of, or furnishes investment advice to, institutions, including pension or other employee benefit trusts, corporations, investment companies and other entities. For such services, WellsCap receives a fee usually based upon a percentage of the market value of assets under management. In certain circumstances described further below, WellsCap may also receive other compensation, such as performance-based fees or “wrap” fees.

The basic fee schedule for WellsCap’s investment advisory services is indicated below, and WellsCap may modify the fees when circumstances warrant (e.g., large accounts size; accounts that require special services). Lower fees for comparable services may be available from other sources. The fee schedule represents tiered fees and not weighted averages for the total amount of assets under management. The minimum account size is \$5,000,000 but it may vary by investment style and asset class. There are no start-up or closing fees, and any partial periods are prorated over the billing cycle. Because WellsCap bills in arrears, there is no refund policy. Advisory agreements may be terminated in accordance with the termination notices and terms of the advisory contract.

### SMALL CAP EQUITY

#### Small Cap Equity

First \$25 Million	1.00%
Next \$25 Million	0.90%
Next \$50 Million	0.85%
Over \$100 Million	0.80%
Minimum Annual Fee \$50,000*	

\*Except for Small Cap Value Equity which is \$100,000

### SMID CAP EQUITY

#### All SMID Cap Equity

First \$25 Million	0.95%
Next \$25 Million	0.85%
Next \$50 Million	0.80%
Over \$100 Million	0.75%
Minimum Annual Fee \$95,000	



MID CAP EQUITY

Mid Cap Value and Growth Equity

First \$25 Million	0.85%
Next \$25 Million	0.75%
Next \$50 Million	0.70%
Over \$100 Million	0.65%
Minimum Annual Fee \$85,000	

Mid Cap Equity

First \$50 Million	0.85%
Next \$50 Million	0.75%
Over \$100 Million	0.70%
Minimum Annual Fee \$85,000	

LARGE CAP EQUITY

Large Cap Equity

First \$25 Million	0.75%
Next \$25 Million	0.65%
Next \$50 Million	0.50%
Over \$100 Million	0.40%
Minimum Annual Fee \$75,000	

Heritage Premier Growth Equity

First \$25 Million	0.75%
Next \$25 Million	0.65%
Next \$50 Million	0.60%
Over \$100 Million	0.55%
Minimum Annual Fee \$75,000	

ALL CAP EQUITY

All Cap Growth Equity

First \$25 Million	0.85%
Next \$25 Million	0.75%
Next \$50 Million	0.70%
Over \$100 Million	0.65%
Minimum Annual Fee \$85,000	

NON-US EQUITY

All Emerging Markets Equity

First \$50 Million	1.10%
Next \$50 Million	0.90%
Next \$100 Million	0.85%
Over \$200 Million	0.70%
Minimum Annual Fee \$110,000	



**Berkeley Street Emerging Markets Equity**

First \$50 Million 1.10%

Next \$50 Million 0.90%

Over \$100 Million 0.85%

Minimum Annual Fee \$110,000

**Emerging Markets Equity Closed End Fund**

Flat Fee 1.00%

Minimum Annual Fee \$250,000

**Asia Pacific Equity**

First \$25 Million 0.80%

Next \$75 Million 0.60%

Over \$100 Million 0.50%

Minimum Annual Fee \$80,000

**Berkeley Street International Equity**

First \$25 Million 0.85%

Next \$25 Million 0.70%

Next \$50 Million 0.60%

Over \$100 Million 0.50%

Minimum Annual Fee \$85,000

**Berkeley Street International Small Cap Equity**

First \$50 Million 1.00%

Next \$50 Million 0.95%

Over \$100 Million 0.85%

Minimum Annual Fee \$100,000

**Berkeley Street International SMID Cap Relaxed Constraint**

Flat Fee 1.50%

Minimum Annual Fee \$150,000

**International Equity Closed End Fund**

**Global Equity Closed End Fund**

Flat Fee 0.85%

Minimum Annual Fee \$212,500

**EverKey International Equity**

**EverKey Global Equity**

**EverKey Global Focus**

**EverKey Global Concentrated**

First \$25M 0.85%

Next \$25M 0.75%

Next \$50M 0.70%



Over \$100M 60bps  
Minimum Annual Fee \$85,000

Precious Metals

Health Care

First \$10 Million 0.95%  
Next \$15 Million 0.85%  
Next \$25 Million 0.75%  
Next \$50 Million 0.65%  
Over \$100 Million 0.60%  
Minimum Annual Fee \$95,000

FIXED INCOME

Core Fixed Income

First \$50 Million 0.30%  
Next \$50 Million 0.25%  
Over \$100 Million 0.20%  
Minimum Annual Fee \$75,000

Montgomery Core Fixed Income

First \$15 Million 0.42%  
Next \$85 Million 0.30%  
Next \$100 Million 0.25%  
Next \$550 Million 0.20%  
Over \$750 Million 0.15%  
Minimum Annual Fee \$243,000

Intermediate Fixed Income

Mortgage-Focused Government Fixed Income

First \$25 Million 0.35%  
Next \$25 Million 0.25%  
Over \$50 Million 0.20%  
Minimum Annual Fee \$87,500

Municipal Fixed Income

Intermediate Municipal Fixed Income

Municipal Plus Fixed Income

First \$25 Million 0.35%  
Next \$25 Million 0.25%  
Over \$50 Million 0.20%  
Minimum Annual Fee \$70,000

Core Plus Fixed Income

Income Plus Fixed Income

First \$25 Million 0.40%

Next \$25 Million 0.35%  
Over \$50 Million 0.30%  
Minimum Annual Fee \$100,000

Medium Quality Credit Fixed Income

First \$50 Million 0.40%  
Next \$50 Million 0.35%  
Over \$100 Million 0.30%  
Minimum Annual Fee \$100,000

Sutter High Yield Fixed Income

Sutter Conservative High Yield

High Yield Fixed Income

Short-Term High Yield Fixed Income

First \$50 Million 0.60%  
Over \$50 Million 0.50%  
Minimum Annual Fee \$300,000

Sutter Leveraged Loans

Flat Annual Fee All balances 0.50%\*

\*Fees may be based on notional value, may be affected by leverage, and may include performance-based fees.

Montgomery Short Duration Fixed Income

First \$10 Million 0.45%  
Over \$10 Million 0.25%  
Minimum Annual Fee \$207,500

LDI/Long Duration Management

First \$50 Million 0.40%  
Next \$50 Million 0.30%  
Over \$100 Million 0.20%  
Minimum Annual Fee \$100,000

Cash Tax-Advantaged Fixed Income

Enhanced Cash Tax-Advantaged Fixed Income

Limited Duration Tax-Advantaged Fixed Income

Taxable 3 Month Fixed Income

Taxable 6 Month Fixed Income

Taxable 1 Year Fixed Income

Taxable 1-3 Year Fixed Income

Taxable 1-5 Year Fixed Income

For Accounts with an initial balance <\$100 Million:

First \$25 Million 0.20%



Next \$50 Million 0.15%  
 Over \$75 Million 0.10%  
 Minimum Annual Fee \$40,000

For Accounts with an initial balance >\$100 Million:  
 First \$100 Million 0.10%  
 Over \$100 Million 0.08%  
 Minimum Annual Fee \$75,000

Premier Income Fixed Income  
 Intermediate Premier Income Fixed Income  
 First \$50 Million 0.40%  
 Next \$50 Million 0.35%  
 Over \$100 Million 0.30%  
 Minimum Annual Fee \$40,000

Ultra-Short Tax-Advantaged Fixed Income  
 Ultra-Short Plus Tax-Advantaged Fixed Income  
 Short-Term Plus Tax-Advantaged Fixed Income  
 Short-Term Tax-Advantaged Fixed Income  
 Taxable Plus 1-3 Year Fixed Income  
 Taxable Ultra-Short Plus Fixed Income  
 First \$50 Million 0.25%  
 Next \$50 Million 0.20%  
 Over \$100 Million 0.15%  
 Minimum Annual Fee \$100,000

Money Market  
 Flat Annual Fee 0.20%

Treasury Inflation Protected Securities  
 First \$25 Million 0.25%  
 Next \$25 Million 0.20%  
 Over \$50 Million 0.15%  
 Minimum Annual Fee \$62,500

Adjustable Rate Fixed Income  
 First \$50 Million 0.35%  
 Over \$50 Million 0.25%  
 Minimum Account Fee \$175,000

Balanced Accounts  
 First \$10 Million 0.85%  
 Next \$40 Million 0.65%  
 Over \$50 Million 0.50%



Minimum Annual Fee \$85,000

**QUANTITATIVE STRATEGIES**

**Global Tactical Asset Allocation**

First \$20 Million	0.75%
Next \$30 Million	0.60%
Next \$50 Million	0.50%
Next \$100 Million	0.40%
Over \$200 Million	0.25%
Minimum Annual Fee \$150,000	

**Tactical Asset Allocation**

First \$100 Million	0.15%
Next \$150 Million	0.12%
Next \$250 Million	0.10%
Next \$500 Million	0.08%
Over \$1 Billion	0.06%
Minimum Annual Fee \$50,000	

**Tactical Equity Allocation**

First \$100 Million	0.35%
Next \$150 Million	0.28%
Next \$250 Million	0.20%
Next \$500 Million	0.16%
Over \$1 Billion	0.12%
Minimum Annual Fee \$35,000	

**Tactical Portfolio Management**

First \$100 Million	0.50%
Next \$150 Million	0.40%
Next \$250 Million	0.30%
Next \$500 Million	0.24%
Over \$1 Billion	0.18%
Minimum Annual Fee \$50,000	

**Tactical Alpha Overlay**

Option A	
30% of Value Added*	
Option B	
Base Fee (All Assets)	
Low Volatility Strategy	0.10%
Mid Volatility Strategy	0.20%
High Volatility Strategy	0.30%
Plus Incentive Fee (All Assets)	
20% of Value Added*	



\*In excess of fees, expenses.

**Diversified Exposures**

First \$10 Million	1.00%
Next \$10 Million	0.85%
Next \$30 Million	0.70%
Over \$50 Million	0.50%
Minimum Annual Fee	\$100,000

**Indexing (S&P 500)**

First \$100 Million	0.07%
Over \$100 Million	0.03%
Minimum Annual Fee	\$100,000

**OTHER CONSIDERATIONS**

**Special Circumstances – General.** The preceding describes WellsCap's basic fee schedule for separately managed client accounts; however, fees may be negotiable where special circumstances prevail, and arrangements with any particular client may vary from the foregoing. In some cases, fees charged by WellsCap may be greater than fees charged by other investment advisors for similar services; in other cases our fees may be lower.

**Special Circumstances – Offshore Clients.** WellsCap may also manage accounts for clients or their accounts based outside of the United States. In many such arrangements, and in consideration of the enhanced administrative costs, WellsCap may charge fees that are higher than the fees specified above.

**Equity Models.** WellsCap receives compensation for providing investment recommendations for certain equity models maintained for the benefit of certain WellsCap and Wells Fargo clients.

Additional services, including arrangements involving client commission dollars, as well as referral services, are described in Item 14 (Client Referrals and Compensation) below.



Wrap Accounts. WellsCap may participate in "wrap fee" programs and may be compensated for its investment advisory services by the financial services entities that sponsor the program ("Sponsor"). Clients that participate in these programs will not be subject to WellsCap's minimum account size or account maintenance requirement that otherwise apply to separately managed accounts, but may be subject to other independent account requirements established by the Sponsor. The Sponsor may recommend retention of WellsCap as an investment adviser, pay the firm's advisory fee on behalf of the client, monitor and evaluate the firm's performance, execute the client's portfolio transactions without commission charge, provide custodial services for the wrap client's assets, or provide a combination of these and other services all for a single fee paid by the client to the Sponsor. The wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and if WellsCap were free to negotiate commissions and seek best price and execution of transactions for the client's account.

For a detailed description of services offered under a wrap fee arrangement, a client may request a copy of the Sponsor's Schedule H of Form ADV (Disclosure Brochure).



## **Item 6 - Performance-Based Fees and Side-By-Side Management**

### **PERFORMANCE FEES**

For some clients and accounts that WellsCap manages, WellsCap has received or will receive a performance-based fee. Where a portfolio manager manages accounts that include performance-adjusted fees and other accounts that do not, the portfolio manager may have an incentive to favor those accounts that include a potential conflict of interest if the accounts have different objectives, benchmarks, time horizons and fees as the portfolio manager must allocate his or her time and investment ideas across multiple funds and accounts. Potential conflicts of interest may also arise if the orders do not get fully executed due to being aggregated with those of other accounts managed by WellsCap. The portfolio manager also may execute transactions for other accounts that may adversely impact the value of securities held by other client accounts. For example, the portfolio manager may manage other accounts that engage in short sales, and could sell short a security for such other account that the another account also trades or holds.

WellsCap has adopted compliance procedures to deter and detect potential conflicts of interest that might arise as a result of the performance-based fee structure of these accounts. Some of the performance fee methods of calculation include the following:

- Performance fee computations based on annual achieved returns of the client's portfolio against the designated benchmark.
- Performance fee equaling a percentage of the performance of the client's portfolio in excess of a designated benchmark.
- A base fee on all balances in the client's portfolio plus a percentage of incremental outperformance (performance of client's portfolio in excess of the designated benchmark).

Although WellsCap monitors such transactions to attempt to ensure equitable treatment of the holding account and the account that engages in short sales, there can be no assurance that the price of a security held by the account would not be impacted as a result. Also, securities selected for a particular account may outperform the securities selected for other accounts managed by the same portfolio manager. For more information regarding conflicts of interests relating to the management of multiple funds and accounts, please see Code of Ethics procedures regarding Personal Trading.



**SIDE BY SIDE MANAGEMENT**

As a general rule, WellsCap does not advise clients to purchase securities of issuers in which WellsCap has an interest, or sell securities to or purchase securities from clients. WellsCap does not own any securities. From time to time, however, WellsCap may recommend or cause a client to invest in a security in which WellsCap or a person associated with WellsCap has an ownership position. WellsCap has adopted certain procedures intended to prevent advisory persons and immediate family from benefiting from any price movements that may be caused by client transactions or WellsCap's recommendations regarding such securities. Under those procedures, without specific approval, advisory persons are not allowed to purchase securities for their own account or an account in which they have a beneficial interest for a period of time before and after a client account purchases that security. Thus, if an advisory person purchases a security in an account in which he or she has a beneficial interest, he or she generally cannot cause any client accounts to purchase that security within the stated time period unless circumstances warrant such action without likelihood of non-negligible impact to our clients.

In certain situations WellsCap may have an incentive to favor the performance-based fee account. To address this conflict of interest, WellsCap manages both types of accounts in a similar manner, with similar investments and similar allocations.



## **Item 7 - Types of Clients**

WellsCap provides services to a comprehensive category of clients including the following:

- Institutional clients, corporations or other business entities
- Individuals, including high net worth individuals
- Public funds and municipalities
- Foundations, endowments, trusts and estates
- Mutual fund companies
- Taft-Hartley plans, governmental plans, and unions
- Health services organizations
- Insurance organizations
- Wrap program sponsors
- Charitable organizations and non- profit entities
- Sovereign Wealth Fund/Central Bank
- Private and Hedge Funds
- Retirement and Other ERISA entities



## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### **ANALYSIS**

WellsCap's investment methods include quantitative, qualitative, and cyclical analysis using WellsCap's proprietary systems, data bases, trading systems, and third-party data reporting. WellsCap may also use a wide variety of publicly available market and economic factors to make asset allocation and investment decisions. This information may come from many different sources including financial newspapers, magazines and journals, research materials prepared by others, on-line services, press releases, third-party services, and publicly available filings with governmental and regulatory agencies. Depending on the type of asset class, investment, and strategy, WellsCap's investment analytics may include an examination of the following:

- Pricing and valuation gaps between asset classes
- Short-term and longer-term macroeconomic, microeconomic and market trends in both the US and larger foreign markets
- US and foreign legislative and political developments
- Proprietary quantitative models and screens
- Valuation analysis to objectively assess the value of assets
- Proprietary Credit Analysis
- Business model analysis to identify sustainable earnings growth
- Debt and cash flow analysis
- Bottom-up company specific analysis to find securities with under-appreciated prospects

### **INVESTMENT STRATEGIES**

WellsCap's investment approach may also include asset allocation based on the following strategies:

- Trading strategies based on potential relative value opportunities
- Use of when-issued or delayed delivery instruments
- Foreign currency investments for modifying currency exchange exposure
- Buying or selling of futures, options, or swap agreements, as well as other derivatives, to manage risk or to enhance return



**RISK OF LOSS**

All investments in securities include a risk of loss of your principal (invested amount) and any profits that have not been realized (the securities were not sold to "lock in" the profit). As you know, stock markets and bond markets fluctuate substantially over time. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. WellsCap will do its very best in the management of its clients' assets; however, it cannot guarantee any level of performance or its clients will not experience a loss in the client's accounts.



### **Item 9 - Disciplinary Information**

Wells Capital Management is obligated to disclose any regulatory, disciplinary, or legal matter that may be material to you when evaluating your advisory relationship with us.

We do not have any such item to report to you. This statement applies to our firm, and to every employee of our firm.

Wells Capital Management is a subsidiary of Wells Fargo Bank, which is a wholly-owned subsidiary of Wells Fargo & Company ("WFC," and collectively with its subsidiaries and affiliates, "Wells Fargo"). Wells Fargo operates in a legal and regulatory environment that exposes it to significant risks. As a result, Wells Fargo is involved in various legal and regulatory matters, including litigation, arbitrations, and regulatory and criminal investigations. Such cases are subject to many uncertainties, and their outcome is often difficult to predict, including the impact on Wells Fargo's operations or financial results, particularly in the early stages of a case. Many, but not necessarily all, of such matters are disclosed in Wells Fargo's securities and regulatory filings made under the Securities Act of 1933 and the Securities Exchange Act of 1934, among other laws and regulations, or otherwise may be reported on in the media from time to time. Wells Fargo's regulatory filings generally are available from Wells Fargo, the Securities and Exchange Commission, or the Financial Industry Regulatory Authority (FINRA). No such matters are expected to materially impact Wells Capital Management.



## Item 10 – Other Financial Industry Activities and Affiliations

WellsCap offers only investment advisory services. It does not act in or get compensated for any broker-dealer or investment banking functions.

Notwithstanding, WellsCap identifies the following affiliations and arrangements with related persons in the financial services industry; additional information regarding any potential conflicts is identified in Item 11 (Code of Ethics and Conflicts of Interest) below.

Wells Fargo Investments, LLC (“WFI”) is a subsidiary of Wells Fargo & Company, an affiliate of WellsCap, and the Sponsor of a wrap fee program “WellsSelect.” As part of this program, clients of WFI may choose an advisor to manage the client’s assets in the program. As one of many available advisors within the program, WellsCap may from time to time enter into an arrangement to act in an advisory capacity with respect to the retail client assets of certain WFI clients. Trade execution on a non-principal basis may also be effectuated by WFI. Additional information about this program is available in Schedule H to WFI’s form ADV.

Wells Fargo Funds Distributor, LLC is an affiliate of WellsCap and a broker-dealer that engages in the sale of mutual fund shares. Wells Fargo Funds Distributor, LLC maintains registered representative licensure for a limited number of WellsCap employees who are also engaged in sales activity, or the handling of client relationships on behalf of WellsCap. Because the Wells Fargo Funds Distributor has supervisory oversight and control of these licensed employees as dual employees, WellsCap does not consider their broker-dealer or other sales activities to be a function of WellsCap.

Wells Fargo Securities, LLC is an affiliate broker-dealer that engages in investment banking activity. WellsCap may purchase certain new offerings of securities where this investment bank affiliate is a participant in the syndicate, provided that WellsCap purchases are limited pursuant to regulatory restrictions, as may be applicable from time to time.

WellsCap provides advisory and sub-advisory services on a contract basis to mutual fund complexes and other advisors. In serving as a sub-advisor, WellsCap oversees the function of portfolio management and related reporting functions only. Because



WellsCap considers the contracting Advisor (or Fund) as its client, WellsCap distributes its Form ADV and other disclosures to its client directly and not to the underlying fund shareholders or trust beneficiaries. WellsCap relies on the contracting advisor to take responsibility for AML/Privacy/Disclosure and counseling of any shareholder-specific inquiries.

WellsCap also serves as a sub-adviser for affiliates of Wells Fargo including Institutional Trust Services, Securities Lending, Wells Fargo Wealth Management Group, and various series of Wells Fargo Funds Trust, Wells Fargo Master Trust, and Wells Fargo Variable Trust ("Funds"), also known as the Wells Fargo Advantage Funds. Wells Fargo Funds Management, LLC, a subsidiary of Wells Fargo & Company and an affiliate of WellsCap, is the investment adviser for the Funds and directs the sub-advisory relationship with WellsCap pursuant to applicable advisory contracts for each fund. Wells Fargo Funds Management, LLC also acts as administrator to the Funds. As discussed further in Section 11 (Code of Ethics and Conflicts of Interest) below, WellsCap also advises the Thirty-Eight Hundred Fund, LLC, a registered closed-end investment company.



## Item 11 – Code of Ethics and Conflicts of Interest

WellsCap's Code of Ethics (Code) is adopted pursuant to Section 204A of the Advisers Act. The Code governs a number of potential conflicts of interest that we may have when providing our advisory services to you, and is designed to ensure that we meet our fiduciary obligations to you. The Code applies to all WellsCap employees by governing employee personal trading activities and providing guidance with respect to potential conflicts of interest, insider trading, and the use of material non-public information. In addition, all WellsCap employees are also subject to a separate Code of Ethics that is applicable to all employees of Wells Fargo & Company.

The Code is designed to detect and prevent violations of securities laws while addressing the obligations we owe to you. The Code is comprehensive, is distributed to each employee at the time of hire as a condition of employment, and its terms and compliance must be acknowledged in writing by each employee annually thereafter. WellsCap supplements the Code with on-going monitoring of employee activity.

While a copy of the Code of Ethics is available to any client or prospective client upon request at any time by contacting us at the address listed in this brochure, the material provisions of the Code include the following:

- Requirements related to the confidentiality of your information and finances;
- Prohibitions on insider trading or the misuse of material, non-public information;
- A prohibition on the acceptance of gifts and entertainment that exceed our policy standards;
- Pre-clearance of employee personal securities transactions; and,
- Reporting of relevant personal securities transactions.

All personal trading activities for investment personnel are subject to WellsCap's pre-clearance requirements under the Code, as well as ongoing monitoring by WellsCap's compliance department. The Code requires daily pre-clearance of personal trade transactions and reconciliation of trading activity against trade confirmations and employee's brokerage statements to help deter and/or detect activities such as "front-running", "scalping", and insider trading. Employees are required to disclose conflicts of interest and are barred from acting upon material

non-public information. In addition, prior approval requirements for purchases and sales of securities that may be common between personal holdings and holdings directly managed by Portfolio Managers are clearly delineated in the Code. WellsCap employees who maintain brokerage or investment accounts for themselves and/or their immediate families are required to provide copies of their reportable securities transactions at the end of every calendar quarter.

#### ADDITIONAL POTENTIAL CONFLICTS AND CODE CONSIDERATIONS

Our Code does not prohibit personal trading by employees but rather seeks to monitor and manage their trading, and in some cases restrict it to certain conditions. In addition, WellsCap is affiliated with a large financial services holding company which includes a variety of financial businesses and activities that are managed by Wells Fargo employees. As a result, due to our activities as a professional investment adviser, it is possible that conflicts may arise from time to time as WellsCap employees are managing their personal assets concurrent with the ongoing functions related to their employment duties and our fiduciary obligations, or as affiliated entities or their employees are engaging in their own financial activity. While WellsCap seeks to manage these conflicts by strict application of its Code provisions and policy requirements, the following situations may arise that could create an actual or perceived conflict of interest:

WFC Affiliation. WellsCap is a subsidiary of Wells Fargo Bank and Wells Fargo & Company, a diversified financial services firm. Wells Fargo Corporation includes many different business activities, and each of the entities that conduct these activities can be considered an affiliate of WellsCap. As a result of this relationship, these other entities may each be a "related person" of WellsCap under applicable securities regulations, and their activity must be considered. In particular, some of these entities may engage in their own trading involving the same securities that WellsCap manages on your behalf. This means that while WellsCap is managing its fiduciary duties to you, other entities within Wells Fargo may be engaging in transactions that could create a conflict; for example, they may be selling the same security that WellsCap may be purchasing for you. In addition, these related persons may be recommending to their own clients the buying or selling of securities in which you have a material financial interest. In some instances it is even possible that you also have a client relationship yourself with one or more of these entities, and your securities transactions may appear conflicted. With limited exceptions described below, these transactions by related persons are independent of WellsCap and are outside of the course and scope of WellsCap's



investment advisory services. However, In order to manage these potential conflicts, WellsCap maintains a variety of policies to maintain effective business barriers and manage the confidentiality of its own information and activities, as described further below.

**Brokerage Transactions with Affiliates.** WellsCap has multiple broker dealers affiliated with its parent, Wells Fargo Bank. In order to limit any potential conflicts of interests when engaging in investment transactions on behalf of its clients, WellsCap restricts any trade execution with broker dealers affiliated with Wells Fargo (i.e., those broker dealers that are wholly-owned, indirect subsidiaries of Wells Fargo & Company). WellsCap does not participate in client transactions as a broker or a dealer in securities and does not operate as a broker or a dealer in effectuating securities transactions for compensation for any client. This means that in all instances in which WellsCap transacts in a security on your behalf the transaction is effectuated using an independent third-party broker dealer. While this policy to restrict trading through affiliated broker-dealers limits the potential conflict of interest, WellsCap may be limited in its ability to engage in certain securities transactions and to take advantage of market opportunities, as discussed elsewhere in this brochure regarding the best execution of transactions.

**Independent Activity by Wells Fargo Bank and Affiliates.** WellsCap believes that related persons within the Wells Fargo and Company organization may from time to time recommend securities, proprietary products and/or services to WellsCap's clients. To the extent such "recommendations" are made, they are made outside the WellsCap investment advisory context.

For new security offerings or existing securities Wells Fargo Bank may act in an agency or principal capacity, including but not limited to acting as a bond trustee, paying agent, note registrar, loan servicer, syndicate co-manager, originator of an MBS, ABS or CMBS asset pool, remarketing agent, or lender in a bank loan syndicate (e.g., sales of pooled or packaged asset-backed securities). Wells Fargo may also participate in the underwriting syndicate. WellsCap may from time to time purchase securities in a securities offering or underwriting in which Wells Fargo may have a financial interest in the outcome of the offering or syndication to the extent permitted by applicable law. In such case, WellsCap and Wells Fargo follow the requirements and constraints of Regulation W of the Federal Reserve Act, Section 10(f) of the Investment Company Act of 1940, and ERISA rules where applicable. Should WellsCap inadvertently purchase securities in violation of these



rules, the purchase will be deemed a trade error and WellsCap will make the client whole for any losses suffered in connection with the unauthorized transaction.

WellsCap may from time to time purchase existing securities in which Wells Fargo may have a financial interest. However, with limited exceptions such purchases are only permitted where Wells Fargo is acting in an agency capacity on behalf of a separate issuer (e.g., as bond trustee), as opposed to purchases of securities issued by Wells Fargo directly.

While it is generally not consistent with WellsCap policy to purchase securities issued directly by Wells Fargo (WFC), from time to time WellsCap accounts may hold publicly traded securities issued directly by Wells Fargo or its affiliates for various reasons, including but not limited to: 1) transferred accounts; 2) approved exceptions consistent with regulatory prohibitions and client requests; 3) money funds issued by the Wells Fargo Advantage Funds; 4) index funds mandates; or, 5) positions resulting from the merger with Wachovia. Provided that the securities were purchased when it was initially appropriate to do so, WellsCap may continue to hold such positions on behalf of clients in its discretion until it is prudent to dispose of them in the ordinary course of business.

Participation by WellsCap in Client Securities Transactions. With three exceptions noted below, WellsCap does not buy or sell for itself securities that it would recommend to clients:

1) WellsCap advises the Thirty-Eight Hundred Fund, LLC, a registered closed-end investment company in which Wells Fargo invests as a principal shareholder. As adviser to the Thirty-Eight Hundred Fund, LLC, WellsCap engages in strict conflicts management activities with respect to the fund's portfolio activities. This includes a prohibition on any cross trading with any other account advised by WellsCap. Two of the portfolio managers for the fund serve as employees of WellsCap and Wells Fargo. As supervised persons of WellsCap, these employees are subject to applicable WellsCap policies and procedures including conflicts management policies described below such as WellsCap's Code of Ethics (and certain restrictions on personal trading activity described therein) and firewall policies prohibiting the receipt or use from or through WellsCap of any material non-public information that may otherwise be available to certain other WellsCap employees.

2) In order to limit personal securities transactions, certain employees, generally semi-retired or "Emeritus" status employees, may open accounts that mirror a



managed strategy or a combination of managed strategies. In such case, trades are made on a pro-rata basis relative to the managed strategy. WellsCap treats and discloses these as proprietary accounts, though WellsCap does not have any

ownership of these accounts and the employee serves as the only beneficial owner of the account. Because these are deemed proprietary accounts, the accounts are not permitted to participate in any IPO transactions and may not participate in cross trade activities. Moreover, trading in the accounts must be identical, in terms of percentage, to the trades conducted in the managed accounts. The accounts may not identically mirror the managed accounts as not all securities in the managed accounts were initially acquired by the proprietary Emeritus accounts. Over time, the accounts should be identical (with the exception of securities purchased for the managed accounts in which the Emeritus Proprietary account could not participate).

3) WellsCap investment professionals and other employees may and do invest in the funds/strategies that they manage. In no case does an employee's investment exceed five percent of fund holdings. WellsCap portfolio managers disclose on an annual basis their holdings in their funds, their interests in other investments, and the number of accounts they manage, either for themselves or for client accounts. WellsCap has no financial interest in any securities or investment products.

#### OTHER POTENTIAL CLIENT INVESTMENT CONCERNS AND INVESTMENT CONFLICTS

The investment identification, selection and management process may create potential or actual conflicts for WellsCap and its clients, including:

- Certain types of investments such as mutual funds and ETF's may involve embedded management fees or other fees and expenses, which may in turn be passed indirectly to WellsCap clients;
- Certain types of investments may involve leverage or derivative-styled exposure to underlying or reference securities, which may affect risk profiles and raise regulatory implications for certain types of clients;
- Some investments may be created, managed, or issued by entities that may engage in social, economic, commercial, or political activities that could be deemed objectionable or questionable by certain clients;
- Some investments may only be available to clients who meet certain investor standards, such as qualified institutional buyer (QIB) or qualified purchaser status, or who may otherwise have considerations or restrictions with respect to investments in private or unregistered transactions or in



transactions regulated by the federal government or state law (e.g., Native American gaming);

- Some investments (either directly, or due to the nature of underlying component assets or derivative structures) may involve actual or perceived liquidity constraints that could adversely impact pricing determinations, valuation methodologies, transparency and review of asset composition, and/or the actual marketability and sale of the investment; and,
- The purchase and/or management of some investments may involve credit analysis based in whole or in part on information that may not be readily available to the public (e.g., material, non-public information), and that may cause the client to become restricted in trading public securities of that issuer so long as such information remains material and non-public.

To minimize any potential client investment conflicts, WellsCap manages its advisory services, fee structure, and investment selection process in accordance with pre-established client investment guidelines, the advisory contract with the client, and all applicable policies and procedures pursuant to Rule 206(4)-7 of the Advisers Act. WellsCap also maintains a Code of Ethics, firewall procedures and other information barriers to ensure the confidentiality of investment activity for each WellsCap client in compliance with applicable law. Additional actual or potential client investment conflicts and concerns may include:

**Purchase of Client Securities.** From time to time WellsCap may purchase publicly traded securities of issuers who are also advisory clients of WellsCap. In these circumstances, WellsCap monitors its position and limits size to percentages that are consistent with existing benchmarks or other investment protection principles, and in keeping with the objectives of the applicable advisory strategy. Client investment guidelines and advisory contracts may also limit in whole or in part the purchase of related securities.

**Trade Allocation.** WellsCap has adopted trade allocation policies and compliance procedures to manage the potential conflicts of interest in the allocation of limited investment opportunities. WellsCap may engage in transactions in the same security or securities on behalf of a group of accounts, and may execute trades separately or on an aggregated basis when WellsCap reasonably believes that such execution may result in an economic benefit for the account(s). Generally, aggregated trades are allocated proportionately among accounts at or near the time



of trade execution per these trade allocation policies, but WellsCap does not maintain a rule that all trades must be allocated pro rata. WellsCap's objective is to ensure that over time, no advisory account may be favored over any other advisory account as to any available investment for reasons outside of the client's investment guidelines and applicable law.

In allocating trades among accounts, WellsCap may consider certain factors including: each account's investment objective(s) and risk exposure; restrictions and investment guidelines; available cash and ongoing liquidity needs; existing holdings of similar securities; and, correlation and deviation to any relevant model portfolio(s). In addition, investment opportunities within a strategy may be allocated either based on an individual security or groupings of similar securities, subject to investment guidelines and overall risk targets. Thus, similar advisory accounts will generally receive allocations based upon relative market values within each account's target asset class allocation and/or investment strategy. However, WellsCap sometimes reallocates trades on a non-pro rata basis if necessary to rebalance portfolios that have experienced cash flows or to address other general account management issues (e.g., avoidance of odd lots). Moreover, if a block order is not completed for WellsCap in its entirety, partial fills will be allocated proportionately by WellsCap, though minimum size and odd lot restrictions will affect the distribution, potentially resulting in an allocation that is not pro rata. As a result, one account may receive a price for a particular transaction that is different from the price received by another account for a similar transaction on the same day.

Cross Trading. WellsCap may engage in "cross-trade" transactions on particular investments between client accounts only where client accounts are crossed to provide liquidity and avoid brokerage fees. No commissions are paid by the client in these types of cross-trade transactions. The prices for the investments in these cross-trade transactions are determined according to firm-established procedures following Rule 17a-7 under the Investment Company Act of 1940, the ERISA Pension Protection Act of 2006, and as permitted by specific client guidelines. While in many situations it is advantageous to clients that WellsCap effect "cross-trade" transactions between accounts, WellsCap seeks to achieve best qualitative and quantitative execution on each trade. As a result, WellsCap may find that exposing transactions to the market instead of cross trading may result in best execution. Additional factors considered in determining how to effect a trade where WellsCap clients have interests on each side of the trade include whether an independent

(unaffiliated) broker: (i) provides deeply discounted fees for the trade, including any residual shares; (ii) provides certainty of time/price; and, (iii) exposes the trade to the market for consideration and price reporting. Individual investment

managers or their traders will make the determination whether to engage in cross trade transactions based on their knowledge of the market, liquidity, and potential cost savings.

Equity IPO Participation and Allocation. WellsCap may invest for a client from time to time in securities being offered in an initial or secondary equity public offering ("IPO Deal") when the investment is deemed to be appropriate and desirable for the client. Portfolio managers take into consideration the following factors for purchasing an IPO Deal:

- Client investment objectives;
- Client investment guidelines;
- Existing portfolio holdings;
- Cash availability;
- Asset allocation; and,
- Investment merits of the IPO Deal.

Under WellsCap's Equity Deal Allocation Policy, allocations are made available among clients on a pro-rata basis within either an indicated long-term hold strategy or a short-term strategy. No more than 20 percent of the total IPO Deal may be allocated among short-term holders, who are entitled to sell at any time after the IPO Deal is priced. In order to qualify for an allotment based upon a long-term hold strategy, the securities must be retained within the indicated accounts for the earlier of 30 days or until the security has appreciated 35 percent. Once the long-term hold criteria have been met, the long-term holder may sell the security, although the early selling of a security may be justified in certain instances (for example, when the price of a security declines 5 percent or more). Circumstances may arise where an investment team may seek relief from a long-term hold strategy on a case-by-case basis; only the Chief Investment Officer or designee may allow deviation from the Equity Deal Allocation Policy in the interest of protecting investor interests.

WellsCap's policy for allocating IPO Deal investment opportunities is designed to ensure that all clients are treated fairly and equitably over time. However, because the policy is based on a minimum allocation size of 50 shares, and because



situations may arise involving the allocation and balancing of existing account positions and cash, in certain instances some accounts may not participate in IPO Deal allocations on a direct pro-rata basis.

Client Account Privacy. WellsCap complies with all applicable privacy regulations and has created policies regarding the collection and disclosure of information about WellsCap's clients considered to be non-public personal information. Although these policies are designed to protect client confidentiality and non-public personal information, WellsCap reserves the right to disclose such information where it believes in good faith that it may be required or permitted to do so by law, or in circumstances related to the servicing of client accounts where WellsCap has retained affiliated or non-affiliated third parties who may be permitted to use such information solely to provide the service or as otherwise permitted by law.

WellsCap may also disclose anonymous information identifying portfolio holdings that are representative of a particular strategy when WellsCap is engaged in a review or modeling of its strategies with third parties.



## Item 12 - Brokerage Practices

WellsCap generally determines the broker through whom securities transactions are to be affected. In selecting brokers for a portfolio transaction, WellsCap considers, without limitation, the overall direct net economic results to an account, including both price paid or received and any commissions and other costs paid, the efficiency with which the transaction is effected, the ability to effect the transaction at all where a large block is involved, the availability of the broker to stand ready to execute possibly difficult transactions in the future, responsiveness to WellsCap, and the financial strength and stability of the broker.

### BEST EXECUTION

WellsCap has adopted policies and procedures aimed at satisfying its fiduciary duty to seek the most favorable execution terms reasonably available given the specific circumstances of each trade ("best execution"). In order to seek to achieve best execution, WellsCap requires portfolio managers or their traders to create competitive bid/offer situations by contacting brokers. The portfolio manager or trader also researches the security for its suitability, relative value and optimal price, in addition to researching which broker/dealer(s) may be in the best position to provide the best price. With the evolution of electronic trading platforms, portfolio managers and traders are more able to request bids and offers from multiple broker/dealers. In the exercise of their business judgment, WellsCap may only contact one broker under conditions noted by policy. WellsCap considers, *inter alia*, the following factors for obtaining best execution; each factor, in and of itself, is not construed as a definitive factor:

- Broker-dealer's historic trade performance with WellsCap;
- Efficiency of the broker's back-office operations;
- Broker's ability to provide liquidity and make a "market" for certain securities, including capital commitment and execution platforms which may impose additional mark-ups;
- Broker's sharing of research with WellsCap;
- Whether the broker-dealer offers diverse resources, such as qualifying as an established women or minority-owned firm; and,
- If applicable, the broker's ability to facilitate "step-out" trades.

WellsCap does not use the trading facilities of any of its affiliated broker dealers.



The actual allocation of brokerage business may vary from year to year, depending on WellsCap's evaluations of all applicable considerations. In no case will WellsCap make binding commitments as to the level of brokerage commissions it will allocate to a broker, nor will it commit to pay cash if an informal target is not met.

**Research.** WellsCap evaluates the amount and nature of research and research services provided by brokers and attempts to allocate a portion of the brokerage business of its clients on the basis of that consideration. When WellsCap uses client brokerage commissions (or markups or markdowns) to obtain research or other products and services, WellsCap benefits because it does not have to pay for the research, products or services. WellsCap may have an incentive to select a broker-dealer based on its interest in receiving research or other products and services. Subject to the criteria of Section 28(e) of the Securities and Exchange Act of 1934 ("Section 28(e)"), WellsCap may pay a broker a brokerage commission in excess of that which another broker might have charged for effecting the same transaction, in recognition of the value of the brokerage and research services provided by or through the broker. WellsCap believes it is important to its investment decision making process to have access to independent research.

Research furnished by brokers may be used to service any or all of WellsCap's clients and may be used in connection with accounts other than those transacting with the broker providing the research, as permitted by Section 28(e). Brokerage and research services provided by brokers may include, among other things, effecting securities transactions and performing services incidental thereto (such as clearance, settlement, and custody), and providing information regarding: the economy; industries; sectors of securities; individual companies; statistical information; taxation; political developments; legal developments; technical market action; pricing and appraisal services; credit analysis; risk measurement analysis and performance analysis. Such research services are received primarily in the form of written reports, telephone contacts and personal meetings with security analysts. In addition, research services may be provided in the form of access to various computer-generated data, computer hardware and software, and meetings arranged with corporate and industry spokespersons, economists and government representatives.



Research payments may be made through traditional soft dollar payments to third parties, paid through bundled commission arrangements with full service brokers or through client commission arrangements (CCA's). Commission sharing

arrangements enable WellsCap to separate the execution decision from the research decision. Providers of CSAs have designed programs that allow WellsCap the flexibility to conduct best execution while simultaneously pooling commissions to compensate both research firms and other service providers that are eligible to be paid by commissions under 28(e). WellsCap determines in good faith that the commission rates paid for client commission dollar arrangements are reasonable in relation to the value of the brokerage and research provided. In certain situations, trades may be directed to brokers who refer clients to, or have their own accounts managed by, WellsCap.

In addition, WellsCap maintains an Expert Network Policy in order to help mitigate the potential insider trading liability when engaging expert networks. The policy details internal controls to insulate WellsCap from the potential trading risks associated with using experts. Please see the Expert Network Policy for more details.

Directed Brokerage. WellsCap will accept direction from clients regarding the brokers to be used for their account. Clients may have existing arrangements permitting them to offset certain administration, accounting, custody, consultant or other fees in relation to the amount of brokerage transactions handled by a specific broker. At the same time, WellsCap and/or related entities may have arrangements to receive investment related research products or services provided by the same intermediary, which are separate from the arrangement negotiated by the client. Nevertheless, in following the client's direction to use a particular broker to execute either all or part of the brokerage transactions from their accounts, clients must be aware that, in so doing, they may adversely affect our ability to, among other things, obtain, investment related research, volume discounts on bunched orders and/or seek to achieve best execution.

When effecting bunched orders, WellsCap attempts to include transactions of clients who have directed the use of a particular broker in the bunched order. In such transactions the executing broker must agree to transfer that portion of a bunched order relating to a client who has directed the use of a particular broker to the broker specified by the client. If the executing broker does not agree to make this transfer, the order for the same security on behalf of a client who has directed the



use of a particular broker will be effected through the specified broker, and the cost of the transaction may be greater. Orders for directed brokerage accounts are executed after each order for discretionary accounts are completed, unless the directed broker allows for step-outs to a broker used by WellsCap. Wrap accounts are considered directed brokerage accounts. WellsCap may also restrict directed accounts from participating in IPOs where the issuing broker is not the broker to whom the client directs trading.

**Trade Aggregation and Allocation.** WellsCap seeks, but is not obligated, to bunch orders for the purchase or sale of the same security for client accounts where WellsCap deems this to be appropriate and in the best interests of the accounts, consistent with applicable regulatory requirements. When a bunched order is filled in its entirety, each participating client account will participate at the average share prices for the bunched order on the same business day, and the transaction costs shall be shared pro-rata based on each client's participation in the bunched order. When a bunched order is only partially filled, the securities purchased will be allocated on a pro-rata basis to each account participating in the bunched order based upon the initial amount requested for the account, subject to certain exceptions (such as de minimis orders) and each participating account will participate at the average share prices for the bunched order on the same business day. WellsCap performs investment advisory services for various clients and may give advice, and take action, with respect to any of those which may differ from the advice given, or the timing or nature of action taken, with respect to any one account, provided that over a period of time WellsCap, to the extent practical, allocates investment opportunities to each account on a fair and equitable basis relative to other similarly situated client accounts.

**Cross-Transactions.** To reduce transaction costs and promote trading efficiency for mutual fund clients, WellsCap may engage in inter-account transactions consistent with procedures adopted pursuant to Rule 17a-7 under the Investment Company Act of 1940. Where appropriate, WellsCap may engage in inter-account or cross-transactions with eligible advisory accounts and will comply with the applicable disclosure and consent requirements associated with such transactions under the Investment Advisors Act of 1940.



### **Item 13 - Review of Accounts**

A portfolio management team with extensive experience is assigned to each account and is responsible for monitoring and maintaining compliance with client-specific guidelines. Formal reviews are performed at least annually and include client portfolio structure, strategies, adherence to client investment policy and guidelines, and benchmarks. Portfolio advisors and investment risk personnel, including the Chief Investment Officer may also perform more frequent informal reviews on an ongoing basis that include market conditions, portfolio holdings and transactions, cash flows and account performance.

Written account and performance reviews are offered to most clients on a quarterly basis. More-frequent reports may be provided upon request.

Additional compliance procedures are in place to review portfolio and account activity for conformity with client investment guidelines, best execution, use of derivatives, and other considerations. As part of the monitoring process WellsCap compliance utilizes two compliance and trade order systems, Bloomberg and Charles River Development (CRD), to provide automated compliance review on a daily basis. Alerts on these systems are monitored by compliance personnel, and any warnings are researched and cleared in a timely manner.

## Item 14 - Client Referrals and Other Compensation

WellsCap does not enter into agreements with or make commitments to broker-dealers under which WellsCap is obligated to compensate broker-dealers for client referrals. However, for clients other than those covered by ERISA, when WellsCap believes that a broker-dealer who has referred clients to WellsCap is capable of providing the best price services and overall execution as to a particular portfolio transaction, considering all the factors described herein, WellsCap may select that broker-dealer in recognition of the broker-dealer's referrals or possible future referrals. In doing so, except where specifically disclosed to client, WellsCap will not pay higher commissions than would otherwise be payable to another broker-dealer.

Certain designated persons will act as advisory representatives of WellsCap. These persons may be institutional account representatives of affiliates of the firm and may offer advice or opinions as to the value of WellsCap's services or the appropriateness of such services for a potential client. Compensation will be provided to these persons by way of salaries and bonuses through the WellsCap's affiliate of which the designated person is employed.

WellsCap may also compensate third parties for advisory client referrals. Under this arrangement, WellsCap would pay a portion of the referred client's management fee earned by WellsCap to the referring party. The referral fee will be borne solely by WellsCap and not the referred client. Currently, WellsCap does not maintain domestic third-party solicitor agreements. Should it engage in this practice in the future, WellsCap will ensure the arrangements are in compliance with Rule 206(4)-3 of the Investment Advisers Act of 1940.

WellsCap may also permit certain designated persons (referred to as "Solicitors") to refer potential business outside of the United States to WellsCap. Any solicitor will be required to conduct solicitation functions in accordance with the laws of the country in which such solicitation is made. Payments to Solicitors may range, depending on the type of investment vehicle.

The investment management services of WellsCap are also offered to clients of Wells Fargo & Company. The distribution of investment products and services in conjunction with this platform is dependent on interrelationships among WellsCap, its affiliates, and other entities in support of these activities. There exist certain



potential or actual conflicts of interest within these interrelationships, which may or may not be readily apparent to an investor. In particular, WellsCap's parent and affiliated subsidiaries may enter into marketing or sponsorship arrangements with third parties, sub advisors and brokerage firms to promote the distribution of proprietary investment products including, but not limited to, variable products, mutual funds, managed accounts or the general enhancement of the "Wells" marketing image. Such parties, subadvisors, and brokerage firms may concurrently have advisory, distribution, or other relationships with WellsCap. These arrangements may or may not necessarily result in additional assets under management to WellsCap or inure to the direct or indirect benefit of clients of the firm.

#### REVENUE SHARING FOR WELLSCAP REFERRALS

Wells Fargo & Company may compensate WellsCap for client referrals to other affiliate businesses within Wells Fargo under a revenue sharing program. This compensation to WellsCap would be indirect and may be based upon the aggregate amount of WellsCap's assets under management and not the client's assets invested with WellsCap.

#### REVENUE FOR WELLSCAP RESEARCH

Wells Fargo & Company may compensate WellsCap for proprietary research created by WellsCap and provided to affiliate businesses within Wells Fargo. The research consists of newsletter information prepared by WellsCap's Chief Investment Strategist James Paulsen. Wells Fargo reimburses WellsCap for the preparation fees related to the newsletter, and may distribute the information to external clients.



## Item 15 – Custody

Clients should receive account statements from their bank, broker dealer or other qualified custodian, in addition to the account statement that they may receive from WellsCap. We urge clients to carefully review both account statements and compare official custodial records to the account statements provided by WellsCap.

WellsCap's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

WellsCap, itself, may be defined as a custodian under Rule 206(4)-2 of the Investment Adviser's Act of 1940. The Act defines "custody" as "holding directly or indirectly client funds or securities or having the authority to obtain possession of them." Under the strict reading of this definition, WellsCap may be considered to have custody of its clients' accounts when WellsCap has the *ability* to hold securities or cash (either directly or indirectly). Other examples include situations where WellsCap receives checks made out to WellsCap or checks and/or cash items that it does not forward to the custodian within 72 hours of receipt; or where Wells Fargo Bank, N.A. is the designated custodian and WellsCap performs certain administrative tasks incidental to the account. At account opening, for example, WellsCap clients may select Wells Fargo Bank, N.A. as its custodian. For this purpose, WellsCap maintains client administrators who serve as dual employees of WellsCap and Wells Fargo Bank in order to facilitate the administrative custodial functions for those clients who choose Wells Fargo Bank as its custodian. As such, the client administrators conduct duties related to custody of assets as an employee of Wells Fargo Bank and conduct other account opening and maintenance duties as an employee of WellsCap. WellsCap clients may also select other third-party financial institutions as its custodian.

For those clients who choose Wells Fargo Bank to serve as their custodian, an account statement is generated no less than quarterly and delivered to each client by Wells Fargo Bank.



## Item 16 – Investment Discretion

### DISCRETIONARY AUTHORITY

Absent instructions to the contrary from the client, WellsCap has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, amount of securities to be bought or sold, broker or dealer to be used, and commission rates paid. Generally, WellsCap's clients grant it full discretionary authority over securities purchases and sales, subject to investment objectives and guidelines that are established by agreement between WellsCap and the client at the time the account is opened. WellsCap may select brokers or dealers that provide research or other transaction-related services and may cause a client to pay such broker-dealer commissions for effecting transaction in excess of commissions other broker-dealers may have charged. WellsCap will consider the full range and quality of a broker's or dealer's services, including, among other things, the value of research provided, execution capability, commission rate, financial responsibility, market making capabilities, efficiency, confidentiality, responsiveness and other factors it deems appropriate.

For registered investment companies sub-advised by WellsCap, the respective Board of Directors, Managers or Trustees of such companies establish guidelines and restrictions which WellsCap complies with in respect to investment strategies that include the type of securities to be bought and sold. Such guidelines can be found in each fund's prospectus.



## **Item 17 – Voting Client Securities (i.e., Proxy Voting)**

Where WellsCap is responsible to vote proxies for a client, it has adopted policies and procedures in an effort to ensure that votes are cast in the best interests of its clients and that proper documentation is maintained relating to how proxies were voted. WellsCap's basic policies and procedures are as follows:

WellsCap has adopted pre-determined proxy voting guidelines (the "Guidelines") to make every effort to ensure the manner in which shares are voted is in the best interest of clients and the value of the investment. Under the Guidelines, WellsCap may delegate to a non-affiliated third party vendor, the responsibility to review proxy proposals and make voting recommendations on behalf of WellsCap. WellsCap may also vote a proxy contrary to the Guidelines if it determines that such action is in the best interest of the shareholders. WellsCap believes that, in most instances, any material conflicts of interest will be minimized through a strict and objective application of the voting guidelines. In addition, the Proxy Administrator will seek to avoid any undue influence as a result of any material conflict of interest that exists between the interest of a client and WellsCap or any of its affiliates. The method selected by WellsCap will depend on the facts and circumstances of each situation and the requirements of applicable law. The method selected by WellsCap may also conflict with the interest of the client in voting their securities.

WellsCap may choose not to vote proxies in certain situations or for certain accounts, such as: (1) where a client has informed the firm that it wishes to retain the right to vote the proxy, the firm will instruct the custodian to send the proxy material directly to the client; (2) where the firm deems the cost of voting would exceed any anticipated benefit to the client; (3) where a proxy is received for a client account that has been terminated with the firm; (4) where a proxy is received for a security the firm no longer manages (i.e. the firm had previously sold the entire position), and/or; (5) where the exercise of voting rights could restrict the ability of an account's portfolio manager to freely trade the security in question.

If you are a client of WellsCap and you would like to find out how your proxies have been voted or you would like a complete copy of WellsCap's current Proxy Voting Policies, Procedures and Guidelines, please send a written request to:



Wells Capital Management  
Attention: Compliance Department/Nobuko Nagata  
525 Market Street, 10<sup>th</sup> Floor  
San Francisco, CA 94105

Email requests may be sent to: [nobuko.nagata@wellscap.com](mailto:nobuko.nagata@wellscap.com)



## Item 18 - Financial Information

As a wholly owned subsidiary of Wells Fargo Bank, WellsCap's financial statements are consolidated with those of the parent company. There has been no material adverse change in the financial condition of WellsCap since the date of the financial statements provided in our parent firm's most recent Form 10-Q.

THE UNIVERSITY OF CHICAGO LIBRARY

# ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)

03/30/10

**PRODUCER**  
 Wells Fargo Insurance Services USA, Inc.  
 1100 Johnson Ferry Road  
 Suite 250  
 Atlanta, GA 30342  
 1-404-531-5400

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

**INSURED**  
 Wells Fargo & Company and Its Affiliates  
 Wells Fargo Center (MAC N9305-144)  
 Sixth & Marquette  
 Minneapolis, MN 55479

**COMPANIES AFFORDING COVERAGE**  
 COMPANY  
**A** Superior Guaranty Insurance Co. of Vermont  
 COMPANY  
**B** (Reinsured by Steadfast Insurance Company)  
 COMPANY  
**C**  
 COMPANY  
**D**

**COVERAGES**

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.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
	<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT				GENERAL AGGREGATE	\$
					PRODUCTS - COM/OP AGG	\$
					PERSONAL & ADV INJURY	\$
					EACH OCCURRENCE	\$
					FIRE DAMAGE (Any one fire)	\$
					MED EXP (Any one person)	\$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT	\$
					BODILY INJURY (Per person)	\$
					BODILY INJURY (Per accident)	\$
					PROPERTY DAMAGE	\$
	<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT	\$
					OTHER THAN AUTO ONLY:	
					EACH ACCIDENT	\$
					AGGREGATE	\$
	<b>EXCESS LIABILITY</b> <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE	\$
					AGGREGATE	\$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> THE PRIORITORY PARTNERS/EXECUTIVE OFFICERS ARE: <input type="checkbox"/> INCL <input type="checkbox"/> EXCL				WC STATUTORY LIMITS	OTHE- ER
					EL EACH ACCIDENT	\$
					EL DISEASE - POLICY LIMIT	\$
					EL DISEASE - DISEASE	\$
A	<b>Financial Institution</b>	404-1FICI-13	04/01/10	04/01/13	<b>Each Occurrence</b>	100,000,000
B	<b>Bond</b>				<b>Aggregate</b>	100,000,000

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

**CERTIFICATE HOLDER**  
 Evidence of Coverage

**CANCELLATION**  
 SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.  
 AUTHORIZED REPRESENTATIVE *Louis A. ...*

THE UNIVERSITY OF CHICAGO LIBRARY

# ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)  
03/25/10

**PRODUCER**  
Wells Fargo Insurance Services USA, Inc.  
1100 Johnson Ferry Road  
Suite 250  
Atlanta, GA 30342  
1-404-531-5400

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**INSURED**  
Wells Fargo & Company and Its Affiliates  
Wells Fargo Center (MAC N9305-144)  
Sixth & Marquette  
Minneapolis, MN 55479

COMPANIES AFFORDING COVERAGE	
COMPANY <b>A</b>	Old Republic Insurance Co. (NAIC #24147)
COMPANY <b>B</b>	
COMPANY <b>C</b>	
COMPANY <b>D</b>	

**COVERAGES**

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CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR OWNER'S & CONTRACTOR'S PROT	MWZY 58768	04/01/10	04/01/15	GENERAL AGGREGATE	\$ 10,000,000
					PRODUCTS - COMP/OP AGG	\$ 10,000,000
					PERSONAL & ADV INJURY	\$ 10,000,000
					EACH OCCURRENCE	\$ 10,000,000
					FIRE DAMAGE (Any one fire)	\$ 1,000,000
					MED EXP (Any one person)	\$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT	\$
					BODILY INJURY (Per person)	\$
					BODILY INJURY (Per accident)	\$
					PROPERTY DAMAGE	\$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT	\$
					OTHER THAN AUTO ONLY:	
					EACH ACCIDENT	\$
					AGGREGATE	\$
	EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE	\$
					AGGREGATE	\$
						\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY THE PRIORIETOR/ PARTNERS/EXECUTIVE OFFICERS ARE: <input type="checkbox"/> INCL <input type="checkbox"/> EXCL				WC STATU- TORY LIMITS	OTH- ER
					EL EACH ACCIDENT	\$
					EL DISEASE - POLICY LIMIT	\$
					EL DISEASE - DISEASE	\$
	OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

**CERTIFICATE HOLDER**  
Evidence of Coverage

**CANCELLATION**  
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AUTHORIZED REPRESENTATIVE *Linn A. Nelson*

THE UNIVERSITY OF CHICAGO LIBRARY

# ACORD CERTIFICATE OF LIABILITY INSURANCE

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03/30/10

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Wells Fargo Center (MAC N9305-144)  
Sixth & Marquette  
Minneapolis, MN 55479

COMPANIES AFFORDING COVERAGE  
COMPANY  
A Superior Guaranty Insurance Co. of Vermont  
COMPANY  
B (Reinsured by Steadfast Insurance Company)  
COMPANY  
C  
COMPANY  
D

## COVERAGES

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CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
	<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT				GENERAL AGGREGATE	\$
					PRODUCTS - COM/PROP AGG	\$
					PERSONAL & ADV INJURY	\$
					EACH OCCURRENCE	\$
					FIRE DAMAGE (Any one fire)	\$
					MED EXP (Any one person)	\$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT	\$
					BODILY INJURY (Per person)	\$
					BODILY INJURY (Per accident)	\$
					PROPERTY DAMAGE	\$
	<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT	\$
					OTHER THAN AUTO ONLY:	
					EACH ACCIDENT	\$
					AGGREGATE	\$
	<b>EXCESS LIABILITY</b> <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE	\$
					AGGREGATE	\$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> THE PRIORITORY PARTNERS/EXECUTIVE OFFICERS ARE: <input type="checkbox"/> INCL <input type="checkbox"/> EXCL				WC STATUTORY LIMITS	OTHER
					EL EACH ACCIDENT	\$
					EL DISEASE - POLICY LIMIT	\$
					EL DISEASE - DISEASE	\$
A	<b>Professional Liability</b>	404-1FICI-13	04/01/10	04/01/13	<b>Each Occurrence</b>	100,000,000
B					<b>Aggregate</b>	100,000,000

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

**CERTIFICATE HOLDER**  
Evidence of Coverage

**CANCELLATION**  
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AUTHORIZED REPRESENTATIVE *Louis Akelrod*

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## WellsCap References

CLIENT	CONTACT	PHONE	EMAIL	CLIENT SINCE
City of Pembroke Pines	Lisa Chong Chief Accountant	(954) 435-6728	<a href="mailto:lchong@ppines.com">lchong@ppines.com</a>	1998
City of Deerfield Beach	Hugh Dunkley Director of Finance	(954) 420-5571	<a href="mailto:hdunkley@deerfield-beach.com">hdunkley@deerfield-beach.com</a>	1998
City of Plant City	Martin Wisgerhof Finance Director	(813) 659-4215	<a href="mailto:mwisgerhof@plantcitygov.com">mwisgerhof@plantcitygov.com</a>	2011
State of Delaware	Stephen W. McVay Acting Treasurer	(302) 672-6711	<a href="mailto:Stephen.mcvay@state.de.us">Stephen.mcvay@state.de.us</a>	1999
City of Las Vegas	Colleen Lewis Senior Financial Analyst	(702) 229-6820	<a href="mailto:celewis@lasvegasnevada.gov">celewis@lasvegasnevada.gov</a>	2002



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## 1. Organization

**A. Company Name** Wells Capital Management ("WellsCap")  
**B. Principal Address** 525 Market St., 10<sup>th</sup> Fl.  
San Francisco, CA 94105

**C. Telephone Numbers - Principal and Fax**

**D. Email Address (es)**

**Business Development**

Anne Brady

Sales Director

(404) 877-6868

[abrady@wellscap.com](mailto:abrady@wellscap.com)

**Relationship Management**

Janette Dziadon

Senior Relationship Manager

(215) 670-3712

[jdziadon@wellscap.com](mailto:jdziadon@wellscap.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.**

WellsCap is an institutional asset management firm that is registered with the U.S. Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940. WellsCap is a wholly owned subsidiary of Wells Fargo Bank, N.A, which in turn is wholly owned by Wells Fargo & Company, a publicly listed company. We are a multi-boutique asset management firm focused on institutional clients. Our diverse and autonomous teams provide a broad range of investment solutions.

There have been no significant changes in organizational structure, ownership or management in the past three years.

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

Wells Fargo & Company and its subsidiary banks own other registered investment advisors some of which are investment management firms similar to WellsCap. A list of these affiliated registered investment advisory firms is presented below:

Affiliated Investment Advisers

- Alternative Strategies Group, Inc.
- European Credit Management Limited
- Evergreen Investment Management Company, LLC
- First International Advisors, LLC<sup>#</sup>
- Galliard Capital Management, Inc.
- Golden Capital Management, LLC
- H.D. Vest Advisory Services, Inc.
- Lowry Hill Investment Advisors, Inc.
- Metropolitan West Capital Management, LLC<sup>#</sup>



- Nelson Capital Management, LLC
- Overland Advisors
- Pangea Asset Management LLC
- Peregrine Capital Management, Inc.
- Structured Asset Investors, LLC
- Structured Credit Partners, LLC
- Tattersall Advisory Group, Inc.
- Wealth Enhancement Advisory Services, LLC
- Wells Fargo Advisors, LLC
- Wells Fargo Advisors Financial Network, LLC
- Wells Fargo Alternative Asset Management, LLC
- Wells Fargo Funds Management, LLC \*
- Wells Fargo Insurance Service Investment Advisors, Inc.

*\*Indicates affiliates with direct advisor contacts with WellsCap.*

*\* Indicates affiliates over which WellsCap exercises supervisory controls.*

Additional Foreign Affiliated Registered Investment Advisors

- European Credit Management Limited
- Evergreen Investment Management Company, LLC
- First International Advisors, LLC
- Metropolitan West Capital Management, LLC
- Wachovia Advisors International Limited
- Wachovia Financial Services Private Limited

WellsCap does not enter into any soft dollar agreements within our fixed income strategies.

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

WellsCap primarily manages separate accounts and sub-advised mutual funds for public agencies, corporations, foundations/endowments, unions and other institutions.

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

Wells Fargo dedicated significant resources within the state of Florida. We have over 650 store locations and 16,000 team members within the state. Please reference Tab 10, Attachment 1 for details on our Florida presence.

**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.**

WellsCap is a registered investment advisor under the Investment Advisor's Act of 1940. Our SEC file number is 801-21122.

Please reference Tab 5 for our most recent Form ADV Part II.



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

The Securities and Exchange Commission undertook a comprehensive scheduled examination of WellsCap for a period of 12 months starting Q3 2008. While WellsCap considers the results of this examination to be private, WellsCap is not aware of any issues that the SEC would consider escalating. WellsCap answers this inquiry for itself only and does not address any regulatory examinations or findings related to the activities of its affiliated advisors.

**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.**

Superior Guaranty Insurance Company provides the following policies for WellsCap. Please reference Tab 6 for the corresponding certificates detailing coverages.

Type	Carrier	Coverage Amount
<b>Errors &amp; Omissions</b>	Superior Guaranty Ins. Co. reinsured by Steadfast Ins. Co.	\$100 million per occurrence /aggregate
<b>Financial Institutions Bond</b>	Superior Guaranty Ins. Co. reinsured by Steadfast Ins. Co.	\$100 million per occurrence /aggregate
<b>ERISA Bonding</b>	Co-insurer structure by and between Federal Ins., XL Specialty, Great American and Fidelity and Deposit Company of Maryland (25% shared by each).	\$98.2 million per occurrence/ aggregate*
<b>Commercial General Liability</b>	Old Republic Ins. Co.	\$10 million per occurrence /aggregate

*\*Coverage per Plan is the minimum amount required by ERISA (\$500,000 to \$1 million maximum limit per Plan)*

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

We consider our audited financial statements confidential and would be willing to provide a copy should we attend a finals presentation for the City.

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

Yes. WellsCap claims compliance with the GIPS® standards (formerly the AIMR-PPS standards), the performance standards set by the CFA Institute (formerly known as AIMR). Further, WellsCap's claim of compliance with these standards is verified each year by an external verification firm. Please reference Attachment # for the GIPS® -compliant performance presentations for our recommended strategies.

## 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.

As of March 31, 2012, WellsCap manages approximately \$15 billion of asset under management for public funds and government entities. We have been managing funds for cities and municipalities, including those within the state of Florida, for over 25 years. Please reference Section 2,E and Tab 7 for a list of clients that may be contacted by the City that are experienced with the depth of our investment management and client servicing capabilities.

- 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

	12/31/11	12/31/10	12/31/09	12/31/08	12/31/07
<b>Total assets under management (firm-wide, all products)</b>	\$330,854	\$365,552	\$363,451	\$252,047	\$219,911
<b>Total fixed income assets under management</b>	\$271,543	\$288,902	\$292,047	\$224,431	\$172,070
<b>Assets under management in customized short duration fixed income management</b>	\$57,210	\$54,085	\$41,208	\$20,019	\$15,708

*In millions of dollars*

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

Our Relationship Managers are experienced in consulting with public entities to develop investment solutions that span the wide range of needs associated with operational cash portfolios, capital investment project portfolios, bond proceeds portfolios, core reserve portfolios and permanent/endowment fund portfolios.

- 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?

No, WellsCap does not act as a broker or primary dealer in securities. WellsCap does not engage in soft dollar relationships for fixed income mandates.

**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.)**

CLIENT	CONTACT	PHONE	EMAIL	CLIENT SINCE
City of Pembroke Pines	Lisa Chong Chief Accountant	(954) 435-6728	<a href="mailto:lchong@ppines.com">lchong@ppines.com</a>	1998
City of Deerfield Beach	Hugh Dunkley Director of Finance	(954) 420-5571	<a href="mailto:hdunkley@deerfield-beach.com">hdunkley@deerfield-beach.com</a>	1998
City of Plant City	Martin Wisgerhof Finance Director	(813) 659-4215	<a href="mailto:mwisgerhof@plantcitygov.com">mwisgerhof@plantcitygov.com</a>	2011
State of Delaware	Stephen W. McVay Acting Treasurer	(302) 672-6711	<a href="mailto:Stephen.mcvay@state.de.us">Stephen.mcvay@state.de.us</a>	1999
City of Las Vegas	Colleen Lewis Senior Financial Analyst	(702) 229-6820	<a href="mailto:celewis@lasvegasnevada.gov">celewis@lasvegasnevada.gov</a>	2002



### 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.

## The City of Ft. Lauderdale's Short Duration Fixed Income Investment Team

<b>Portfolio Management</b>	<b>Jeffrey L. Weaver, CFA</b> Investment Team Leader	<b>Client Services</b>	<b>Janette Dziadon</b> Senior Relationship Manager Philadelphia, Pennsylvania	
	<b>Andrew Greenberg, CFA</b> Limited Duration Leader		<b>Michael P. Rodgers</b> Managing Director; Institutional Fixed Income Team of 17 Relationship Managers	
	<b>Dean Meddaugh, CFA</b> Senior Portfolio Manager, Limited Duration	<b>Research</b>	<b>Matthew A. Grimes, CFA</b> Head of Short Duration Credit Research Team of 8 Credit Analysts	
	<b>Brett Stein, CFA</b> Portfolio Manager, Limited Duration		<b>D. James Newton II, CFA</b> Head of Corporate Credit Research Team of 9 Credit Analysts	
	<b>Anthony Melville, CFA</b> Enhanced Cash Leader		<b>Kendrick Anderson</b> Head of Tax-Exempt Short Duration Credit Research Team of 6 Credit Analysts	
	<b>Travis Dugan, CFA</b> Portfolio Manager, Enhanced Cash		<b>Thomas Stoeckmann</b> Head of Municipal Credit Research Team of 8 Credit Analysts	
	<b>Jonathan Buenaventura</b> Portfolio Manager, Enhanced Cash		<b>Internal Resources</b>	<b>James W. Paulsen, Ph.D.</b> Chief Investment Strategist
	<b>Craig J. Blok, CFA</b> Associate Portfolio Manager, Enhanced Cash			<b>Gary Schlossberg</b> Senior Economist
<b>Jay N. Mueller, CFA</b> Senior Portfolio Manager, Short Duration Plus	<b>Risk Management</b>	<b>Kirk D. Hartman</b> Chief Investment Officer		
<b>Portfolio Management</b>		<b>Lyle Fitterer, CFA</b> Managing Director, Tax-Advantaged-Plus	<b>David Germany, Ph.D.</b> Chief Fixed Income Officer	
		<b>Wendy Cassetta</b> Senior Portfolio Manager, Tax-Advantaged-Plus	<b>Michael T. Seeman, CFA</b> Director of Investment Risk Management	
		<b>James Rutzen, CFA, FRM</b> Senior Portfolio Manager, Municipals		
	<b>Raymond M. Wong</b> Senior Portfolio Manager, Municipals			

Note: CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.

- 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.**

***Janette Dziadon***

***Senior Relationship Manager, Institutional Fixed Income, Eastern Region***

Janette Dziadon is a senior relationship manager on the Institutional Fixed Income team at WellsCap, and would be the primary contact for the City. She joined WellsCap from Tattersall Advisory Group (TAG), where she began her investment industry career in 1979. Prior to her current role, she served as portfolio manager, managing director, and head of the Short Duration Investment group within the Liquidity and Structured Solutions team of TAG, as well as manager of Corporate Cash Investment Service at CoreStates Investment Advisors. She earned a bachelor's degree in finance and economics and a master's degree in business administration from Temple University. Janette has completed Level I of the CFA Program and is a member of the CFA Society of Philadelphia.

***Jeffrey L. Weaver, CFA***

***Senior Portfolio Manager, Short Duration Fixed Income***

Jeff Weaver is a senior portfolio manager for the WellsCap Short Duration Fixed Income and Liquidity Management team, where he oversees both short duration and liquidity management separate account functions and staff. Jeff joined the firm in 1994 as a portfolio manager working with institutional short-term fixed income portfolios and mutual funds. He assumed the role of intermediate fixed income portfolio manager in 1999, and assumed his current role in 2002. He began his investment industry career in 1991 at Bankers Trust Company in New York as a short term fixed income trader and portfolio manager. He earned a bachelor's degree in economics from the University of Colorado, Boulder. Jeff has earned the right to use the CFA designation and is a member of the CFA Institute and the Security Analysts of San Francisco.

- C. Describe your firm's activities to keep portfolio managers informed of developments relevant to the management of local government funds.**

WellsCap keeps its investment professionals abreast of government regulations and changes to regulations that affect investment advisers by providing necessary resources and encouraging continuing education activities. In addition to sending its investment professionals to regulatory conferences and seminars to stay informed of developments, WellsCap personnel often host, or are keynote speakers at these events. The firm benefits from Wells Fargo's relationships with many local and national public associations and non-profit boards including:

- ▶ Government Finance Officers Association
- ▶ Government Investment Officers Association
- ▶ State Municipal Treasurers Association
- ▶ State Societies of Municipal Financial Officers
- ▶ National Association of Counties
- ▶ State Associations of County Treasurers and Tax Collectors
- ▶ Association of Finance Professionals
- ▶ Association of School Business Officials



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

The portfolio managers on the Short Duration Fixed Income Team manage an average of 20-25 client relationships. The largest number of accounts managed by any member of the Team is 53.

#### **4. Investment Management Approach and Discipline**

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

We believe that consistent, competitive risk-adjusted returns can be achieved by applying a disciplined investment process emphasizing active management of the key factors that drive performance. Our goal is to maximize alpha while meeting the key objectives of preserving capital and meeting liquidity needs.

We believe that emphasizing a broad spectrum of investment grade, yield advantaged securities, including corporate bonds, municipal bonds, asset-backed securities and mortgage-backed securities, results in superior returns with lower volatility (as measured by the standard deviation of our returns) without sacrificing the liquidity and capital preservation paramount to enhanced cash clients.

We emphasize strong risk management processes, policies, and analytic systems. WellsCap's risk management process includes an internal Credit Research team dedicated to providing proprietary credit analysis to mitigate credit risk and identify investment opportunities. In addition, the Risk Management Group (which reports to the CIO) provides support, oversight, and an independent review of investment styles to ensure style consistency and quantify risk at the investment team and firm level. Risk management policies include rigorous internal diversification limits at the security, sector and credit quality levels. The analytic systems employed by WellsCap measure and quantify portfolio risk, provide performance attribution, scenario analysis, and ensure guideline compliance.

##### **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.**

We are proposing to develop and implement investment strategies for the City that will seek to enhance portfolio performance under current and future market conditions within the parameters of the City's investment objectives of:

- Safety of Principal
- Maintenance of Liquidity
- Return on Investment

Security types will include:

- U.S. Treasuries
- U.S. Agencies
- Federal Instruments
- Repurchase Agreements
- Commercial Paper
- Corporate Notes
- Bankers' Acceptances
- Mortgage-Backed Securities

The portfolio will be customized to meet the City's specific liquidity needs. Liquidity will be



provided from the following sources:

- Coupon Payments
- Maturities
- Security Amortization
- Security Sales

The actual portfolio composition will be driven by the investment policy and current market conditions. In today's environment, the portfolio would likely have the following characteristics:

	Sector Breakdown (% of Portfolio Assets)											
	Target Duration	Effective Duration	Yield to Worst	Average Quality	Credit	Mortgage Backed	Asset Backed	Tsy	Govt Related <sup>1</sup>	Money Mkt Instruments <sup>2</sup>	Muni	Cash
Taxable 3-Month	0.25	0.43	0.30	AA+	20	0	0	18	33	6	0	23
Taxable 1-3 Year	1.75	1.68	1.20	AA	37	9	4	25	18	0	6	1

Please reference Tab 10, Attachment 2 for the GIPS-compliant presentation on the WellsCap Taxable 3 Month and Taxable 1-3 Year Fixed Income Composites.

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

In our short duration investment process, an assessment of both the larger economic environment as well as the current structure of the bond market serves as the cornerstone in the evolution of our dynamic investment strategy. The top down economic assessment includes a review of and outlook for economic growth, inflation, monetary and fiscal policy, regulatory policy and international factors. In evaluating the fixed income market, we consider the Fed Funds futures contract market, an analysis of the forward curve, historical yield curve analysis, sector and quality spreads and swap spreads.

Based on this analysis, we develop strategy conclusions for portfolio duration posture, sector weightings and yield curve strategy. Sector weightings and duration positioning capture trends in the business cycle and will shift incrementally over time. The decision to overweight or underweight yield-advantaged sectors, such as corporate bonds, versus benchmarks are made throughout the phases of the business cycle.

**Duration Decision** - Portfolio durations are positioned within an agreed-upon range relative to the client's specified performance benchmark. We do not make large reactive changes. Duration is adjusted incrementally as the trend in interest rates progresses throughout the business cycle. Portfolios are actively monitored using proprietary analytical systems to perform stress tests and simulate "what if" scenarios for various interest rate moves.

**Yield Curve Positioning** - Historical analysis combined with a fundamental and technical outlook results in optimal yield curve positioning. Our portfolio analytics system provides scenario analysis capabilities and key rate duration reports to quantify a portfolio's sensitivity to shifts in the yield curve.

**Sector Selection** - The sector allocation decision is a key component in positioning portfolios to capitalize on market trends. Throughout the business cycle, we tactically emphasize sectors that offer the most attractive yields relative to U.S. Treasuries. Our research includes analysis of historical relative yield spreads, future expectations of sector performance, observation of credit trends and a determination of sector influence on portfolio behavior.

**Security Selection** - A rigorous relative value assessment and a disciplined research process drive Security selection. We focus on the factors unique to each sector when evaluating securities for investment. We identify securities with attractive risk/reward characteristics and believe that securities that are over or under valued can be identified and captured.

**Credit Research** - Our Credit Research Team independently evaluates and monitors the credit worthiness of fixed-income security issues and issuers using a proprietary risk-rating model. Our rating system works as an overlay to the general rating agencies. The Credit Research Team monitors and maintains an Approved List of issues to which all portfolios must adhere.

**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.**

A rigorous relative value assessment and a disciplined fundamental and quantitative research process drive the security evaluation and selection process. Our relative value assessment focuses on the factors unique to each sector when evaluating securities for investment. We identify securities with attractive risk/reward characteristics and believe that security misvaluations can be identified and captured.

Portfolio durations are positioned within an agreed-upon range relative to the client's specified performance benchmark. We do not make large reactive changes. Duration is adjusted incrementally as the trend in interest rates progresses throughout the business cycle. Portfolios are actively monitored using analytical systems that simulate "what if" scenarios and potential returns for various interest rate moves. Over the last three years, 20% of excess returns versus stated benchmarks are as a result of duration strategy.

Portfolio strategy is formalized at monthly strategy meetings and emphasis is placed on consistent portfolio construction at all times. In addition, sector allocation and security selection discussions occur on a daily basis on the trading desk between portfolio managers. Formal strategies can be modified at any time should market conditions dictate.

Portfolio managers have the discretion and responsibility to incrementally modify allocations to take advantage of attractive opportunities and construct portfolios that are consistent with client guidelines and directives and WellsCap strategy.

Our team utilizes several quantitative portfolio management systems to track portfolio risk exposures at both the individual security and portfolio levels. These include CMS BondEdge(c), The Yield Book(r), and Barclays Capital Point. These systems provide robust relative risk analysis and allow for surveillance and scenario stress testing on the following components, among many, of a fixed income portfolio:

- Interest rate sensitivity
- Yield curve analysis
- Key rate durations
- Sector / asset class relative exposure
- Changes in individual issue credit quality

The assigned Relationship Manager will communicate major shifts in strategy or significant market developments to clients on an immediate, proactive basis. Incremental changes are communicated during portfolio performance review meetings that are scheduled consistent with a client's wishes.

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

WellsCap understands that extensive internal credit research is paramount, and believes it is one of our core strengths. Approximately 80% of the research utilized is produced internally. We have four credit research teams that employ rigorous processes to review, approve, and monitor issuers to fully support the Short Duration Fixed Income Team:

- **Short Duration Credit**  
Team of eight analysts led by Matthew Grimes, CFA, covering 2a-7 money market funds and high quality institutional cash mandates
- **Tax-Exempt Short Duration Credit**  
Team of six analysts headed by Kendrick Anderson
- **Corporate Credit**  
Team of ten analysts headed by D. James Newton II, CFA focused on all investment-grade corporate bonds.
- **Municipal Credit**  
Team of eight analysts headed by Thomas Stoeckmann

Together, these groups form a highly-diversified team with extensive backgrounds covering all aspects of the credit markets.

**Short Duration Credit Research Team**

The Short Duration Credit Research Team, led by Matthew Grimes, CFA, is responsible for monitoring and maintaining an 'Approved List' of credits to which our money funds and separately managed accounts must adhere. The Team employs an integrated credit approach to avoid deteriorating credit situations and to identify potential investment opportunities. The credit process utilizes both top-down industry analysis and bottom-up company review. Top-down assessment includes a thorough review of individual industries, trends, and economic drivers. Bottom-up factors include a detailed evaluation of company fundamentals and financials, as well as an assessment of more qualitative factors such as management, strategy, headline risk, etc. Analysts meet regularly with rating agency analysts, external research analysts, and issuer representatives to monitor credit related developments. In addition, analysts frequently attend industry and product conferences to remain updated on industry and issuer specific information.



The credit Team utilizes dynamic, Proprietary Risk Models that vary based on both industry and issuer. While we use rating agency reports as a component of our analytical process, our conclusions are independent. Our proprietary models employ intensive credit focus on both quantitative and qualitative factors. Factors are then weighted based on their relative importance to the security, and a score from 1.00 (least risk) to 5.00 (most risk) is assigned to each sub-factor. In turn, the sub-factor scores combine to form a composite that dictates our ultimate credit conclusion. For our 2a-7 money funds and our institutional cash separate accounts that require a mid Single A or better, the general threshold is 2.85. Our templates are constantly evaluated and adjusted as needed in order to adjust to market dynamics and ensure consistency in scoring across industries. Please refer to the sample scorecard on the following page for additional detail on our scoring models.

Indeed, our internal scores enable us to ensure the highest risk-adjusted returns for clients. Price does not always serve to differentiate securities, especially on the short end of the curve. When faced with similar opportunities we will select the issue with the lowest internal credit score. Conversely, when we evaluate two securities with similar internal credit scores, we can select that which is better priced. In this way, we can efficiently ascertain the relative value.

## Credit Research

### Proprietary Risk-Rating Model

- ▶ Serves to determine the weightings for both quantitative and qualitative measures.
- ▶ Model weightings vary by industry sector to emphasize significant and unique factors.
- ▶ Each measure is assigned an individual score of 1.00 to 5.00. A rating of 1.00 represents highest quality.
- ▶ A Wells Capital Management numerical weighting of 3.00 is generally equivalent to an A/A2 rating.

### Risk-Rating Example

Disciplined Approach    Credit Research    Risk Management

#### Financial Institution

(Moody's LT: A2; S&P LT: A)

**Risk-rating (Weighted Score): 2.31**

QUANTITATIVE	Weight	Score	Wtd Score
<b>Profitability/Earnings</b>	15%	2.50	0.38
<i>Net Interest Margin</i>			
<i>Profit Margin</i>			
<i>Return on Assets</i>			
<b>Asset Quality</b>	15%	2.00	0.30
<i>Non-Performing Assets/Assets</i>			
<i>Loan Loss Reserves/Non-Performing Assets</i>			
<i>Loan Loss Reserves/Loans</i>			
<i>Loan Loss Provisions/Loans</i>			
<b>Liquidity</b>	15%	2.25	0.34
<i>Loans/Deposits</i>			
<i>Deposits/Funding</i>			
<i>Securities/Assets</i>			
<b>Capitalization</b>	15%	2.00	0.30
<i>Tier 1 Ratio</i>			
<i>Total Capital Ratio</i>			
<i>Tangible Common Equity to Risk Weighted Assets</i>			
QUALITATIVE			
<b>Management/Other</b>	20%	2.50	0.50
<i>Management experience and track record</i>			
<i>Board of Directors composition and independence</i>			
<i>Other: i.e. contingencies, off-balance sheet risk</i>			
<i>Event risk</i>			
<b>Sovereign Support</b>	20%	2.50	0.50
<i>Assessment of wherewithal and willingness</i>			
<i>Credit quality of the sovereign</i>			
<i>Systematic importance of institution</i>			

Credits are constantly monitored for changes throughout the year and are formally reviewed no less than annually. The primary analyst conducts an initial review and must then present the review to a secondary analyst for joint discussion and approval. Following this, the credit is presented to the Credit Committee the month of its review, with newly added credits discussed in detail. In addition, Credit Analysts meet on a weekly basis to discuss the credit environment, market developments, and review supplemental credit indicators such as CDS spreads. Subject to a relative value analysis, securities on the 'Approved List' can be purchased by the Portfolio Managers at any time. Analysts or Portfolio Managers can suspend names from the approved list if new information warrants.

When we compare our internal numerical score (example on previous page) to a rating agency score, it is done as a framework to help Portfolio Managers put our scores in context. Client investment policies rely upon the major rating agencies for minimum credit quality limits. Given our dynamic credit process, our internal score does not necessarily correlate to credit ratings from the major agencies and may, in fact, differ. This process allows us to be more nimble and opportunistic. In our bank template, the bank is currently rated AA+ at S&P and Aaa at Moody's yet our internal score has been reduced from 2.09 to 2.47, which equates to an S&P rating of A+.

<u>Rating Agency</u>	<u>WellsCap</u>
AAA / Aaa	1.00
AA / Aa	2.00
A / A	3.00
BBB/ Baa	4.00
BB / Ba	5.00

Subject to a relative value analysis, securities on the 'Approved List' can be purchased by the Portfolio Managers at any time. Analysts or Portfolio Managers can suspend names from the approved list if new information warrants.

Any repo counterparty must be separately rated by our Short Duration Credit Analyst Team and be on our internal approved list.

**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.**

While we are not seeing Florida municipalities allow for BBB corporate bonds in their policies, we do see value in considering these securities. BBB corporate bonds allow for diversification away from financials and, therefore, an allocation to them decreases risk by adding to non-financial sectors.

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

Our Short Duration Fixed Income Team believes that consistent, competitive risk-adjusted returns can be achieved by applying a disciplined investment process emphasizing active management of the key factors that drive performance. Our philosophy has remained consistent since 1998.

## 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

	Assets	Accounts
Corporate	63,756,684,103	795
Foundation/Endowment/Non-Profit	10,315,992,341	288
Sovereign Wealth Fund/Central Bank	4,778,404,728	7
Public/Government	15,539,788,254	168
Union	2,341,451,159	83
Individual/Trust	3,936,553,644	231
Sub-Advisory	224,147,522,677	203
Brokerage/WRAP	953,368,010	7
<b>TOTAL</b>	<b>325,769,764,917</b>	<b>1,782</b>

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

The following reflect the gained and lost accounts within our Short Duration Separate Account Team:

	Number of New Accounts	Assets Gained (\$Millions)
2011	28	\$2,684
2010	51	\$3,498
2009	69	\$5,428
2008	76	\$5,904
2007	52	\$2,028
	Number of Lost Clients	Assets Lost (\$Millions)
2011	55	\$941
2010	59	\$850
2009	57	\$1,285
2008	35	\$870
2007	61	\$1,539

The primary reason for lost short duration clients is normal attrition factors including capital expenditures, changing client tax status, mergers and acquisitions, increased dividend payouts, stock buybacks and other uses of cash. WellsCap's Short Duration Fixed Income Team has lost very few clients over the past three years due to dissatisfaction with service or performance.

Over the past three years, we have grown our taxable and tax-advantaged separate account assets from \$31 billion to \$47 billion, and our overall short duration and money market assets from \$136 billion to \$193 billion during periods of significant turmoil in the fixed income markets.

- 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.

Please reference Tab 10, Attachment 2 for the GIPS-compliant performance presentations for WellsCap's Taxable 3 Month and Taxable 1-3 Year Fixed Income Composites, which includes all requested performance and composite information.

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

Yes. WellsCap claims compliance with the GIPS® (formerly AIMR-PPS standards). Our firm has been verified since 1997.

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

\$1.97 billion



## 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.

WellsCap provides a robust, state-of-the-art investment reporting tool to our clients, helping them maximize the success of their investment program across the organization with timely access to critical information. Powered by Clearwater Analytics, the integrated, web-based reporting platform includes accounting, risk and performance reporting and analytics. The benefits to clients include:

- A complete investment reporting solution that offers the flexibility to accommodate the unique structure of institutional cash portfolios
- Configurable account assumptions including customized fiscal calendars and journal entries
- Meaningful transparency down to the security level, including mutual fund holdings
- FAS 115 (impairment) and FAS 157 support
- Cash flow forecasting

Please reference Tab 10, Attachment 3 for our sample reporting package.

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

Our Relationship Managers are experienced in consulting with public entities to develop investment solutions that span the wide range of needs associated with their operating cash. From the information presented in the RFP, we would originally recommend the following multiple benchmarks for the City:

- BofA/ML 3-Month T-Bill Index
- Barclays Capital 1-3 Year U.S. Government/Credit Index

If WellsCap has the opportunity to work with the City, Janette Dziadon, your dedicated Relationship Manager, will consult with you to further define your investment objectives including specific maturity and diversification parameters as well as determining the appropriate benchmark criteria.



**7. Fees (In 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.

(In basis points)

\$1.00 to \$25,000,000	8 basis points
Over \$25,000,000 up to \$50,000,000	8 basis points
Over \$50,000,000 up to \$100,000,000	8 basis points
Over \$100,000,000 up to \$150,000,000	8 basis points
Over \$150,000,000	7 basis points

\$50,000 annual minimum



## 8. Other

### A. Provide a description of your firm's technological capabilities.

WellsCap is fully committed to investing in technology. In 2009, WellsCap enhanced the depth and focus on technology in conjunction with our integration with Evergreen Investments. The firm announced in the second quarter of 2009 a new Chief Technology Officer, J. Mari Casas, an experienced executive with significant experience in the asset management industry in general and in investment technology in particular. Mr. Casas restructured the group along internal customer facing lines such as Fixed Income Investments, Equity Investments, Sales & Marketing, Relationship Management, Risk Management, etc. The integration of technology resources between WellsCap and Evergreen Investments has resulted in more management and technical talent, as well as in a richer suite of platforms and applications to leverage. We have completed integration of numerous systems for analytics and research, risk management, trading, and middle office. We have a number of technology initiatives, the most significant of which include consolidating data centers, re-organizing and enhancing the support of all our production applications, implementing the Satuit CRM system, selecting a new code of ethics personal trade monitoring platform, developing a data mart environment to improve data management, implementing a composite management performance system, completing our client reporting platforms, and researching the use of tablet devices to enhance portfolio management and client service.

WellsCap will continue to develop its investment systems as new technologies and investment resources become available to the market.

### B. What makes your firm unique?

Having provided investment solutions as a group since 1988, we believe we differentiate ourselves through:

- **A deep, seasoned team** of portfolio managers, sector specialists, and credit analysts utilize **proprietary credit models** in providing fixed income expertise across sectors and throughout the yield curve.
- Our consistent approach to investing stands the test of time.
- **Diversification, guideline compliance, and independent risk management** are emphasized in the construction, management, and oversight of all client portfolios.
- We build portfolios for today's markets with a **history of competitive returns**.
- **Dedicated relationship managers** and client service professionals with vast experience in the short duration fixed income markets



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

- 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)

We are proposing to develop and implement investment strategies for the City that will seek to enhance portfolio performance under current and future market conditions within the parameters of the City's investment objectives of:

- Safety of Principal
- Maintenance of Liquidity
- Return on Investment

Security types will include:

- U.S. Treasuries
- U.S. Agencies
- Federal Instruments
- Repurchase Agreements
- Commercial Paper
- Corporate Notes
- Bankers' Acceptances
- Mortgage-Backed Securities

The portfolio will be customized to meet the City's specific liquidity needs. Liquidity will be provided from the following sources:

- Coupon Payments
- Maturities
- Security Amortization
- Security Sales

The actual portfolio composition will be driven by the investment policy and current market conditions. In today's environment, the portfolio would likely have the following characteristics:

	Sector Breakdown (% of Portfolio Assets)											
	Target Duration	Effective Duration	Yield to Worst	Average Quality	Credit	Mortgage Backed	Asset Backed	Tsy	Govt Related <sup>1</sup>	Money Mkt Instruments <sup>2</sup>	Muni	Cash
Taxable 3-Month	0.25	0.43	0.30	AA+	20	0	0	19	33	6	0	23
Taxable 1-3 Year	1.75	1.68	1.20	AA	37	9	4	25	18	0	6	1

Please reference Tab 10, Attachment 2 for the GIPS-compliant presentation on the WellsCap Taxable 3 Month and Taxable 1-3 Year Fixed Income Composites.

The City's portfolio strategy will be formalized at monthly strategy meetings where emphasis is placed on consistent portfolio construction at all times. In addition, sector allocation and security selection discussions occur on a daily basis on the trading desk between portfolio managers. Formal strategies can be modified at any time should market conditions dictate.

Portfolio managers have the discretion and responsibility to incrementally modify allocations to take advantage of attractive opportunities and construct portfolios that are consistent with client guidelines and directives and WellsCap strategy.

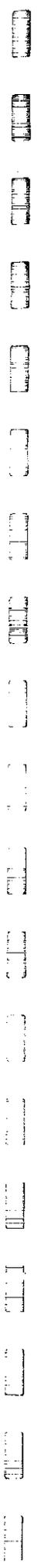
Janette Dziadon, The City's assigned Relationship Manager, will communicate major shifts in strategy or significant market developments to clients on an immediate, proactive basis. Incremental changes are communicated during portfolio performance review meetings that will be scheduled consistent with the City's wishes.

A rigorous relative value assessment and a disciplined fundamental and quantitative research process drive the security evaluation and selection process. Our relative value assessment focuses on the factors unique to each sector when evaluating securities for investment. We identify securities with attractive risk/reward characteristics and believe that security misvaluations can be identified and captured.

Portfolio durations are positioned within an agreed-upon range relative to the benchmark(s) ultimately decided upon after collaboration with the City (please reference Section 6, C and D for further detail on our initial benchmark recommendations). We do not make large reactive changes. Duration is adjusted incrementally as the trend in interest rates progresses throughout the business cycle. Portfolios are actively monitored using analytical systems that simulate "what if" scenarios and potential returns for various interest rate moves. Over the last three years, 20% of excess returns versus stated benchmarks are as a result of duration strategy.

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

**If No – How many days after? n/a**





# Wells Capital Management, Inc.

Report on Wells Capital Management's Description of its Asset Management Services and the Suitability of the Design of its Controls (also referred to as a "SOC1 Type 1" or "SSAE 16 Type 1" report)

As of August 31, 2011

[www.wellscap.com](http://www.wellscap.com)



# Wells Capital Management, Inc.

## Report on the Wells Capital Management Description of its Asset Management Services and the Suitability of the Design and Operating Effectiveness of Its Controls

As of August 31, 2011

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## **Section I**

# **Independent Service Auditors' Report Provided by KPMG LLP**



KPMG LLP  
Suite 1400  
55 Second Street  
San Francisco, CA 94105

## Independent Service Auditors' Report

The Board of Directors  
Wells Capital Management:

### *Scope*

We have examined Wells Capital Management's description of its system, applicable to processing user entities' asset management services transactions (referred to hereafter as Wells Capital Management's system) as of August 31, 2011 ("description"), and the suitability of the design of controls to achieve the related control objectives stated in the description. The description indicates that certain complementary user entity controls must be suitably designed and implemented at user entities for related controls at the service organization to be considered suitably designed to achieve the related control objectives. We have not evaluated the suitability of the design or the operating effectiveness of such complementary user entity controls.

Wells Capital Management uses external service organizations (sub-service organizations). A list of these sub-service organizations is provided in Section III. The description in Section III includes only the controls and related control objectives of Wells Capital Management and excludes the control objectives and related controls of these subservice organizations. Our examination did not extend to controls of these subservice organizations.

### *Service organization's responsibilities*

In Section II, Wells Capital Management has provided an assertion about the fairness of the presentation of the description and suitability of the design of the controls to achieve the related controls objectives stated in the description. Wells Capital Management is responsible for preparing the description and for its assertion, including the completeness, accuracy, and method of presentation of the description and the assertion, providing the services covered by the description, specifying the control objectives and stating them in the description, identifying the risks that threaten the achievement of the control objectives, selecting and using suitable criteria, and designing, implementing, and documenting controls to achieve the related control objectives stated in the description.

### *Service auditors' responsibilities*

Our responsibility is to express an opinion on the fairness of the presentation of the description and on the suitability of the design of the controls to achieve the related control objectives stated in the description, based on our examination. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform our examination to obtain reasonable assurance, in all material respects, about whether the description is fairly presented and the controls were suitably designed to achieve the related control objectives stated in the description as of August 31, 2011.

An examination of a description of a service organization's system and the suitability of the design of the service organization's controls to achieve the related control objectives stated in the description involves performing procedures to obtain evidence about the fairness of the



presentation of the description of the system and the suitability of the design of the controls to achieve the related control objectives stated in the description. Our procedures included assessing the risks that the description is not fairly presented and that the controls were not suitably designed to achieve the related control objectives stated in the description. An examination engagement of this type also includes evaluating the overall presentation of the description and the suitability of the control objectives stated therein, and the suitability of the criteria specified by the service organization and described in management's assertion.

We did not perform any procedures regarding the operating effectiveness of the controls stated in the description and, accordingly, do not express an opinion thereon.

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

#### *Inherent limitations*

Because of their nature, controls at a service organization may not prevent, or detect and correct, all errors or omissions in processing or reporting transactions. The projection to the future of any evaluation of the fairness of the presentation of the description, or any conclusions about the suitability of the design of the controls to achieve the related control objectives is subject to the risk that controls at a service organization may become inadequate or fail.

#### *Opinion*

In our opinion, in all material respects, based on the criteria described in Wells Capital Management's assertion, (1) the description fairly presents Wells Capital Management's system that was designed and implemented as of August 31, 2011, and (2) the controls related to the control objectives stated in the description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively as of August 31, 2011 and user entities applied the complementary user entity controls contemplated in the design of Wells Capital Management's controls as of August 31, 2011.

#### *Restricted use*

This report is intended solely for the information and use of Wells Capital Management, user entities of Wells Capital Management's system as of August 31, 2011, and the independent auditors of such user entities, who have a sufficient understanding to consider it, along with other information including information about controls implemented by user entities themselves, when obtaining an understanding of user entities information and communication systems relevant to financial reporting. This report is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

September 30, 2011  
San Francisco, California



## **Section II**

### **Wells Capital Management's Assertion**



## Wells Capital Management's Assertion

We have prepared the description of Wells Capital Management's Asset Management Services (description) for user entities of our system as of August 31, 2011, and their user auditors who have a sufficient understanding to consider the description, along with other information, including information about controls operated by user entities of the system themselves, when obtaining an understanding of user entities' information and communication systems relevant to financial reporting. The system is applicable to processing user entities' asset management services transactions and is referred to hereafter as Wells Capital Management's system. We confirm, to the best of our knowledge and belief that:

- a) The accompanying description in Section III, fairly presents Wells Capital Management's system made available to user entities of the system as of August 31, 2011 for processing their transactions. Wells Capital Management uses external service organizations (sub-service organizations). A list of these sub-service organizations is provided in Section III. The description in Section III includes only the controls and related control objectives of Wells Capital Management and excludes the control objectives and related controls of the subservice organizations. The criteria we used in making this assertion were that the accompanying description:
  - i. Presents how the system made available to user entities of the system was designed and implemented to process relevant transactions, including:
    - The types of services provided, including, as appropriate, the classes of transactions processed;
    - The procedures, within both automated and manual systems, by which those transactions were initiated, authorized, recorded, processed, corrected as necessary, and transferred to the reports prepared for user entities;
    - The related accounting records, supporting information and specific accounts that were used to initiate, authorize, record, process and report transactions; this includes the correction of incorrect information and how information was transferred to the reports prepared for user entities;
    - How the system captured and addressed significant events and conditions, other than transactions;
    - The process used to prepare reports or other information for user entities;
    - Specified control objectives and controls designed to achieve those objectives;
    - Controls that we assumed, in the design of the system, would be implemented by user entities, and which, if necessary to achieve control objectives stated in the accompanying description, are identified in the description along with the specific control objectives that cannot be achieved by ourselves alone; and
    - Other aspects of our control environment, risk assessment process, information system (including the related business processes) and communication, control activities and monitoring controls that were relevant to processing and reporting user entities transactions.
  - ii. Does not omit or distort information relevant to the scope of the asset management services being described, while acknowledging that the description is prepared to meet the common needs of a broad range of user entities and their independent auditors and may not, therefore, include every aspect of Wells Capital Management's system that each individual user entity may consider important in its own particular environment.



- b) The controls related to the control objectives stated in the accompanying description were suitably designed as of August 31, 2011 and sub-service organizations applied the controls contemplated in the design of Wells Capital Management's controls. The criteria used in making this assertion were that:
- i. The risks that threatened achievement of the control objectives stated in the description were identified; and
  - ii. The identified controls would, if operated as described, provide reasonable assurance that those risks did not prevent the stated control objectives from being achieved.

Robert W. Bissell  
President  
September 30, 2011



## **Section III**

# **Description of Asset Management Services provided by Wells Capital Management, Inc.**



## Scope of Report

This report describes certain controls of Wells Capital Management related to its management of and financial reporting for client assets as a registered investment advisor. Wells Capital Management offers equity, fixed income and balanced strategies to a broad base of primarily institutional clients, each with distinct objectives. This report is designed to provide information for use by Wells Capital Management's institutional and individual clients and their independent accountants who audit the financial statements of an entity that uses Wells Capital Management as a service organization for third-party management of institutional and individual assets.



## Overview of Wells Capital Management

Wells Capital Management is a Securities Exchange Commission (SEC) registered investment advisor that focuses on managing equity, fixed income and blended portfolios for primarily institutional clients.

As of June 30, 2011, Wells Capital Management had 1,916 institutional and individual clients with over \$355 billion of assets under management.

Wells Capital Management provides timely and comprehensive asset accounting reporting to its clients as well as performance and/or risk reporting, as applicable. Additionally, the firm claims compliance with the Global Investment Performance Standards (GIPS®), which serve as best practice standards for the calculation and presentation of client and overall portfolio performance.

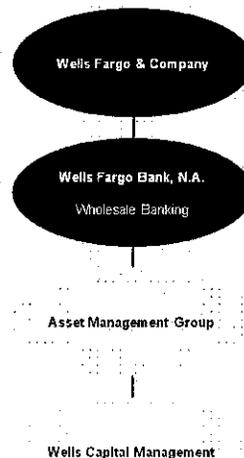
Wells Capital Management has sales and service offices throughout the United States employing more than 700 team members.

Wells Capital Management's customers have the ability to choose their own custodian. Wells Capital Management customers are using approximately 70 custodians. The majority of Wells Capital Management clients custody their assets with Wells Fargo, State Street, Bank of New York Mellon or U.S. Bank. Custodial operations are outside the scope of this report.

### Organization and Personnel

Wells Capital Management is a wholly owned subsidiary of Wells Fargo Bank, N.A., which is wholly owned by Wells Fargo & Co., a California state-chartered bank and member of the Federal Reserve System. The parent bank provides essential services to Wells Capital Management including information technology, human resources, and administrative support.

The following diagram depicts the relationship between Wells Capital Management and its parent company.





# **Relevant Aspects of the Control Environment, Risk Assessment Process, Monitoring, and Information and Communication**

## **Control Environment**

### **Ethics and Compliance Administration**

#### ***Adoption of Written Policies and Procedures and Code of Ethics***

Compliance administers the Compliance Program, which includes maintenance of various Investment Advisor Policies and Procedures, and the Code of Ethics. Compliance reviews the Policies and Procedures and amends them in recognition of changes in law, regulation or operating procedures. In addition to the requirement of written supervisory procedures, Rule 206(4)-7 requires that SEC registered adviser have in place a set of internal controls to implement these procedures. Wells Capital Management has developed internal controls designed to provide clear processes by which its policies and procedures may be properly executed.

#### ***Code of Ethics***

Every employee must acknowledge receipt of this Code and certify annually that they have read it and complied with it. This Code includes:

- Rules governing conflicts of interest
- Prohibitions from engaging in securities transactions in their personal accounts
- Insider trading prohibition and policy
- Rules of conduct, including limitations on receiving gifts and involvement in certain activities apart from Wells Capital Management
- Policy on protecting the confidentiality of client information.

Wells Capital Management also provides disciplinary measures in the form of its Code of Ethics that provides sanctions and remedial measures to address any violation of its policies and procedures. Disciplinary measures that Wells Capital Management may enforce may include disciplinary interviews, special review or training, written communications that go on the employee's record, fines, suspension/reassignment, termination of employment and/or referral to regulatory authorities.



## **Chief Compliance Officer**

Wells Capital Management has appointed a Chief Compliance Officer (“CCO”) who has full responsibility for all compliance personnel as well as overall responsibility for the firm’s compliance program. She is vested with sufficient seniority and authority within Wells Capital Management to require others to follow the firm’s compliance Policies and Procedures. Wells Capital Management’s also employs compliance professionals whose offices are located in San Francisco, California, Menomonee Falls, Wisconsin, Boston, Massachusetts, and Charlotte, North Carolina. Investment Policy configurations for new clients are maintained by compliance professionals in the trading system and are reviewed by a compliance team manager. Configuration settings within the trading systems are consistent with either the client requested configurations, or more conservative internal Wells Capital Management portfolio strategies.

Additionally, client requested changes in investment policy are accurately maintained in the trading systems. Depending on the complexity of the change, changes are reviewed by a manager of the compliance team. Access to maintain investment policy configurations in the trading systems is restricted to members of the Compliance team.

## **Hiring and Training**

Wells Capital Management in conjunction with its parent, Wells Fargo Bank, maintains processes and procedures to ensure the appropriate qualifications, training and control environment exist for all employees of Wells Capital Management. Employees must meet specific educational and experience requirements deemed relevant to the execution of their duties, and background checks are conducted for new employees. Wells Capital Management will not select for employment any candidate with a conviction for theft and/or dishonesty, or any type of physical violence. As a further condition of employment, prospective employees must sign an acknowledgement agreeing to abide by the Wells Capital Code of Ethics. Finally, all new employees are provided with internal training that emphasizes critical components of Wells Fargo Bank’s compliance programs. Employees are required to complete compliance training annually.

A prerequisite to providing quality service for Wells Capital Management’s clients is that employees are adequately trained in their respective job duties. Wells Capital Management evaluates the work product of its employees and provides supervisory oversight to ensure that clients’ objectives are adequately served. Wells Capital Management further provides compliance-related training for all new employees (e.g., Information Security, Privacy, Code of Ethics, etc.) and tracks the completion for the annual multi-training requirement for all employees as required by Wells Fargo Bank.

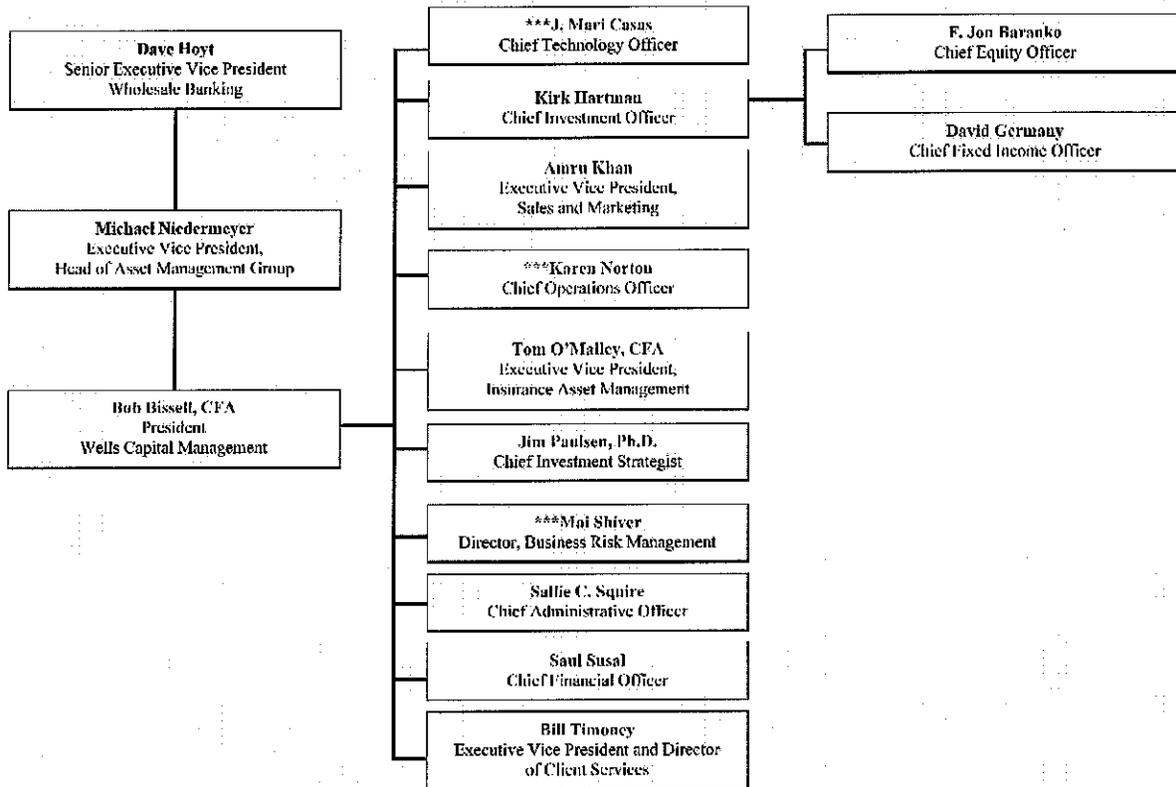
## **Regulatory Environment**

As a registered investment adviser, Wells Capital Management is subject to federal and state laws and regulations governing its business of providing investment management and advisory services to individuals and companies. These laws and regulations stem principally from the Investment Advisers Act of 1940 (Adviser’s Act). Where it manages mutual funds, Wells Capital Management is also subject to the Investment Company Act of 1940 (Company Act). In addition, Wells Capital Management is required to comply with applicable provisions of the Employment Retirement Income Security Act (ERISA), Office of the Comptroller Commission (OCC) regulation, the Commodity Futures Trade Commission (CFTC) regulation, relevant state laws and client guidelines.

**Organizational Structure**

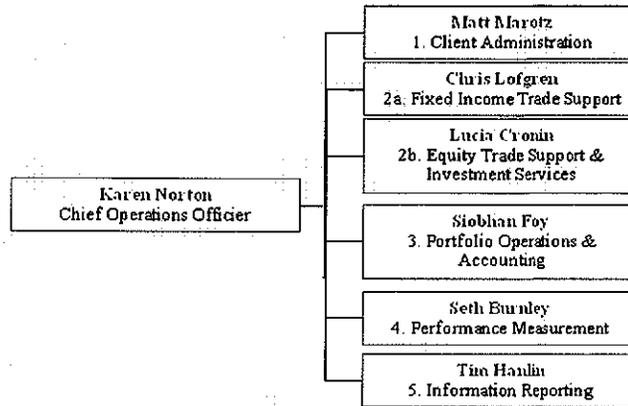
Wells Capital Management's organizational structure is established along functional lines.

The following diagram provides an overview of Wells Capital Management's organization:



\*\*\*Karen Norton, Mai Shiver and Mari Casas, in their roles as senior leaders at Wells Capital Management provide oversight over the functions that support Wells Capital Management's Asset Management Services.

The following diagram also provides an overview of the Operations team supporting the asset management functions. The Operations team works very closely with the Technology and Compliance teams to ensure Wells Capital Management have the proper processes and controls for each function.



## Risk Assessment Process

Risk assessment is a process in which the Compliance team identifies, evaluates and describes current risks and controls, and identifies potential future exposures. The Compliance team also evaluates business control structures to ensure that adequate control processes have been implemented, changing risks are monitored and controls are adjusted when needed. As part of this process, the Compliance team:

- Identifies current and future risks to Wells Capital Management's business
- Confirms that controls to mitigate risks have been implemented to acceptable levels
- Confirms that appropriate monitoring processes have been implemented.

Wells Capital Management's risk assessment process is currently documented on two risk assessment tools labeled the Risk and Control Self Assessment (RCSA) and the Compliance Risk Analysis System (CRAS), which are proprietary applications of Wells Fargo & Company. Wells Capital Management identifies information regarding its business risks and controls and analyzes risk exposure resulting from non-compliance with laws and regulations. Wells Capital Management also has implemented a Detective Monitoring and Testing Schedule, Corrective Action Plans, and Reporting and Documentation. The Compliance team also has oversight responsibilities for coordinating audits and exams and conducting compliance testing.



## Monitoring

Wells Capital Management's Compliance utilizes front-end compliance systems Charles River Investment Management System (CRD) and Bloomberg Portfolio Order Management System (Bloomberg) to monitor trading activities to prevent violations to client guidelines or if applicable, a prospectus mandate. Front-end portfolio monitoring systems allow Wells Capital Management to perform compliance checks throughout the trade process: (i) at order entry, (ii) allocation, (iii) and trade completion (including changes caused by market conditions) and provides the ability to generate exception and notification reports.

## Information and Communication

### Information Systems

#### Overview

Wells Capital Management makes use of various information systems and groups to foster communication and to provide financial reporting support internally and externally. The following describes the information technology groups utilized by Wells Capital Management and key aspects of the IT general control environment.

- **Wells Capital Management Infrastructure (I-Team)** – The Wells Capital Management Infrastructure team is responsible for the day-to-day administration and monitoring of Wells Capital Management applications. In addition to these functions, for the applications that are hosted in San Francisco, this group coordinates processes that need to be managed on servers and helps coordinate application-specific updates, service packs, hot fixes, or changes that may need to be completed, including managing and implementing OS-level change control requests, application upgrades, application troubleshooting, and resolution.
- **Wells Capital Management Information Risk Management Team** – The Wells Capital Management Information Risk Management team is responsible for various risk mitigation programs and controls. These programs include but are not limited to business continuity planning, vendor management, change control coordination, records management, access reviews.
- **Wells Capital Management Enterprise Technology Team** – The Wells Capital Management Enterprise Technology team is responsible for development, support and maintenance of applications that provide key operational / back end support to Wells Capital Management, including to the accounting systems (Advent Portfolio Exchange (APX) and Princeton Financial Systems' PAM system), the reconciliation tools (FMC Recon), and the Security Master File (Odyssey).
- **Wells Capital Management Fixed Income Investments Team, and Equity Investments Technology Team, and Architecture Team** – The Wells Capital Management Investment Technology and Architecture teams are responsible for development, support, and maintenance of the fixed investments trading system (Bloomberg) and the Charles River equity investments trading system (CRD). The Architecture team assists with the TREC utility used to route trades from the CRD trading system to the accounting system.

## **Technology Operations Group**

The Technology and Operations Group (TOG) is responsible for key functions critical to achieving Wells Fargo's vision and values. TOG manages most of the core technology activities of the company, including computing services, connectivity services, application development, information security, business continuity planning, enterprise business services and information management, enterprise architecture, monitoring, change control, and problem management.

- **Technology Governance Services** – Supports the Technology and Operations Group infrastructure and business-line customers through technology solutions provided by Enterprise Access Management, Enterprise Availability Coordination Office, Enterprise Information Management, Information Security Technology, Enterprise Architecture, and the Mainframe Resiliency Program.
- **Technology Infrastructure Services** – Manages the security, governance and operations of Wells Fargo's core data center infrastructure, which includes mainframe, midrange, open (distributed) systems, virtualized systems, storage, and intranet environments. In addition, this group provides distributed desktop, server, voice, and data network implementation services, including moves, adds, and changes of end-user devices and delivers end-to-end, first-level technical help desk and security support services to team members 24 hours a day, 365 days a year. Lastly, this group supports some infrastructure for access management and system backups.

## **Wholesale Database Administration Team**

The Database Administrators (DBA) group is responsible for managing data that resides in Sybase, Oracle and SQL server relational databases. The DBA group helps ensure that databases meet the Wells Fargo Corporate information security standards.

## **Processing Environment**

The processing environment for Wells Capital Management primarily comprises vendor-managed applications that support Wells Capital Management's business processes. These systems are utilized for securities transaction processing, accounting and reconciliations, and client reporting. Applications supporting Wells Capital Management include, but are not limited to, the following:

- **Charles River (CRD) & Bloomberg Portfolio Order Management System (Bloomberg)** – These applications serve as the trading system for domestic and international equity securities (CRD) and fixed income securities (vendor-managed Bloomberg), while also providing pre-trade compliance and controls ensure that securities conform to IP parameters such as credit rating, average and maximum maturity, liquidity requirements, concentration limits and prohibited securities.
- **Odyssey (Triple A)** – Serves as the Security Master File (SMF) and pricing record for all securities purchased and sold in both Bloomberg and CRD.
- **TREC** – This is a post-trade processing system which handles CRD and Bloomberg trade routing for the portfolio accounting systems and custodial notification for various domestic, international, and fixed income trades.



- **Advent Portfolio Exchange (APX) and Princeton Financial Systems' PAM (PAM)** – The portfolio accounting systems are the systems of record for Wells Capital Management. These applications serve as a reporting mechanism on transaction history, realized and unrealized gains and losses, portfolio performance and rates of return, performance composites, and benchmarking data on Wells Capital Management portfolios.
- **FMC Recon** – FMC Recon serves as the primary tool to reconciling electronic incoming data from third party custodians (delivered using Omgeo or Electra systems, see below) to the accounting systems. There are some manual processes that supplement the reconciliation done on FMC Recon.
- **Clearwater** – This vendor-managed portfolio reporting system is used to generate a significant portion of Wells Capital Management's client reports. Clearwater receives client data and pricing from APX and PAM, as well as market data from various other sources, and provides the client online access to reporting of investment activity and performance.
- **Omgeo** – Various vendor-managed Omgeo utilities are being used in trade processing to automate the handling of trade confirmations and settlement instructions. This service is also utilized to collect holdings and transactions from custodian banks on behalf of investment managers, replacing the delivery of hard copy and faxed statements with a consolidated electronic data transfer in a Society for Worldwide Interbank Financial Telecommunication (SWIFT) format.
- **Electra** – This vendor-managed service is utilized to collect statements of holdings and transactions from custodian banks on behalf of investment managers, replacing the delivery of hard copy and faxed statements with consolidated electronic transfer of data collected.

## Communication

The managers of Wells Capital Management in their supervisory roles are responsible for managing staff, reviewing internal controls, conducting periodic meetings, and reviewing the status of processes and key projects. The senior managers and when appropriate, portfolio management teams, operations teams or other team members participate in those meetings. Additionally, the Chief Compliance Officer regularly holds training sessions and conducts meetings to facilitate the exchange of information and changes to regulatory guidelines.

Wells Capital Management has established several key committees to ensure effective oversight. The following is a description of the functions and responsibilities of the key committees and team meetings that are generally considered to be part of the control environment.



Committee / Participants	Role	Meeting Frequency
<b>Executive Committee</b>	Senior executives of Wells Capital Management comprise the Executive Management Committee. These individuals meet monthly to brief the President and other committee members on key issues and emerging industry developments. Because members of the Executive Committee often defer to the expertise and experience of the committee members, exchanges among the Executive Committee may be informal and ad hoc. From time to time, the Chief Compliance Officer may engage the Executive Committee, or a sub-panel thereof, to assist in making compliance findings or to evaluate an ethical issue. In such cases, the findings of the Executive Committee will stand as the final decision.	Monthly
<b>Pricing Committee</b>	Wells Capital Management established a Pricing Committee to oversee the process of pricing securities. Wells Capital Management's Chief Investment Officer serves as the chair of the committee and maintains sole discretion to designate voting members. The Chair has the authority to set meeting agendas, timing and implement any administrative oversight necessary to achieve stated objectives. The committee is responsible for creating and amending the procedures as necessary to achieve the objectives of appropriate valuation of portfolio securities. The committee meets on a quarterly basis.	Quarterly
<b>Commission and Trade Management Committee (CTMC)</b>	The CTMC is responsible for evaluating the performance of Wells Capital Management's equity trading practices. It developed a proprietary trade evaluation process that analyzes trading costs and execution trends with external industry comparative data. Wells Capital Management's trade evaluation process is structured to reflect its unique circumstances and client needs and is consistently applied. The committee meets quarterly to evaluate all aspects of trade management and consists of members of compliance, senior management, trading, soft dollar administration, and operations.	Quarterly
<b>Liquidity Management Credit and Policy Committee (LMCPC)</b>	LMCPC utilizes the Investment Guidelines on Short Term Funds developed internally for the management of all money market vehicles. It provides review and governance for short duration investments, guidelines for the use of repurchase agreements, cross trade review, and diversification oversight of derivatives and synthetic securities.	Monthly
<b>Credit Policy Committee</b>	The Credit Policy Committee is responsible for the review and approval of issuers, counterparties, brokers and dealers whose credits have been reviewed and deemed adequate by the Credit Research department.	Monthly



<b>Committee / Participants</b>	<b>Role</b>	<b>Meeting Frequency</b>
<b>Proxy Committee</b>	The Proxy Committee is chaired by the Head of Equity Investments. The committee members are selected from portfolio management groups, investment risk and operations personnel. Members of the committee are subject to change upon approval from the committee Chair. The Proxy Administrator in conjunction with the Proxy Committee reviews the continuing appropriateness of the proxy policy and related procedures. The committee recommends revisions as necessary and provides an annual update on the proxy voting process.	Annually



## Description of Transaction Processing

### Client Administration

#### *New/Closed Account Process & Governing Documents*

The Wells Capital Management's Client Administration team works closely with the Sales team at account inception in order to process all necessary steps to establish the account. The Client Administrator assigned to the client account must obtain basic information from the customer and utilizes a New Account Checklist to guide the process. A relationship will not be established with the client unless all required documentation has been obtained prior to funding. Items on the checklist include the investment management agreement, investment guidelines, client's identifying information, primary contact information, custody information (if applicable), fee schedule, and Bank Secrecy Act procedures. The New Account Checklist is maintained in each account file. Wells Capital Management Client Administration maintains client account files in secured locations. The account files include critical records as required by the SEC's Books and Records provisions of the Advisers Act.

#### *Fees*

Wells Capital Management's Client Administration team facilitates the set up of account fee schedules on the Wells Fargo billing system for applicable accounts. Both the Wells Capital Management Client Administration team and the Finance team monitor, verify, and follow-up as necessary to ensure that fees are properly invoiced and collected.

#### *Cash Flow & Coordination*

Wells Capital Management's Client Administration team coordinates the internal communication of information from clients for upcoming cash flows. Where Wells Capital Management is not notified of a cash flow the Portfolio Accounting team will detect the cash flow through the reconciliation process and provide information to internal teams as necessary.

#### *Trade Errors*

The Client Administration and the Settlements team managers oversee trade error processing to ensure that adjustments on trade errors are handled and reported in accordance with procedures. Client Administration also sends the entire trade errors package including the offsetting G/L credit/debit tickets, the gain/loss forms, and the supporting documents to Wells Capital Management Finance. At month end, the Chief Operations Officer reviews and approves the monthly system generated report of transactions in the Trade Adjustment Account (TAA). The trade errors incurred during the month are reconciled to the entries posted to TAA and the general ledgers for adequacy. The reconciled report is reviewed and approved by the Client Administration team before it is disseminated to the Compliance team and the Chief Operations Officer.



## **Equity and Fixed Income Trade Settlements**

Investment decisions are made by Wells Capital Management portfolio managers. Discretionary Trades are executed and entered (either electronically or manually) into Wells Capital Management trading systems by the portfolio manager or designated trader. Wells Capital Management does not process client-requested (directed) trades. Wells Capital Management executes transactions only through counterparties approved in accordance with the Wells Fargo Corporation's Counterparty Credit Risk Management (CCRM) policy. Only counterparties that have been designated on the firm's approved list pursuant to this policy may be used for trading. In addition, for regulatory purposes Wells Capital Management policy also restricts trading with affiliated broker-dealers, who are never designated on the firm's approved list.

Wells Capital Management's Fixed Income and Equity Trade Settlements teams have processes in place to confirm trade details with the executing brokers prior to settlement date, either electronically or by email. Once the trade details are confirmed, the teams communicate trades to custodians and other client requested third parties either by automated feeds or manually, based on the recipient's straight-through processing (STP) abilities. The Settlements teams are responsible for conducting daily reviews to ensure all trades settle on settlement date. Failed trades are tracked in FailStation and monitored until final settlement is achieved. A weekly report detailing any aged failing trades is sent to senior managers for review. System Access to input trades into the trading systems is restricted to Portfolio Managers and members of the Trading and Settlements teams.

## **Portfolio Operations**

Wells Capital Management's Portfolio Operations team is responsible for setting up newly purchased securities and processing any changes to existing securities in an accurate and timely manner. Reviews related to security set up and maintenance are completed daily to validate the accuracy of the securities data on Wells Capital Management's systems. Anything not corrected during the daily validation checks will be caught in the pricing and accounting processes.

The Portfolio Operations team is also responsible for pricing all securities based on the policies set forth by the Wells Capital Management Pricing Committee which was established to oversee the process of pricing securities. To ensure accurate, timely pricing of all securities, the Portfolio Operations team generates daily reports that identify missing or stale security prices as well as prices with material fluctuations from the prior business day or from the trade vs. market price. Exception items are researched and resolved. The Portfolio Operations team maintains a daily checklist to ensure the required steps are followed. The checklist is signed off by a secondary reviewer. On a monthly basis, a comprehensive review of hard to price securities is completed by the Portfolio Operations Manager and sent to the Pricing Committee. Quarterly, hard to price securities are reviewed in the Pricing Committee meeting.

Along with security master and pricing oversight, the Portfolio Operations team is responsible for ensuring that all corporate action notices are processed and those that require shareholder action are addressed in a timely manner. Corporate actions notices are received from the custodians and outside vendors then cross checked for accuracy to the accounting system to ensure all impacted portfolios are appropriately considered. Elections for voluntary corporate actions are routed to the Portfolio Manager for instructions. Instructions from the Portfolio Manager are communicated to the custodian by the Portfolio Operations team prior to offer expiration. The Portfolio Operations team uses checklists to ensure the required steps are followed for each voluntary corporate action event. Related postings to the accounting system are entered then verified by another team member.

## **Portfolio Accounting**

Wells Capital Management's Portfolio Accounting team is responsible for performing reconciliations of client portfolios that reside on APX or PAM to the client designated custodian banks, and the reconciliation of the accounting systems to the Bloomberg trading system. Daily or weekly, cash and position data is received from the custodians, either electronically into Wells Capital Management's automated reconciliation tools or via email. A comparison between Wells Capital Management's data and the custodian's data is performed. Exceptions are identified and researched immediately and appropriate steps are taken to resolve in a timely manner. Monthly a packet is created that details any reconciliation or price discrepancies. The monthly packet is reviewed by a secondary reviewer. Monthly a report with any reconciling items outstanding longer than 30 days is sent to management for review.

## **Performance**

Wells Capital Management's Performance Management team in conjunction with the Portfolio Accounting team is responsible for ensuring performance on Wells Capital Management's accounting systems is accurate. Various reports are run at the account and group level at least monthly to ensure the performance data is accurate. For accounts on Clearwater, a comparison between Wells Capital Management's internal accounting systems and Clearwater is performed. Any outliers are researched and resolved, when appropriate. Composite results are compiled, reviewed and signed off by the Portfolio Management teams quarterly.

The Performance Management team is also responsible for creating and maintaining the GIPS® Policies and Procedures, GIPS® reporting and GIPS® verification.

## **Information Reporting**

Upon request, the Wells Capital Management Information Reporting team provides reports to clients regarding their accounts. Client reports typically contain holdings information, security valuations, transactions, and gains and losses. Reports are generated either directly from the accounting systems, APX or PAM, or by passing data from those systems to Clearwater. Statements generated directly from the accounting systems can be delivered electronically, or in hardcopy format via postal mail. Statements generated through Clearwater are available through an online site which provides flexible access to all data. The Information Reporting team works closely with the Accounting team to ensure all accounts are fully reconciled prior to producing any reports from the accounting systems and assists internal users with questions regarding Clearwater data and functionality.



Wells Capital Management facilitates access to reporting via Clearwater Analytics as may be required for each client. System access to add or delete user access to Clearwater portfolios is limited to authorized individuals within the Information Reporting and Client Administration teams. The Client Reporting team only grants client access to Clearwater based on a written request from the Relationship Management team.

## **IT General Controls (ITGC)**

Identified below are the ITGC processes and control activities that support Wells Capital Management's processing environment.

### ***Program Development***

Projects that require significant infrastructure support from the Technology and Operations Group (TOG) follow the Wells Fargo Project Management Policy and TOG Project Methodology, which is supported by a project tracking tool called PlanView. This methodology is modeled on common industry best practices and utilizes controls designed to provide reasonable assurance that new systems, applications and operating system installations, and development are prioritized, defined, authorized, tested, properly implemented and documented.

For projects that are not related to TOG, Wells Capital Management has implemented and documented a system software methodology that includes guidelines to control the communication, coordination, scheduling, and monitoring of changes to key applications for significant changes (i.e., changes that are over five-hundred thousand dollars, or six months of duration). Elements of this project methodology include project request, technical and business assessment/requirements, testing, installation, validation, procedures, training, and management approvals as applicable, depending on the nature of the project.

For other smaller changes and projects, representatives from the Wells Capital Management technology teams and business lines hold weekly meetings to discuss and approve the implementation of production changes. A spreadsheet is used to track application changes activities and is updated following weekly meetings.

### ***Program Changes***

Scheduled and planned changes for new systems, applications, and operating system installations are made following the Wells Fargo Technology Change Management Policy and Standards. Change Requests (CRs) are initiated by Change Requesters, who have overall responsibility for the change. PAC2000, a change management tracking tool, is utilized to track and report changes made to production systems to ensure changes are properly documented and approved.

There are also Change Coordinators that act as points of contact for their defined technology group who are responsible for ensuring the quality of the CR with respect to Wells Fargo PAC2000 documentation standards, which include documenting specific installation, recovery, and verification plans; and assessing whether Wells Capital Management Chief Technology Officer (CTO) or Chief Information Officer (CIO) approval is needed. Based upon the specified change, historical patterns and the risk profile of the affected systems, the PAC2000 tool is configured to assign a risk level to the change. The risk level of the change determines the minimum number of days the CR must be opened and available for approval prior to the installation date.



Each CR requires review and approval by the Wells Capital Management Information Security team. Additionally, each CR is assigned an "Owner Group" in PAC2000, which is configured with specific department approvers. Production changes require a minimum of two approvals: the department approval, and the Change Coordinator's approval; additional approval groups may be added manually. Depending on the complexity or nature of the change and its associated category, PAC2000 may require additional levels of notification up to and including Wells Capital Management CIO or CTO approval.

Where applicable, development testing is performed after which a final version of the change is presented to the business for User Acceptance Testing (UAT) and sign-off. Upon completion, the business will determine if the change is fit for use and once accepted, the change is promoted to production according to the change request process.

### ***Emergency Changes***

If an emergency change is required, a PAC 2000 request is opened to document the change and the change is designated as an emergency change. The CR is initiated by the line of business or the technology group requesting the change. Emergency CRs can be opened prior to or after the production installation but must be opened no more than three calendar days after the emergency installation. Completed approvals are not required prior to the emergency installation. However, the Change Requester should attempt to obtain as many approvals as possible. Open PAC2000 incident/problem tickets must exist to warrant the emergency CR and approvals must be completed no later than 14 calendar days after installation.

### ***Data Center Physical Security***

Wells Capital Management applications, operating systems, and databases are hosted in three primary data centers; San Francisco, Menomonee Falls, and Boston. The San Francisco data center is managed and operated by Wells Capital Management, and the Menomonee Falls and Boston data centers are managed and operated by the Technology and Operations Group (TOG). The failover sites are located in Tempe, Arizona (managed and operated by TOG) and Marlborough, Massachusetts (managed and operated by SunGard).

Wells Fargo has established an Information Processing Facility Performance Specifications Policy to ensure appropriate physical access control systems, mantraps, exterior security controls, camera surveillance, physical security controls, and security guard services. In addition, a Physical Security Policy is in place to ensure the safety and security of employees, floors and the core data center computer operations.

Access to the data centers requires approval from authorized data center management and is controlled through the use of card access systems. Visitors are required to sign a visitors log and as necessary be escorted by an approved employee upon entering the data center building. Temporary visitor access badges for certain sites may be provided and must be returned upon exiting the facility.



Facility Services removes access upon notification of termination from managers or Human Resources. When termination occurs, it is also the responsibility of the manager or Human Resources to retrieve the card from the individual and return it to Facility Services. On a periodic basis, Management reviews access to the data centers to ensure access remains appropriate based on the employee's current job responsibilities. For the Marlborough location, an informal process is in place to periodically review access; no formal process is documented.

Data center equipment provides environmental monitoring (Universal Power Systems (UPS), generators, chillers, fuel tanks, Heating, Ventilation, and Air Conditioning (HVAC) systems, etc.) and is maintained on at least an annual basis. Camera surveillance is in place at key entrances, computer operations and other strategic areas within the data center.

### ***Computer Operations***

#### **Backup and Offsite Data Storage**

The Wells Capital Management Infrastructure team is responsible for ensuring that applications hosted in the San Francisco data center are backed up. Data is backed up on a nightly basis and tapes are sent offsite two days per week. The Technology Storage Operations group manages access to offsite tape storage and conducts quarterly certifications of access to media stored offsite.

The TOG Technology Infrastructure Services (TIS) group is responsible for the data backup and recovery of application and database servers hosted at the Menomonee Falls and Boston data centers. Wells Capital Management applications and data are protected with systems that are configured with redundant disk arrays. These systems provide real time replication to the Tempe (for Menomonee Falls Servers) and Marlborough (for Boston Servers) data centers.

EMC Legato and Veritas NetBackup are the systems that provide this real time replication. TIS monitors these systems real time, and creates problem tickets (via PAC2000) to track and resolve backup failures. Access processes have been implemented to safeguard servers residing in the Tempe and Marlborough data centers.

The quality of backup media and recovery procedures for in-scope systems is tested annually.

#### **Job Monitoring**

Key system processing jobs are being monitored by the Wells Capital Management Infrastructure teams in San Francisco, Boston, and Menomonee Falls to ensure that system processing is monitored and the production environment is not affected by system outages. If an error (or job ABEND) occurs during daily processing, the Infrastructure team will be notified via an automated email. The Infrastructure team is responsible for investigating the issue and tracking it until resolution. Job ABENDs are logged in the job scheduling tools, and evidence of the ABEND resolution is maintained. In the event that an event cannot be resolved within the same day, it will be logged in the Remedy ticketing system.

## **Problem and Incident Monitoring**

Key incidents related to system processing and outages are logged in the Remedy system and assigned a risk and a priority and routed to the appropriate IT support group. The line of business works against service level agreements to resolve, monitor and track incidents to resolution in a timely manner. The Wells Capital Management Head of Infrastructure reviews a daily report on aged tickets to monitor for appropriate disposition.

Wells Fargo Enterprise Availability Coordination Office (EACO) handles outages, slowdowns or performance problems that affect customers' ability to do business with Wells Fargo or Wells Fargo's ability to operate its business effectively, including but not limited to incidents that have a key financial impact, or impact to the usability of systems that clients have access to. EACO classifies problems by users and systems impacted, then communicates with relevant personnel to develop appropriate solutions to open issues and ensure that appropriate notifications are generated.

## **Logical Security**

Wells Capital Management follows Wells Fargo's Information Security Policy as approved by the Board of Directors. The policy is published and communicated to all employees, who are required to attend and pass annual Information Security training through the Wells Fargo Learning and Development Center. New employee orientation training includes Information Security topics.

## **Authentication and Password Configurations**

Users are authenticated through the network prior to accessing Wells Capital Management-hosted applications, with the exception of Bloomberg. A user gains access to CRD, PAM, APX, FMC Recon and Odyssey via a Citrix instance located on their desktop. Citrix requires authentication against Active Directory.

Network authentication requires that passwords expire every 60 days. Per security policy, passwords and user IDs are suspended if they are not used during the initial 60-day period after issuance. Passwords must be eight alpha-numeric characters comprising at least three character types: 1) upper case alphabetic, 2) lower case alphabetic, 3) numeric or 4) special characters. Users are locked out after three invalid attempts and must call Technology Connection, a support function within the TOG, to have their account reset.

## **Access Approvals, Terminations and Reviews**

User access requests are documented and approved by the user's manager prior to being provisioned. New users are assigned an access profile, which is detailed on a user access request form or email request, as requested by the business unit management.

User administration on the application level is provisioned by the various Wells Capital Management technical teams, and where applications require specific Active Directory Authentication (i.e. Citrix authenticated applications), the Wells Capital Management technical team will coordinate the request with End User Services (EUS) after confirming the user access is approved by the user's manager, and establishing application level permissions.



Network account requests are created automatically via a feed from the Human Resources (HR) system when an employee is hired or a contingent worker is brought on board.

Terminated users are removed from Wells Capital Management's systems in one of three ways: (1) the department manager sends a request to the technology groups to delete access when an employee terminates from Wells Fargo or transfers to a new department; (2) terminated personnel are identified by security administrators when granting access to new personnel; or (3) the quarterly review process whereby a listing of terminated employees is compared to the active user listing. Otherwise, Wells Capital Management relies on the Tivoli Identity Manager (TIM) process to automatically terminate network level access. The TIM process automatically suspends the user's Active Directory access based on the user's status in the human resources system of record.

In addition to quarterly access reviews for terminations, on an annual basis a full certification of application level access is done by individual user's managers using various automated and manual certification tools.

### **Privileged Access**

Privileged application level access is restricted to the Wells Capital Management technical teams, and is periodically reviewed.

Database user account access requests are provisioned by the Wholesale Database Support team or by the Wells Capital Management Infrastructure team. Access to databases is restricted to members of these teams unless a specific business need has been documented. Where databases are using a generic system account, a quarterly review of database log activity is in place. Access to Wholesale supported databases is reviewed on a quarterly basis.

Access to Wells Capital Management supported databases and Operating Systems, and TOG Technology Infrastructure Services (TIS) supported Windows and Unix operating systems is granted based on a business need. Access to migrate changes into the production environment is restricted to those with a business need. Developers do not have access.

For Active Directory and some operating system level access, TOG utilizes an automated access certification tool called ACT. This tool is designed to receive data feeds from source systems (including Active Directory) across the bank. The tool processes on the expectation the source system owners have indicated appropriately their privileged accounts. Privileged and non-privileged access is reviewed using the ACT tool at least annually. UNIX administrative access is granted to authorized personnel but not formally reviewed on a periodic basis.



## Complementary User Entity Controls

The controls in place at Wells Capital Management were designed with the assumption that certain controls would be implemented by user entities. The application of such controls by user organizations is necessary to achieve certain control objectives identified in this report. There may be additional control objectives and related controls that would be appropriate for the processing of transactions that are not identified in this report.

This section describes certain controls that user entities should consider for achievement of control objectives identified in this report. The complementary user control considerations presented below should not be regarded as a comprehensive list of all controls that should be employed by user entities.

- User entities should maintain sufficient controls to ensure that instructions and information communicated to Wells Capital Management are in accordance with the provisions provided in the Investment Management Agreement or any other applicable governing instrument between Wells Capital Management and the user.
- User entities should maintain sufficient controls to ensure that investment guidelines or restrictions are properly communicated to Wells Capital Management, as appropriate. Approved changes to investment guidelines or restrictions should be communicated promptly and in writing to Wells Capital Management.
- User entities should maintain sufficient controls to ensure that the names of individuals authorized to direct activities related to the user's account, and changes therein, are communicated promptly and in writing to Wells Capital Management.
- User entities should establish, monitor, and maintain effective controls over physical and logical access to Wells Capital Management systems.
- User entities should perform a timely review of account balances and related activity reporting provided by Wells Capital Management; timely written notification of discrepancies should be provided to Wells Capital Management.



## Subservice Organizations

Wells Capital Management utilizes a number of third-party services in its normal course of business to provide value added services. These services include security-pricing data, trade settlements, and in certain cases, investment reporting. Certain user control considerations described by these third-party subservice providers are considered in this report. A description of key subservice providers IDC (pricing), Omgeo (account reconciliation), Clearwater Analytics (client reporting) and custodial services is provided below.

<b>Subservice Organization</b>	<b>Function</b>
<b>IDC</b>	International Data Corporation (IDC) is an external pricing vendor that provides pricing of securities. Wells Capital Management relies on IDC as a primary data source for accurate, timely and consistent pricing. Notwithstanding the reliance on external pricing sources to provide fair and objective prices and analysis, Wells Capital Management remains responsible for valuations and has established monitoring procedures and regular service reviews to assess the reasonableness of daily valuations provided by external pricing agents.
<b>Omgeo</b>	Omgeo facilitates the post-execution review and comparison of transactions recorded internally in the trading systems of record, with the transactions that have been received and recorded by broker-dealers. In some cases, Wells Capital Management also uses Omgeo's data services to facilitate the reconciliation of client accounts to the clients' custodial accounts by providing account data from certain custodians. This information is communicated to Wells Capital Management daily and uploaded into the investment accounting reconciliation systems.
<b>Clearwater Analytics</b>	Wells Capital Management uses Clearwater Analytics as a third-party reporting provider for applicable clients. Clearwater provides an online portal which clients may access directly. The information presented includes holdings, transactions, risk, and performance information for each client account.



## Wells Capital Management's Control Objectives and Related Controls

### Control Objective 1 – Opening and Modification of Client Accounts

Controls provide reasonable assurance that new accounts and modifications to existing accounts are authorized and established in accordance with client instructions and portfolio guidelines and restrictions in a complete, accurate, and timely manner.

<b>Controls Specified by Wells Capital Management</b>
<p>1. A new account checklist helps to ensure the key aspects of the new account processes are completed and reviewed. Client approvals are indicated within these tasks as part of the investment management agreement, which includes Form ADV Part 2 notification, the fee agreement, custodial agreements (if applicable), and client provided investment guidelines. These checklists are prepared by a member of the Client Administration team and reviewed by a different member of the team. Accounts are not enabled for trading until all relevant checklist steps are completed.</p>
<p>2. Significant client changes (i.e. closed accounts, change in custodian) are processed according to timelines established by the client, and tracked to resolution during the weekly team call, and may require the completion of a checklist. Minor changes (i.e. name changes and address changes) are processed prior to client statement generation.</p>
<p>3. Access to maintain investment policy configurations in the trading systems (CRD and Bloomberg) is restricted to members of the Compliance team.</p>
<p>4. Investment Policy Configurations in Bloomberg and CRD are maintained by the Compliance Team and are reviewed by a manager of the compliance team. Configuration settings within the trading systems are consistent with either the client requested configurations or more conservative internal Wells Capital Management portfolio strategies.</p>
<p>5. Client requested changes in investment policy are entered in the trading system by a member of the compliance team, and depending on the complexity of the change, are reviewed by a manager of the compliance team.</p>



## Control Objective 2 – Trading and Settlement

Controls provide reasonable assurance that client transactions are authorized and processed in a complete, accurate, and timely manner.

<b>Controls Specified by Wells Capital Management</b>
1. System access to input trades into Bloomberg and CRD is restricted to members of the trading and settlements team, and portfolio managers.
2. Bloomberg and CRD are configured to monitor trade compliance violations, by either reporting compliance violations, requesting compliance team overrides, or by disallowing the trade. The Compliance team monitors compliance queues on a daily basis and follows up on violations.
3. CRD and Bloomberg trades are confirmed with the broker prior to settlement date either by automated data feeds or by manual matching by the settlements team. Daily checklists are used for monitoring exceptions occurring as part of broker confirmation and custodian notification and are resolved in a timely manner prior to settlement.
4. Unconfirmed trades are reviewed by a settlements team member or manager on a daily basis.
5. CRD and Bloomberg failed trades are reviewed on a daily basis via FailStation. Aged fails are reported to management on a weekly basis.
6. Trade errors are corrected and documented in the trade error file and are reviewed by the Chief Operations Officer.
7. Cash and position data from the custodian is used to reconcile to accounting systems throughout the month. Exceptions are identified, researched, and resolved.

## Control Objective 3 – Corporate Actions

Controls provide reasonable assurance that corporate actions are processed completely, accurately, and in a timely manner in the portfolio accounting system.

<b>Controls Specified by Wells Capital Management</b>
1. Corporate Actions are centrally tracked by Portfolio Operations to ensure that corporate actions notices are appropriately processed, and action is taken in a timely manner. Custodial notifications of corporate actions are cross-checked for accuracy to primary and secondary vendors and to the accounting system to ensure impacted portfolios are appropriately considered.
2. Voluntary Corporate Actions are routed to the Portfolio Manager for instructions. Portfolio Managers are responsible for elections, and these elections are communicated to the custodian by Portfolio Operations prior to offer expiration.
3. Portfolio Operations uses checklists to ensure the required steps are followed for each voluntary corporate action event. Related postings to the accounting system are entered then verified by another team member.



## Control Objective 4 – Security Setup, Maintenance and Valuation

Controls provide reasonable assurance that new securities and changes to existing securities made to the Security Master File (SMF) are authorized and processed completely, accurately, and in a timely manner. Valuation, including securities, foreign exchange rates, and derivatives, is received from an authorized source and updated accurately, completely, and in a timely manner.

<b>Controls Specified by Wells Capital Management</b>
1. Daily reports are generated that identify securities not set up, missing or stale security prices as well as prices with material fluctuations from the prior business day or from the trade vs. market price, including handling for Derivatives and foreign currency rates. Exception items are researched and resolved. Portfolio Operations maintains a daily checklist to ensure the required steps are followed. The checklist is reviewed by a secondary reviewer.
2. Only pricing authorities approved by the pricing committee may be utilized.
3. On a monthly basis, a comprehensive review of hard to price securities is completed by the Portfolio Operations Manager and sent to the pricing committee. Quarterly, hard to price securities are reviewed in the Pricing Committee meeting.
4. New securities and changes to existing securities are maintained based on an automated feed from a third-party security master service provider. Any errors in the import of this security master data is worked on the reject report. Outages not cleared timely on the reject report are reflected in the reconciliations. Cash and position data from the custodian is used to reconcile to accounting systems throughout the month. Exceptions are identified, researched and resolved.



## Control Objective 5 – Reconciliations of Cash, Positions and Income

Controls provide reasonable assurance that security positions and cash reflected in the portfolio accounting system reconcile to actual positions and balances held by custodians and discrepancies are identified, researched, and resolved in a timely manner.

<b>Controls Specified by Wells Capital Management</b>
1. Cash and position data from the custodian is used to reconcile to accounting systems throughout the month. Exceptions are identified, researched, and resolved.
2. Monthly a packet is created that details any reconciliation breaks in cash or positions. The monthly packet is reviewed by a secondary reviewer.
3. For Bloomberg accounts, positions in the Bloomberg trading system are reconciled nightly to positions in the accounting systems. Any exceptions are identified, researched, and resolved.
4. Monthly a report with any reconciling items outstanding longer than 30 days is prepared by the Accounting Manager and sent to senior management.
5. Prior to producing statements, the Client Reporting team validates that account reconciliations, pricing checks, portfolio performance checks, and market value movement checks have been completed.

## Control Objective 6 – Client Reporting

Controls provide reasonable assurance that account statements reflect the correct holdings and market value, and are complete and accurate.

<b>Controls Specified by Wells Capital Management</b>
1. Prior to producing statements, the Client Reporting team validates that par and market value account reconciliations, pricing checks, portfolio performance checks, and market value movement checks have been completed.
2. If a PAM statement doesn't balance, it is systemically routed to the reconciling items issue folder. The Client Reporting team researches the issue and corrects the problem.
3. The Client Reporting team grants client access to Clearwater based on a written request from the Relationship Management team.
4. System access to add or delete user access to Clearwater portfolios is limited to authorized individuals within the Information Reporting and Client Administration teams.



### Control Objective 7 – Technology – Backups

Controls provide reasonable assurance that data is backed up, retained, and retrievable.

<b>Controls Specified by Wells Capital Management</b>
1. Backups are performed and replicated to an offsite location at a frequency schedule set up based on business requirements. Backup failures are reported, escalated, and resolved to successful completion.
2. The San Francisco Wells Capital Management I-Team performs full server backups on a daily basis. Backup failures are logged and communicated to the I-team for re-run or are held until the next scheduled backup.
3. San Francisco backup media is moved offsite (via Iron Mountain) for storage on a daily basis.
4. Physical access to backup media stored at an offsite location is restricted to those with a business need.
5. The quality of backup media and recovery procedures for in-scope systems are tested annually.

### Control Objective 8 – Technology – Computer Operations

Controls provide reasonable assurance that production programs needed to process batch and online transactions are valid and executed and monitored timely and to normal completion and that processing incidents are identified, tracked, recorded, and resolved in a complete, accurate and timely manner.

<b>Controls Specified by Wells Capital Management</b>
1. Key application and database level system processing jobs are monitored for completion by the I-Team in San Francisco, Menomonee Falls, and Boston.
2. Severity 1 and 2 incidents require immediate attention and are escalated to the EACO Availability Management team as needed based on impact to the business.
3. A daily SLA report is distributed to technology management. A daily problem report is distributed to the Head of Infrastructure for review and followed up as needed.



### Control Objective 9 – Technology – Change Management

Controls provide reasonable assurance that modifications and upgrades to applications, the network, hardware, and systems software are authorized, approved by management, tested, and implemented completely, accurately, and in a timely manner.

<b>Controls Specified by Wells Capital Management</b>
1. A risk-based Project Management Policy and Methodology is in place to support the System Development Lifecycle (SDLC) for new or changes to existing applications, systems, and infrastructure.
2. For large scale projects, the project manager is responsible for performing formal Business Requirements Definition (BRD) or equivalent definition and documentation of the business requirements, and for obtaining approval evidence from the project sponsor.
3. Access to promote code to production is restricted to authorized individuals based upon job responsibilities. Developers do not have access.
4. An enterprise technology change management policy and change management process is in place for new or changes to existing applications, systems, and infrastructure.
5. For new systems and significant changes made to production systems, test results are approved and validated by user acceptance testing. A Change Coordinator validates that the change meets business requirements prior to installation in production.

### Control Objective 10 – Technology – Information Security

Controls provide reasonable assurance that logical security tools and techniques are configured, administered, and monitored to enable restriction of access to programs, data and other information resources.

<b>Controls Specified by Wells Capital Management</b>
1. New user account requests and changes to existing system access are approved by the requestor's manager and the request is completed by the appropriate group.
2. Tivoli Identity Manager (TIM) automatically suspends users' Active Directory access based on the user's termination status in the Human Resources system of record.
3. The Business Owner reviews the termination and transfer reports quarterly against the application user list to ensure that the user is revoked as applicable, and that access is commensurate with business need.
4. Privileged accounts are restricted to authorized individuals and granted to individuals who require such access to support their assigned job function.
5. Passwords are configured to comply with corporate required standards and enforce password compliance.



### Control Objective 11 – Technology – Physical Access

Controls provide reasonable assurance that physical access restrictions are implemented and administered to ensure that only authorized individuals have the ability to access or use information resources.

Controls Specified by Wells Capital Management
1. Data centers have physical entry controls based on their facility classification that consist of the following categories: access, single person man trap, biometric, card reader.
2. Data center access requests are submitted by the requester's reporting manager and approved by an authorized signer for that location.
3. Terminated user access for data centers is removed based on management requests.
4. Data center access is certified on a quarterly basis.

### Control Objective 12 – Technology – Environmental

Controls provide reasonable assurance that information resources are protected against environmental hazards and related damage.

Controls Specified by Wells Capital Management
1. Security cameras are used to monitor entrances into and areas within the data center.
2. Data center rooms have environmental hazard protections including heat and smoke detectors, fire extinguishers, fire suppression systems, water detection, raised flooring and climate control. Periodic inspections are performed on key environmental units to ensure they remain in working condition.
3. Computer rooms are surge protected and have alternative power supply to prevent disruption of service. Periodic tests are performed on the alternate power supply units to ensure they remain in working condition.





# Florida Region

## Leadership

**Shelley Freeman, President,  
Florida Community Banking**

**Regional Presidents:**

- Scott Coble, North Florida
- Carl Miller, Greater Gulf Coast
- Frank Newman, South Florida
- Larisa Perry, Central Florida

- Greg Bronstein, Wealth Management
- Andre Brooks, Home Mortgage
- Paul Grube, Business Banking
- Howard Halle, Commercial Banking

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## Wells Fargo in Florida

- Banking Stores:** 666
- ATMs:** 939
- Team Members:** Approx 16,000
- Deposits:** \$ 64.3 billion\*
- Market Share:** #2 (15.64%)\*

\*Reported by FDIC as of June 30, 2011

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**Wells Fargo is Florida's #1 SBA lender, extending more than \$85 million in loans to small businesses in 2011\*.**

\*Reported by the Small Business Administration for fiscal year ended September 30, 2011

## Investing in Florida

Our commitment to the communities we serve is central to our Vision and Values. We strongly believe our company can only be successful if the communities we serve are also successful.

### In 2011:

- Wells Fargo invested more than **\$11 million** in support of more than 2,000 nonprofits and schools across Florida.
- Florida team members made individual contributions of **\$2.4 million** during the annual Community Support & United Way Campaign.
- Florida team members also logged more than **50,000** volunteer hours to nonprofits and schools in their communities.

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## About Wells Fargo

Wells Fargo & Company (NYSE: WFC) is a nationwide, diversified, community-based financial services company with \$1.3 trillion in assets. Founded in 1852 and headquartered in San Francisco, Wells Fargo provides banking, insurance, investments, mortgage, and consumer and commercial finance through more than 9,000 stores, 12,000 ATMs, the Internet (wellsfargo.com and wachovia.com), and other distribution channels across North America and internationally. With more than 270,000 team members, Wells Fargo serves one in three households in America. Wells Fargo & Company was ranked No. 23 on *Fortune's* 2011 rankings of America's largest corporations. Wells Fargo's vision is to satisfy all our customers' financial needs and help them succeed financially.

March, 2012

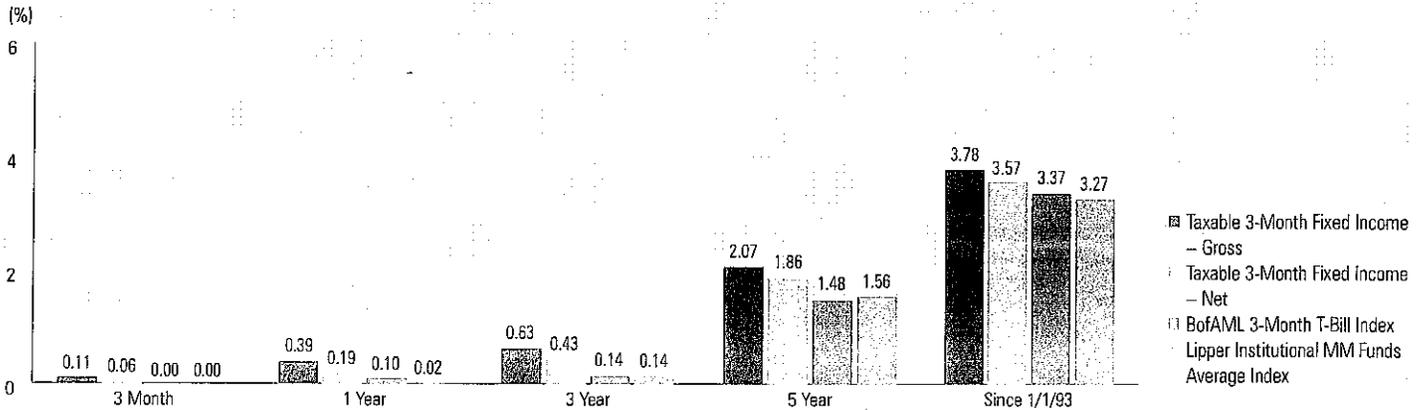
Together we'll go far





Investment Performance

Historical Returns



All returns greater than one year are annualized. Note: The GIPS compliant presentation is below.

Portfolio Characteristics\*

Sector Breakdown (% of Portfolio Assets)

	Target Duration	Effective Duration	Yield to Worst	Average Quality	Credit	Mortgage Backed	Asset Backed	Tsy	Govt Related <sup>1</sup>	Money Mkt Instruments <sup>2</sup>	Muni	Cash
Taxable 3-Month	0.25	0.43	0.30	AA+	20	0	0	18	33	6	0	23

\*This information is based on a representative account within the Taxable 3-Month Fixed Income composite. The representative account has been selected by meeting the following criteria: 1) the account is in the Taxable 3-Month Fixed Income composite. 2) Wells Capital Management represents that the holdings, characteristics and risk profile are representative of the strategy/style of the corresponding composite. Any changes to the representative account must be approved by the director of investment risk management. Source: Taxable portfolio characteristics calculated using security-level data compiled from Barclays Capital Point, Wilshire Axiom, and Bloomberg, in that order, based on data availability. All security-level data is subject to portfolio management team review and revision.

<sup>1</sup>Government Related includes US Agencies, GSE's, FDIC/TLGP and Foreign Government Guaranteed Debt.

<sup>2</sup>Money Market Instruments include Commercial Paper, Certificates of Deposit, Repurchase Agreements and other short-term money market like securities.

GIPS Compliant Presentation

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Gross Annual Returns (%)	2.30	1.35	1.35	3.28	5.16	5.14	3.38	1.00	0.51	0.39
Net Annual Returns (%)	2.10	1.14	1.14	3.07	4.95	4.93	3.17	0.80	0.31	0.19
Primary Index (%)	1.78	1.15	1.33	3.07	4.85	5.00	2.06	0.21	0.13	0.10
Secondary Index (%)	1.47	0.81	0.98	2.85	4.66	4.98	2.50	0.31	0.09	0.02
Composite 3 Yr Std Dev (%)	0.59	0.55	0.19	0.30	0.47	0.31	0.40	0.58	0.48	0.15
Primary Index 3 Yr Std Dev (%)	0.58	0.47	0.12	0.28	0.43	0.31	0.48	0.63	0.36	0.03
Secondary Index 3 Yr Std Dev (%)	0.58	0.43	0.11	0.29	0.44	0.29	0.34	0.55	0.34	0.05
Internal Dispersion (%)	n/a									
Number of Accounts	5	4	3	2	1	4	2	2	3	3
Composite Assets (\$mm)	\$372.3	\$287.0	\$161.1	\$442.9	\$309.8	\$301.6	\$334.1	\$194.1	\$407.2	\$414.5
Total Firm Assets (\$mm)	\$110,000	\$124,071	\$129,878	\$174,000	\$189,100	\$219,912	\$252,048	\$363,451	\$365,552	\$330,855

Primary and Secondary Index: BofAML 3 Month U.S. Treasury Bill Index and the Lipper Institutional Money Market Funds Average

1. Wells Capital Management ("WellsCap") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. WellsCap has been independently verified for the periods from January 1, 1999 through December 31, 2010. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

2. WellsCap is a registered investment adviser and a wholly owned subsidiary of Wells Fargo Bank, N.A. Since the firm's creation in 1996, the firm has acquired a number of investment teams and/or assets through mergers and acquisitions. These include assets and/or investment teams from Norwest Investment Management Inc., Sutter Advisors, LLC, Montgomery Asset Management, Benson Associates, Strong Financial Corporation, Evergreen Investments, First International Advisors, LLC, Metropolitan West Capital Management, LLC and EverKey Global Partners. In all cases, the investment teams involved in each acquisition and merger remain autonomous teams within WellsCap.

3. The Taxable 3 Month Fixed Income Composite ("Composite") includes all discretionary accounts over \$10 million managed to outperform the BofAML 3 Month U.S. Treasury Bill Index and the Lipper Institutional Money Market Funds Average. Individual securities typically have a maximum maturity between 12 and 18 months, with an approximate average duration of 3 months. The Composite was created in April 1999.

4. Composite returns are net of transaction costs and non-reclaimable withholding taxes, if any, are expressed in US dollars, and reflect the reinvestment of dividends and other earnings. A model fee is utilized for the net composite returns, which is the maximum annual advisory fee based upon the fee schedule in effect during each respective performance period. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. WellsCap's fee schedules are available upon request and may also be found in Part 2 of Form ADV. The published fee schedule for accounts with an initial balance less than \$100mm is 0.20% for the first \$25mm, 0.15% for the next \$50mm and 0.10% over \$75mm. For accounts with an initial balance greater than \$100mm the fee schedule is 0.10% for the first \$100mm and 0.08% over \$100mm. Additional information

regarding WellsCap's policies for valuing accounts, calculating performance and preparing compliant presentations are available upon request.

5. Internal dispersion is the equal weighted standard deviation of the annual gross returns of all accounts included in the composite for the entire year. For years where there are fewer than 5 accounts in the composite for the entire year, dispersion is not presented as it is not a meaningful statistical calculation.

6. The three-year annualized standard deviation measures the variability of the gross composite returns and the index returns over the preceding 36-month time period. The notation "n.a." (not available) will appear for periods, if any, where 36 monthly returns are not available for the composite and/or the index.

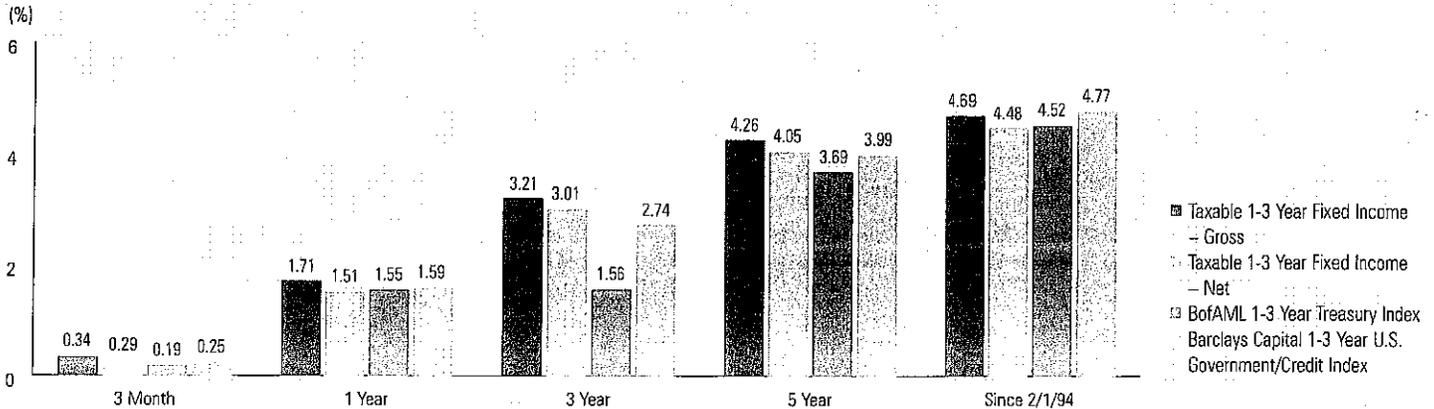
7. Index returns are provided to represent the investment environment existing during the time periods shown and are not covered by the report of independent verifiers. The BofAML 3 Month U.S. Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond 3 months from the rebalancing date. The Lipper Institutional Money Market Funds Average is an average of funds that invest in high quality financial instruments rated in top two grades with dollar-weighted average maturities of less than 90 days. Prior to January 1, 2004, the Lipper Money Market Funds Average was presented as the benchmark for the Composite, but was changed to the Lipper Institutional Money Market Funds Average to more appropriately compare institutional funds to institutional accounts included in the Composite. For comparison purposes, the index is fully invested, which includes the reinvestment of income. The returns for the index do not include any transaction costs, management fees or other costs.

8. Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and/or restrictions, inception date and other factors. Past performance is not indicative of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. Our registration as an Investment Adviser does not imply any level of skill or training. For a complete list of WellsCap composite descriptions, please see [https://www.wellscap.com/about/business\\_risk\\_compliance.html](https://www.wellscap.com/about/business_risk_compliance.html).

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**Investment Performance**

**Historical Returns**



All returns greater than one year are annualized. Note: The GIPS compliant presentation is below.

**Portfolio Characteristics\***

**Sector Breakdown (% of Portfolio Assets)**

	Target Duration	Effective Duration	Yield to Worst	Average Quality	Credit	Mortgage Backed	Asset Backed	Tsy	Govt Related <sup>1</sup>	Money Mkt Instruments <sup>2</sup>	Muni	Cash
<b>Taxable 1-3 Year</b>	1.75	1.68	1.20	AA	37	9	4	25	18	0	6	1

\*This information is based on a representative account within the Taxable 1-3 Year Fixed Income composite. The representative account has been selected by meeting the following criteria: 1) the account is in the Taxable 1-3 Year Fixed Income composite, 2) Wells Capital Management represents that the holdings, characteristics and risk profile are representative of the strategy/style of the corresponding composite. Any changes to the representative account must be approved by the director of investment risk management. Source: Taxable portfolio characteristics calculated using security-level data compiled from Barclays Capital Point, Wilshire Axiom, and Bloomberg, in that order, based on data availability. All security-level data is subject to portfolio management team review and revision.

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<sup>2</sup>Money Market Instruments include Commercial Paper, Certificates of Deposit, Repurchase Agreements and other short-term money market like securities.

**GIPS Compliant Presentation**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Gross Annual Returns (%)	6.12	2.42	1.18	1.98	4.66	6.38	5.32	5.18	2.79	1.71
Net Annual Returns (%)	5.91	2.21	0.98	1.78	4.45	6.16	5.11	4.97	2.58	1.51
Primary Index (%)	5.76	1.90	0.91	1.67	3.96	7.32	6.61	0.78	2.35	1.55
Secondary Index (%)	6.28	2.82	1.30	1.77	4.25	6.83	4.97	3.83	2.80	1.59
Composite 3 Yr Std Dev (%)	1.48	1.67	1.50	1.24	1.16	1.06	1.55	1.61	1.61	0.98
Primary Index 3 Yr Std Dev (%)	1.65	1.82	1.68	1.30	1.21	1.35	1.69	1.93	1.74	1.02
Secondary Index 3 Yr Std Dev (%)	1.61	1.82	1.74	1.46	1.28	1.22	1.69	1.77	1.68	0.99
Internal Dispersion (%)	0.36	0.07	0.09	n/a	n/a	n/a	n/a	n/a	n/a	0.07
Number of Accounts	6	6	9	4	2	3	2	4	7	6
Composite Assets (mm)	\$461.7	\$465.2	\$573.9	\$479.8	\$377.8	\$523.0	\$422.0	\$779.3	\$855.6	\$1,359.4
Total Firm Assets (mm)	\$110,000	\$124,071	\$129,878	\$174,000	\$189,100	\$219,912	\$252,048	\$383,451	\$385,552	\$330,855

Primary and Secondary Index: BofAML 1-3 Year U.S. Treasury Index and the Barclays Capital 1-3 Year U.S. Government/Credit Index

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2. WellsCap is a registered investment adviser and a wholly owned subsidiary of Wells Fargo Bank, N.A. Since the firm's creation in 1996, the firm has acquired a number of investment teams and/or assets through mergers and acquisitions. These include assets and/or investment teams from Norwest Investment Management Inc., Sutter Advisors, LLC, Montgomery Asset Management, Benson Associates, Strong Financial Corporation, Evergreen Investments, First International Advisors, LLC, Metropolitan West Capital Management, LLC and EverKey Global Partners. In all cases, the investment teams involved in each acquisition and merger remain autonomous teams within WellsCap.

3. The Taxable 1-3 Year Fixed Income Composite ("Composite") includes all discretionary accounts over \$10 million managed to outperform the BofAML 1-3 Year U.S. Treasury Index and the Barclays Capital 1-3 Year U.S. Government/Credit Index. Individual securities typically have a maximum maturity of 3 years, with an approximate average duration of 1.5 years. The Composite was created April 30, 1999.

4. Composite returns are net of transaction costs and non-reclaimable withholding taxes, if any, are expressed in US dollars, and reflect the reinvestment of dividends and other earnings. A model fee is utilized for the net composite returns, which is the maximum annual advisory fee based upon the fee schedule in effect during each respective performance period. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. WellsCap's fee schedules are available upon request and may also be found in Part 2 of Form ADV. The published fee schedule for accounts with an initial balance less than \$100mm is 0.20% for the first \$25mm, 0.15% for the next \$50mm and 0.10% over \$75mm. For accounts with an initial balance greater than \$100mm the fee schedule is 0.10% for the first \$100mm and 0.08% over \$100mm. Additional information

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6. The three-year annualized standard deviation measures the variability of the gross composite returns and the index returns over the preceding 36-month time period. The notation "n.a." (not available) will appear for periods, if any, where 36 monthly returns are not available for the composite and/or the index.

7. Index returns are provided to represent the investment environment existing during the time periods shown and are not covered by the report of independent verifiers. The BofAML 1-3 Year US Treasury Index is a subset of The BofAML US Treasury Index including all securities with a remaining term to final maturity less than 3 years. The BofAML US Treasury Index tracks the performance of US dollar denominated sovereign debt publicly issued by the US government in its domestic market. The Barclays Capital 1-3 Year U.S. Government/Credit Index is the 1-3 year component of the Barclays Capital U.S. Government/Credit Index. The Government Index includes treasuries and agencies (i.e., publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government). The Credit Index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements. For comparison purposes, the index is fully invested, which includes the reinvestment of income. The returns for the index do not include any transaction costs, management fees or other costs.

8. Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and/or restrictions, inception date and other factors. Past performance is not indicative of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. Our registration as an Investment Adviser does not imply any level of skill or training. For a complete list of WellsCap composite descriptions, please see [https://www.wellscap.com/about/business\\_risk\\_compliance.html](https://www.wellscap.com/about/business_risk_compliance.html).

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# WELLS CAPITAL MANAGEMENT

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WC-Liquidity Demo 1

20469500

**Begin Date**  
**End Date**

7/1/2011  
9/30/2011

The information contained in this report represents estimated trade date investment calculations provided via Clearwater Analytics for Wells Capital Management clients. Certain calculations may not be available for all time periods. Please refer to your custody statement for official portfolio holdings and transactions. Note that certain accounting methods may cause differences between this investment report and your custody statement.

**Table of Contents (WC-Liquidity Demo 1)**

7/1/2011 - 9/30/2011

Dated: 10/4/2011

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<b>Perf Summary TotIdxExc GrossOfFees</b>	<b>4</b>
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# Risk Summary (WC-Liquidity Demo 1)

9/30/2011

Dated: 10/4/2011

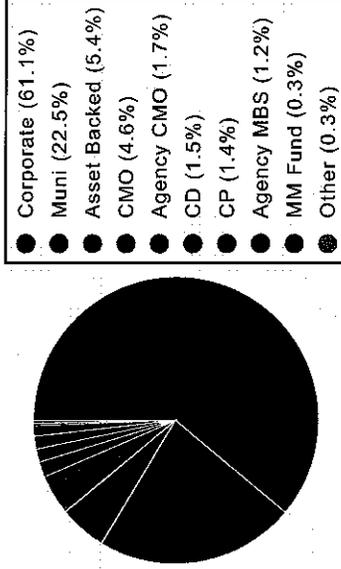
## Summary

Cash	680,935.89
Fixed Income	137,385,642.58
Duration	1.315
Convexity	—
Weighted Avg Life	2.238
Weighted Avg Maturity	3.230
Weighted Avg Eff Maturity	1.660
Yield	1.661%
Purchase Yield	2.292%
Avg Credit Rating	A+/A1/A+

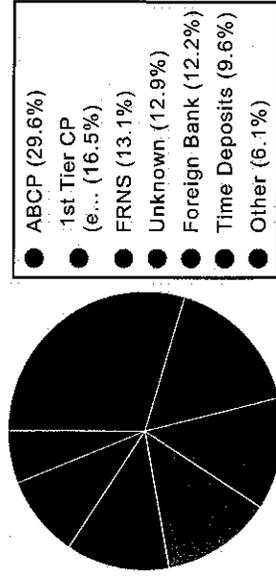
## Issuer Concentration

H M Government Cabinet Office	3.5%
California, State of	3.1%
HSBC Holdings plc	2.9%
Capital One Multi-Asset Execution...	2.4%
General Electric Company	2.4%
Macquarie Group Limited	1.9%
New York State Urban Development ...	1.8%
JPMorgan Chase & Co.	1.7%
Other	80.3%

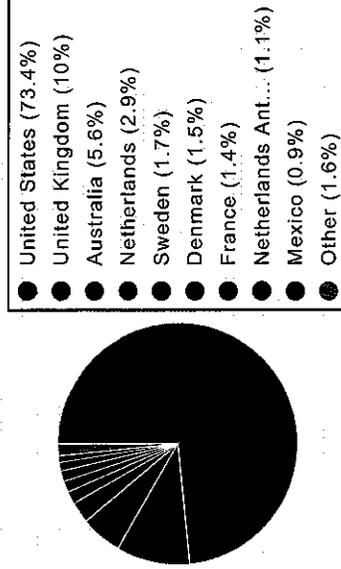
## Security Type



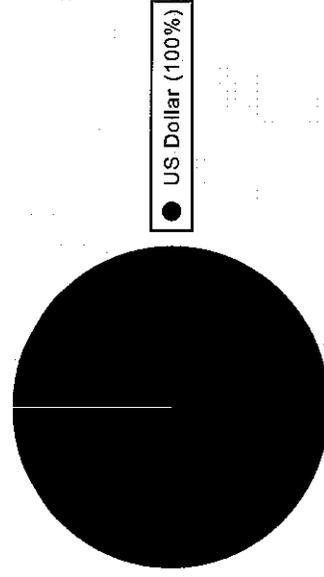
## MMF Asset Allocation

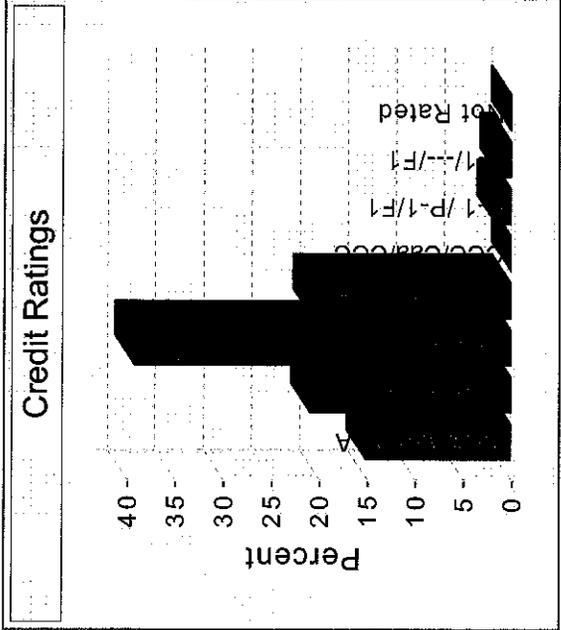
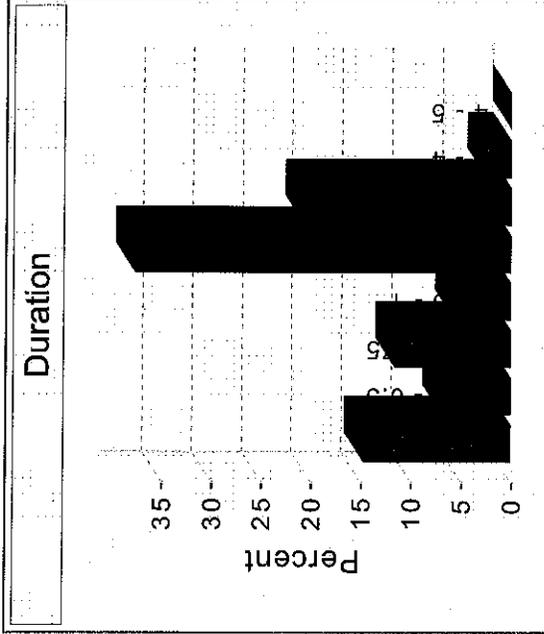
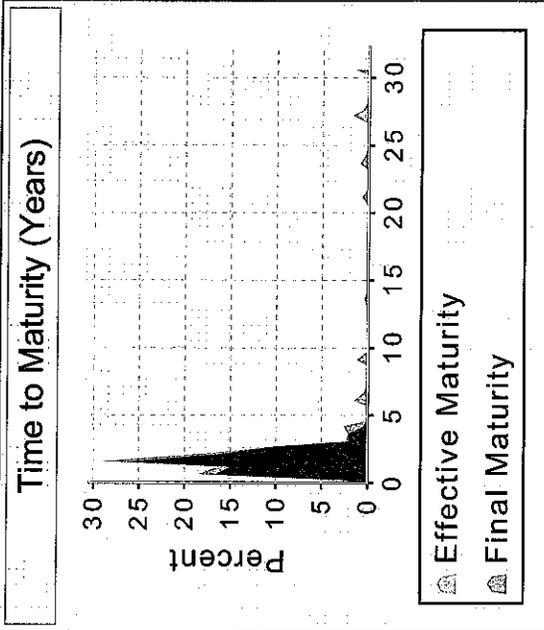
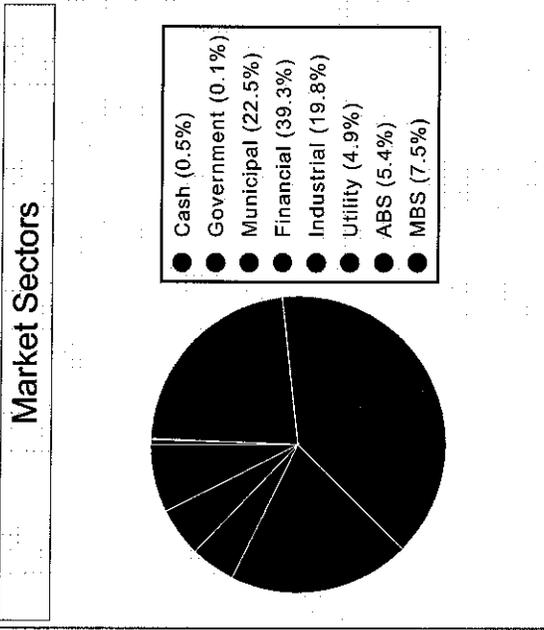


## Country



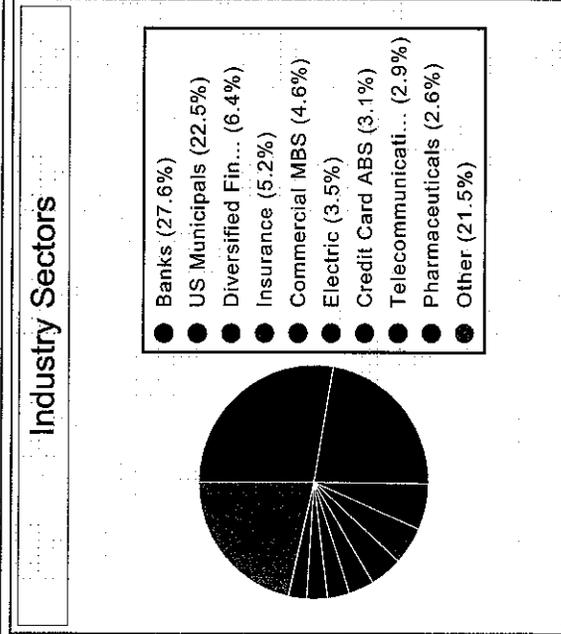
## Currency





### Credit Duration

	0.0-0.25	0.25-0.5	0.5-0.75	0.75-1.0	1.0-1.25	1.25-1.5	1.5-1.75	1.75-2.0	2.0-2.25	2.25-2.5	2.5-2.75	2.75-3.0	3.0-3.25	3.25-3.5	3.5-3.75	3.75-4.0	4.0-4.25	4.25-4.5	
AAA	2.2	1.2	4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AA	1.9	1.1	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
A	8.1	2.6	5.0	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BBB	2.3	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BB	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CCC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NA	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

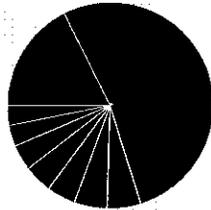


# Risk Summary (WC-Liquidity Demo 1)

9/30/2011

Dated: 10/4/2011

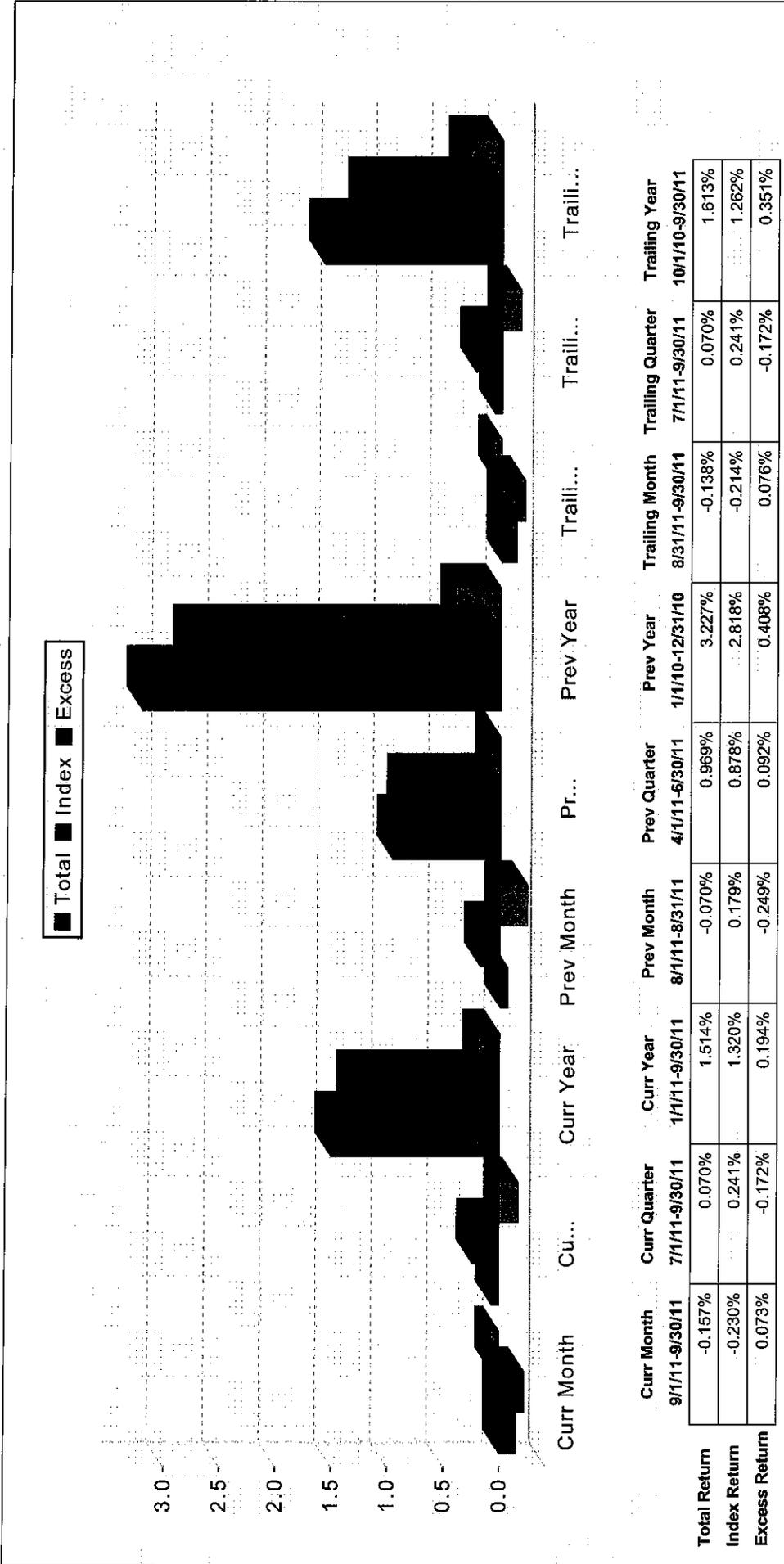
## Industry Subsectors



- Commer Banks No... (15.4%)
- Other (46.1%)
- Diversified Ban... (4.7%)
- CMBS Other (4.6%)
- Super-Regional ... (4%)
- General Obligat... (3.9%)
- Electric-Integr... (3.5%)
- Utilities (2.9%)
- Finance-Invest ... (2.7%)

Summary Performance (WC-Liquidity Demo 1)  
9/30/2011

Dated: 10/4/2011



Index: ML 1-3 Year US Gov/Corp (B1A0)

Gross of Fees (includes trading expenses)

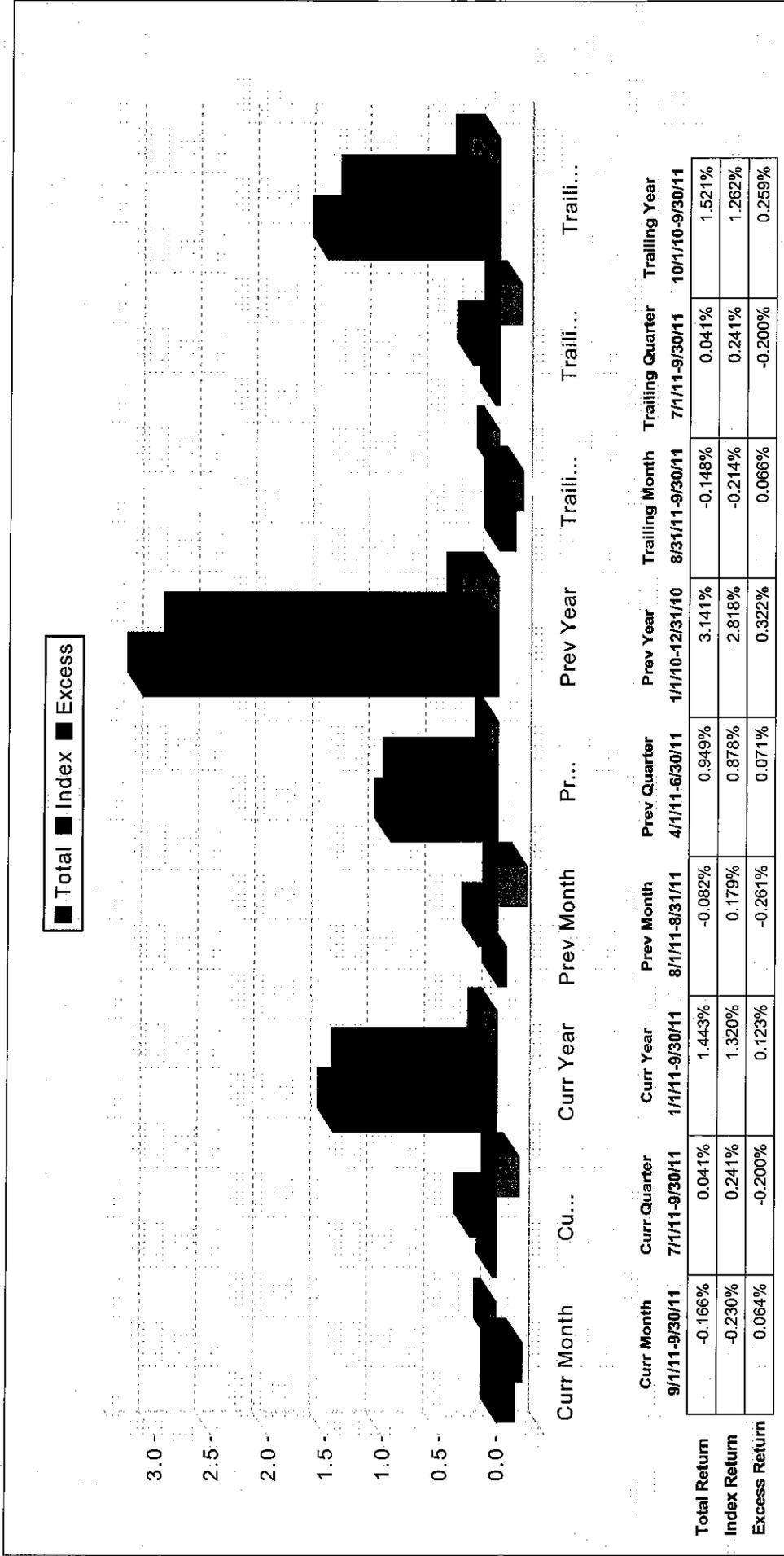
Returns are actual and have not been annualized.



Summary Performance (WC-Liquidity Demo 1)

9/30/2011

Dated: 10/4/2011



Index: ML 1-3 Year US Gov/Corp (B1A0)  
 Net of Fees (includes management and trading)  
 Returns are actual and have not been annualized.



# Financials (WC-Liquidity Demo 1)

7/1/2011 - 9/30/2011

Dated: 10/4/2011

## Balance Sheet

WC-Liquidity Demo 1

As of:	6/30/2011	9/30/2011
Original Cost	236,980,554.58	137,283,694.82
Amortization/Accretion	-805,094.55	-770,844.97
Realized Impairment Loss	0.00	0.00
Amortized Cost	236,175,460.03	136,512,849.84
Accrued Interest	1,166,414.56	900,860.58
Ending Book Value	237,341,874.59	137,413,710.43
Unrealized Gain	2,374,384.48	1,099,576.77
Unrealized Loss	-12,296.69	-465,425.99
Net Unrealized Gain/Loss	2,362,087.80	634,150.78
Total Market Value	239,703,962.38	138,047,861.20

## Income Statement

Begin Date: 7/1/2011  
End Date: 9/30/2011

Net Transfers In/Out	-100,859,204.46
Amortization/Accretion	-353,063.84
Interest Income	1,229,613.78
Dividend Income	0.00
Other Income	134,062.50
Income Subtotal	1,363,676.28
Realized Gain	50,703.47
Realized Loss	-827.69
Realized Impairment Loss	0.00
Net Realized Gain/Loss	49,875.78
Expenses	-129,447.92
Net Income	931,040.30

## Statement of Cash Flows

Begin Date: 7/1/2011  
End Date: 9/30/2011

Net Income	931,040.30
Amortization/Accretion	353,063.84
Change in MV on CE Securities	-0.92
Change in Accrued	-77,383.98
Net Gain/Loss	-49,875.78
Balance Sheet Reclassifications	0.00
Non Cash Adjustments	225,793.16
Purchases of Marketable Securities	-12,485,463.60
Purchased Accrued of Marketable Securities	-59,791.93
Sales of Marketable Securities	11,804,133.02
Sold Accrued of Marketable Securities	16,217.77
Maturities of Marketable Securities	1,000,000.00
Net Purchases/Sales	275,095.26
Transfers of Cash & Cash Equivalents	-567,993.77
Net Change in Cash & Cash Equivalents	863,934.95
Beginning Cash & Cash Equivalents	16,997.74
Ending Cash & Cash Equivalents	880,932.69

# Income Detail (WC-Liquidity Demo 1)

7/1/2011 - 9/30/2011

Dated: 10/4/2011

Cusip/SIN	Curr Face	Description	Coupon	Maturity	Eff Maturity	Net Transfers	Net Realized G/L	Amortization/Accretion	Income	Expenses	Net Income	Settle Date
0000TUZ1	-20.00	US 2YR NOTE				0.00	0.00	0.00	16,250.00	-12,510.50	3,739.50	08/24/2011
0000TUZ1	-150.00	US 2YR NOTE				0.00	0.00	0.00	112,500.00	-70,312.50	42,187.50	08/26/2011
0010EOAB2	1,000,000.00	AEP TEXAS NORTH COMPANY	5.500	03/01/2013	03/01/2013	0.00	0.00	-6,081.05	7,944.44	0.00	1,863.39	08/08/2011
00182EAL3	2,000,000.00	ANZ NATIONAL (INTL) LTD	2.375	12/21/2012	12/21/2012	0.00	0.00	208.37	11,875.00	0.00	12,083.37	12/22/2009
00279HXS0	2,000,000.00	Abbey National Treasury Services PLC	1.553	04/25/2013	04/25/2013	0.00	0.00	0.00	7,963.89	0.00	7,963.89	04/28/2011
00432CCD1	329,852.44	ACCSS 2005-1 A1	0.435	06/22/2018	12/22/2011	0.00	0.00	642.08	432.98	0.00	1,075.06	02/10/2010
00848UAF8	1,000,000.00	AGILENT TECHNOLOGIES INC	2.500	07/15/2013	07/15/2013	0.00	0.00	156.00	6,250.00	0.00	6,406.00	07/20/2010
011112AV1	750,000.00	ALAMEDA PENSION CAB-B	0.000	12/01/2014	12/01/2014	0.00	0.00	4,149.01	0.00	0.00	4,149.01	07/27/2011
02364WAH8	1,100,000.00	AMERICA MOVIL SAB DE CV	5.750	01/15/2015	01/15/2015	0.00	0.00	-7,676.73	15,812.50	0.00	8,135.77	04/15/2011
02666QJ53	1,275,000.00	AMERICAN HONDA FINANCE	1.850	09/19/2014	09/19/2014	0.00	0.00	5.89	720.73	0.00	726.62	09/20/2011
03523TAL2	1,000,000.00	AMHEUSER-BUSCH INBEV WOR	3.000	10/15/2012	10/15/2012	-504,796.12	0.00	156.11	9,416.67	0.00	9,572.78	02/05/2010
05333ZAH5	850,000.00	AUTOZONE INC	6.500	01/15/2014	01/15/2014	0.00	0.00	-8,007.77	13,812.50	0.00	4,804.73	10/12/2010
06423AAS2	800,000.00	BANK ONE CORP	5.250	01/30/2013	01/30/2013	0.00	0.00	-6,454.80	10,500.00	0.00	4,045.20	08/31/2010
06423AAS2	1,500,000.00	BANK ONE CORP	5.250	01/30/2013	01/30/2013	0.00	0.00	-12,263.71	19,687.50	0.00	7,423.79	08/31/2010
067901AC2	0.00	BARRICK GOLD CORP	1.750	05/30/2014	05/30/2014	-1,404,369.78	0.00	88.71	3,859.72	0.00	3,948.43	06/01/2011
067901AE8	750,000.00	BARRICK GOLD CORP	1.750	05/30/2014	05/30/2014	752,887.45	0.00	19.58	875.00	0.00	894.58	06/01/2011
084670AY4	2,000,000.00	BERKSHIRE HATHAWAY INC	0.708	12/11/2013	02/11/2013	-1,002,963.28	0.00	-1,208.17	4,502.31	0.00	3,294.14	08/31/2010
12489WQD9	217,311.92	CBASS 2005-CB8 AF2	5.303	12/25/2035	10/14/2015	0.00	0.00	106.94	2,950.00	0.00	3,056.95	01/23/2007
12513EAF1	1,025,511.69	CD 2005-CD1 ASB	5.398	07/15/2044	08/26/2013	0.00	-0.00	-7,782.05	13,927.36	0.00	6,145.31	05/02/2011
129408GD9	1,000,000.00	CSX CORP	5.500	08/01/2013	08/01/2013	0.00	0.00	-9,289.68	13,750.00	0.00	4,460.32	01/31/2011
13063ASF7	1,380,000.00	CA TXB-VAR PURP 3	5.650	04/01/2013	04/01/2013	0.00	0.00	-11,696.92	17,110.08	0.00	5,413.16	07/12/2011
13063AF75	550,000.00	CA ST	4.850	10/01/2014	10/01/2014	0.00	0.00	-2,578.37	5,853.68	0.00	3,275.31	07/12/2011
14040HAW5	1,000,000.00	CAPITAL ONE FINANCIAL CO	1.400	07/15/2014	07/15/2014	0.00	0.00	0.00	2,877.26	0.00	2,877.26	07/19/2011
14041NED9	1,275,000.00	COMET 2008-A3 A3	5.050	02/15/2016	04/15/2013	0.00	0.00	-12,282.22	16,096.87	0.00	3,814.65	03/07/2011
14041NED9	1,825,000.00	COMET 2008-A3 A3	5.050	02/15/2016	04/15/2013	0.00	0.00	-17,495.26	23,040.62	0.00	5,545.36	03/07/2011
167505NL6	500,000.00	CHICAGO BOE-TAXABLE	2.771	12/01/2013	12/01/2013	0.00	0.00	0.00	3,463.75	0.00	3,463.75	11/02/2010
172967FE6	750,000.00	CITIGROUP INC	6.000	12/13/2013	12/13/2013	0.00	0.00	-5,637.21	11,250.00	0.00	5,612.79	12/14/2010
172967FE6	800,000.00	CITIGROUP INC	6.000	12/13/2013	12/13/2013	0.00	0.00	-6,584.86	12,000.00	0.00	5,415.14	01/25/2011
172967FE6	500,000.00	CITIGROUP INC	6.000	12/13/2013	12/13/2013	0.00	0.00	-4,455.40	7,500.00	0.00	3,044.60	06/14/2011
2027A0BU2	1,700,000.00	COMMONWEALTH BANK AUST	5.000	11/06/2012	11/06/2012	0.00	0.00	203.14	21,250.00	0.00	21,046.86	11/20/2009
22546QAH0	2,000,000.00	CREDIT SUISSE NEW YORK	2.200	01/14/2014	01/14/2014	0.00	0.00	0.00	11,000.00	0.00	11,000.00	01/14/2011
232263GP2	2,250,000.00	CUYAHOGE ECON-TXB-G	2.410	12/01/2013	12/01/2013	0.00	0.00	0.00	13,556.25	0.00	13,556.25	12/16/2010
233331AP2	1,200,000.00	DTE ENERGY COMPANY	1.031	06/03/2013	06/03/2013	0.00	0.00	0.00	2,991.63	0.00	2,991.63	05/26/2011
23636UAA5	2,000,000.00	DANSKE BANK A/S	2.500	05/10/2012	05/10/2012	0.00	0.00	258.83	12,500.00	0.00	12,758.83	06/30/2009
24702RAN1	475,000.00	DELL INC	2.100	04/01/2014	04/01/2014	0.00	0.00	13.96	2,493.75	0.00	2,507.71	04/01/2011
24702RAN1	1,100,000.00	DELL INC	2.100	04/01/2014	04/01/2014	0.00	0.00	5.54	5,775.00	0.00	5,780.54	04/01/2011
25478FLC0	1,515,000.00	DC-TXB-A-BABS	2.585	06/01/2013	06/01/2013	0.00	0.00	0.00	9,790.89	0.00	9,790.89	12/22/2010
260543BZ5	1,000,000.00	DOW CHEMICAL CO/THE	4.850	08/15/2012	08/15/2012	-800,175.99	0.00	17.61	17,082.78	0.00	17,100.39	08/07/2009
26138EAL3	1,000,000.00	DR PEPPER SNAPPLE GROUP	2.350	12/21/2012	12/21/2012	-1,003,489.46	0.00	46.93	8,877.78	0.00	8,924.70	12/21/2009
26884TAB8	1,250,000.00	ERAC USA FINANCE COMPANY	2.750	07/01/2013	07/01/2013	0.00	0.00	-1,852.99	8,593.75	0.00	6,740.76	01/16/2011



Income Detail (WC-Liquidity Demo 1)  
7/1/2011 - 9/30/2011

Dated: 10/4/2011

Cusip/SIN	Curr Face	Description	Coupon	Maturity	Eff Maturity	Net Transfers	Net Realized C/L	Amortization/ Accretion	Income	Expenses	Net Income	Settle Date
28148XAP6	0.00	EDL FDG VAR-TXB-LN-A1	0.504	09/02/2013	09/02/2013	0.00	0.00	756.73	73.11	0.00	829.84	01/15/2010
31355G0AK9	0.00	FANNIE MAE	0.750	02/26/2013	02/26/2013	-10,081,607.26	0.00	-3,866.13	9,583.33	0.00	5,717.20	06/17/2011
31355G0AP8	0.00	FANNIE MAE	1.250	02/27/2014	02/27/2014	-6,033,190.73	0.00	113.10	9,583.33	0.00	9,696.43	02/07/2011
3137EAC56	0.00	FREDDIE MAC	0.750	03/28/2013	03/28/2013	-15,114,579.64	0.00	-5,676.88	14,375.00	0.00	8,698.12	06/17/2011
31392GTT2	0.00	FNR 2002-94 BH	5.500	04/25/2017	04/01/2017	0.00	0.00	-90.95	541.36	0.00	450.41	11/03/2008
31392J7F0	131,913.28	FNR 2003-23 AS	5.000	03/25/2017	11/23/2011	0.00	-0.00	-191.33	2,179.18	0.00	1,987.85	08/11/2008
31394WAR9	1,787,176.00	FHR 2786 JA	4.500	03/15/2018	05/02/2012	0.00	0.00	-10,069.55	21,526.36	0.00	11,456.80	06/15/2009
31395M5M7	412,129.32	FHR 2939 DJ	5.500	04/15/2025	01/12/2012	0.00	0.00	-1,546.83	7,506.01	0.00	5,959.19	11/03/2008
31398A3Z3	0.00	FANNIE MAE	0.800	09/27/2012	09/27/2012	-3,511,380.33	0.00	-563.36	3,577.78	0.00	3,014.42	09/27/2010
31398AHZ8	0.00	FANNIE MAE	4.750	11/19/2012	11/19/2012	-8,447,093.00	0.00	-36,190.42	48,555.56	0.00	12,365.14	06/07/2010
31398AN57	0.00	FANNIE MAE	2.000	04/19/2013	10/19/2011	-2,016,847.47	0.00	-2,787.45	5,111.11	0.00	2,323.67	07/14/2010
31416XHF0	1,505,435.52	FN AB2029	4.000	01/01/2021	09/30/2013	0.00	0.00	-5,766.26	15,322.85	0.00	9,556.59	01/31/2011
36828QDN3	2,025,000.00	GECMC 2004-C1 A3	4.596	11/10/2038	08/02/2013	0.00	0.00	-8,331.05	17,062.65	0.00	8,731.60	07/25/2011
36828QXR6	257,430.36	GECMC 2006-C1 AAB	5.510	03/10/2044	09/29/2013	0.00	-0.00	-1,974.48	3,598.35	0.00	1,623.87	05/02/2011
36828QXR6	373,274.02	GECMC 2006-C1 AAB	5.510	03/10/2044	09/29/2013	0.00	-0.00	-2,998.17	5,217.61	0.00	2,219.44	05/02/2011
36962GGH4	500,000.00	GENERAL ELEC CAP CORP	2.800	01/08/2013	01/08/2013	0.00	0.00	64.14	3,500.00	0.00	3,564.14	01/08/2010
38122NA05	2,000,000.00	GOLDEN ST TOB SEC-A1	6.750	06/01/2013	06/01/2013	0.00	0.00	-27,839.48	33,750.00	0.00	5,910.52	11/22/2010
391164AD2	800,000.00	GREAT PLAINS ENERGY INC	2.750	09/15/2013	09/15/2013	0.00	0.00	30.83	5,500.00	0.00	5,530.83	08/13/2010
40429CCW0	2,000,000.00	HSBC FINANCE CORP	0.697	09/14/2012	09/14/2012	0.00	0.00	6,690.03	3,140.32	0.00	9,830.34	08/18/2010
40430XAC7	273,209.86	HFCHC 2006-3 A2F	5.660	03/20/2036	01/02/2012	0.00	-0.00	0.71	4,824.60	0.00	4,825.31	10/26/2006
428236BN2	0.00	HEWLETT-PACKARD CO	2.350	03/15/2015	03/15/2015	0.00	3,068.33	0.17	62.01	0.00	3,130.51	09/19/2011
428236BS1	1,000,000.00	HEWLETT-PACKARD CO	1.900	09/19/2014	09/19/2014	0.00	0.00	-32.62	580.66	0.00	548.04	09/20/2011
428236BS1	350,000.00	HEWLETT-PACKARD CO	1.900	09/19/2014	09/19/2014	0.00	0.00	-8.51	184.74	0.00	176.23	09/21/2011
44328MAJ3	2,000,000.00	HSBC BANK PLC	2.000	01/19/2014	01/19/2014	0.00	0.00	151.09	10,000.00	0.00	10,151.09	01/19/2011
449786AN2	2,000,000.00	ING BANK NV	1.737	06/09/2014	06/09/2014	0.00	0.00	0.00	8,543.99	0.00	8,543.99	06/09/2011
452152HP9	1,700,000.00	IL ST	4.026	03/01/2014	03/01/2014	0.00	0.00	0.00	17,110.50	0.00	17,110.50	03/10/2011
456866AS1	1,000,000.00	INGERSOLL-RAND PLC	4.750	05/15/2015	05/15/2015	0.00	0.00	-4,237.23	11,875.00	0.00	7,637.77	09/29/2010
472319AD4	95,000.00	JEFFERIES GROUP INC	5.875	06/08/2014	06/08/2014	0.00	0.00	-612.13	1,395.31	0.00	783.18	11/05/2010
472319AD4	146,000.00	JEFFERIES GROUP INC	5.875	06/08/2014	06/08/2014	0.00	0.00	-943.01	2,144.38	0.00	1,201.37	11/05/2010
472319AD4	859,000.00	JEFFERIES GROUP INC	5.875	06/08/2014	06/08/2014	0.00	0.00	-5,683.26	12,616.56	0.00	6,933.30	11/05/2010
48327WAC6	1,000,000.00	KEY BANK NA	5.500	09/17/2012	09/17/2012	0.00	0.00	-5,414.83	13,750.00	0.00	8,335.17	03/12/2010
50075NAB0	194,000.00	KRAFT FOODS INC	5.625	11/01/2011	11/01/2011	0.00	0.00	-695.90	2,728.12	0.00	2,032.22	03/25/2009
52108HJM4	660,000.00	LBUBS 2003-C7 A4	4.931	09/15/2035	07/26/2013	0.00	0.00	-4,221.45	8,136.16	0.00	3,914.71	03/14/2011
52108HJM4	330,000.00	LBUBS 2003-C7 A4	4.931	09/15/2035	07/26/2013	0.00	0.00	-2,175.12	4,068.08	0.00	1,892.96	03/15/2011
52108HJM1	708,000.00	LBUBS 2003-C8 A4	5.124	11/15/2032	08/07/2013	0.00	0.00	-4,476.81	9,069.48	0.00	4,592.67	03/08/2011
539473AK4	2,000,000.00	LLOYDS TSB BANK PLC	2.603	01/24/2014	01/24/2014	0.00	0.00	0.00	13,331.89	0.00	13,331.89	01/25/2011
55607EAD2	1,500,000.00	MACQUARIE BANK LTD	2.600	01/20/2012	01/20/2012	0.00	14,970.00	0.00	13,866.66	0.00	28,836.66	01/20/2009
55608JAA6	1,000,000.00	MACQUARIE GROUP LTD	7.300	08/01/2014	08/01/2014	0.00	0.00	-6,981.22	18,250.00	0.00	11,268.78	01/12/2011
59023BAD6	615,951.00	MLMT 2006-C1 ASB	5.855	05/12/2039	11/05/2013	0.00	-0.00	-5,555.06	9,194.86	0.00	3,639.80	06/15/2011
61747WAD1	1,520,000.00	MORGAN STANLEY	2.875	01/24/2014	01/24/2014	0.00	0.00	185.18	10,925.00	0.00	11,110.18	01/25/2011



# Income Detail (WC-Liquidity Demo 1)

7/1/2011 - 9/30/2011

Dated: 10/4/2011

Cusip/ISIN	Curr Face	Description	Coupon	Maturity	Eff Maturity	Net Transfers	Net Realized G/L	Amortization/ Accretion	Income	Expenses	Net Income	Settle Date
6174YDC6	850,000.00	MORGAN STANLEY	1.233	04/29/2013	04/29/2013	0.00	0.00	0.00	2,691.51	0.00	2,691.51	04/29/2011
82875UAM7	0.00	NBC UNIVERSAL	2.100	04/01/2014	04/01/2014	-1,259,940.66	0.00	6.25	3,500.00	0.00	3,506.25	10/04/2010
639466AA8	1,250,000.00	CMCSA 2.100 04/01/14	2.100	04/01/2014	04/01/2014	1,259,940.66	0.00	5.48	3,062.50	0.00	3,067.98	10/04/2010
845918YG2	2,000,000.00	NJ ECON DEV AUTH	1.347	06/15/2013	06/15/2013	-2,004,364.50	0.00	0.00	9,708.27	0.00	9,708.27	05/17/2010
64952WAS2	2,000,000.00	NEW YORK LIFE GLOBAL FDG	2.250	12/14/2012	12/14/2012	0.00	0.00	449.25	11,250.00	0.00	11,699.25	10/16/2009
650035UW6	2,450,000.00	NYS URBAN-TXB-ST PERS	2.028	12/15/2013	12/15/2013	0.00	0.00	0.00	12,421.50	0.00	12,421.50	12/08/2010
65475GAB9	1,655,661.60	NALIT 2010-B A2	0.900	05/15/2013	02/04/2012	0.00	-0.00	25.74	4,254.51	0.00	4,280.25	11/17/2010
65557AAA5	2,200,000.00	NORDEA BANK AB	5.250	11/30/2012	11/30/2012	0.00	0.00	0.00	14,188.31	0.00	14,188.31	04/28/2011
66286WHH2	2,325,000.00	N TX TWY-A-TXB-BANS	2.441	09/01/2013	09/01/2013	0.00	0.00	0.00	13,593.75	0.00	13,593.75	09/23/2010
664397AE6	750,000.00	NORTHEAST UTILITIES	7.250	04/01/2012	04/01/2012	0.00	0.00	-8,781.62	3,812.13	0.00	3,812.13	09/23/2010
664845DD3	2,000,000.00	NTHRN CA PWR-SER B	2.750	07/01/2012	07/01/2012	0.00	0.00	-362.15	13,750.00	0.00	13,387.85	04/05/2010
677525TG2	1,800,000.00	OH AIR QULTY-D	4.750	08/01/2012	08/01/2012	0.00	0.00	-11,051.00	21,375.00	0.00	10,324.00	03/18/2011
6823JAB0	390,000.00	ONCOR ELECTRIC DELIVERY	5.950	09/01/2013	09/01/2013	0.00	0.00	-3,906.98	5,801.25	0.00	1,894.27	03/15/2011
6823JAB0	560,000.00	ONCOR ELECTRIC DELIVERY	5.950	09/01/2013	09/01/2013	0.00	0.00	-5,633.46	8,330.00	0.00	2,696.54	03/15/2011
68603CB3	2,000,000.00	OR SCH BRDS-A-PENSION	0.000	06/30/2012	06/30/2012	-975,100.84	0.00	18,087.13	0.00	0.00	18,087.13	12/14/2009
70659PAB7	1,000,000.00	PENAR 2011-1A A1	0.880	05/18/2015	05/18/2015	0.00	0.00	0.00	2,179.74	0.00	2,179.74	06/08/2011
72650RAV4	575,000.00	PLAINS ALL AMER PIPELINE	4.250	09/01/2012	09/01/2012	0.00	0.00	92.20	6,109.38	0.00	6,201.58	07/23/2009
74432QAB1	1,150,000.00	PRUDENTIAL FINANCIAL INC	4.500	07/15/2013	07/15/2013	0.00	0.00	-7,638.92	12,937.50	0.00	5,298.58	05/03/2011
7443MZH17	2,000,000.00	Prudential Public Limited Company	0.000	08/01/2012	08/01/2012	0.00	0.00	2,973.89	0.00	0.00	2,973.89	08/09/2011
74834LAT7	790,000.00	QUEST DIAGNOSTIC INC	1.208	03/24/2014	03/24/2014	-751,232.44	0.00	0.00	3,301.66	0.00	3,301.66	03/24/2011
74913GAN5	1,000,000.00	QWEST CORP	3.597	06/15/2013	06/15/2013	0.00	0.00	-1,905.46	8,981.27	0.00	7,075.82	08/24/2010
74971VAA9	601,812.21	RSBBC 2007-A A1	5.470	10/01/2014	06/11/2012	0.00	0.00	5.21	8,229.78	0.00	8,234.99	06/29/2007
759911ST6	1,500,000.00	IL REGL TRANSP AUTH	2.843	07/01/2012	07/01/2012	0.00	0.00	0.00	10,661.25	0.00	10,661.25	07/28/2010
760759AC4	0.00	REPUBLIC SERVICES INC	6.750	08/15/2011	08/15/2011	0.00	0.00	480.26	8,250.00	0.00	8,730.26	01/20/2009
776696AB2	50,000.00	ROPER INDUSTRIES INC	6.625	08/15/2013	08/15/2013	0.00	0.00	-814.91	828.13	0.00	213.21	05/03/2011
776696AB2	965,000.00	ROPER INDUSTRIES INC	6.625	08/15/2013	08/15/2013	0.00	0.00	-12,191.92	16,314.07	0.00	4,122.15	05/03/2011
78010XAD3	1,706,000.00	ROYAL BK OF SCOTLAND PLC	3.400	08/23/2013	08/23/2013	0.00	-414.46	91.03	17,055.54	0.00	16,732.11	08/24/2010
78011CAC0	3,000,000.00	ROYAL BK OF SCOTLAND PLC	2.625	05/11/2012	05/11/2012	0.00	0.00	22.68	19,687.50	0.00	19,710.18	05/12/2009
79765A3J8	1,100,000.00	SAN FRANCISCO ARPT-E	1.869	05/01/2012	05/01/2012	0.00	0.00	0.00	5,139.75	0.00	5,139.75	04/07/2010
79765A3J8	400,000.00	SAN FRANCISCO ARPT-E	1.869	05/01/2012	05/01/2012	0.00	0.00	0.00	1,869.00	0.00	1,869.00	04/07/2010
80109NAE5	1,950,000.00	SANOFI	0.563	03/28/2013	03/28/2013	0.00	0.00	0.00	2,242.75	0.00	2,242.75	03/29/2011
837151AL3	1,945,000.00	SC PUB SVC-A-TXBL	0.722	07/01/2013	01/01/2013	0.00	0.00	0.00	3,471.50	0.00	3,471.50	06/23/2011
88166DAB2	1,560,000.00	TEVA PHARM FIN III	0.853	03/21/2014	03/21/2014	0.00	0.00	0.00	3,055.47	0.00	3,055.47	03/21/2011
90261XGF3	1,500,000.00	UBS AG STAMFORD CT	2.250	08/12/2013	08/12/2013	0.00	0.00	163.69	8,437.50	0.00	8,601.19	08/12/2010
90261XGF3	500,000.00	UBS AG STAMFORD CT	2.250	08/12/2013	08/12/2013	0.00	0.00	-512.83	2,812.50	0.00	2,299.67	02/01/2011
907818CN6	1,000,000.00	UNION PACIFIC CORP	6.125	01/15/2012	01/15/2012	0.00	0.00	-2,747.71	15,312.50	0.00	12,564.79	03/03/2009
91159HGW4	2,000,000.00	US BANCORP	2.000	06/14/2013	06/14/2013	0.00	0.00	209.85	10,000.00	0.00	10,209.85	06/14/2010
9127952P5	100,000.00	TREASURY BILL	0.000	11/17/2011	11/17/2011	0.00	0.00	0.52	0.00	0.00	0.52	08/25/2011
9127952P5	100,000.00	TREASURY BILL	0.000	11/17/2011	11/17/2011	0.00	0.00	0.46	0.00	0.00	0.46	08/29/2011
912828JT8	0.00	US TREASURY N/B	2.000	11/30/2013	11/30/2013	-6,143,822.35	0.00	-6,647.95	15,409.84	0.00	8,761.89	04/04/2011



Income Detail (WC-Liquidity Demo 1)  
7/1/2011 - 9/30/2011

Dated: 10/4/2011

Cusip/SIN	Curr Face	Description	Coupon	Maturity	Eff Maturity	Net Transfers	Net Realized G/L	Amortization/ Accretion	Income	Expenses	Net Income	Settle Date
912828LX6	0.00	US TREASURY N/B	1.375	11/15/2012	11/15/2012	-14,037,741.51	0.00	1,176.06	24,585.60	0.00	25,763.66	03/31/2010
912828LX6	0.00	US TREASURY N/B	1.375	11/15/2012	11/15/2012	-5,021,032.29	0.00	-357.77	8,780.57	0.00	8,422.80	03/16/2010
912828LX6	0.00	US TREASURY N/B	1.375	11/15/2012	11/15/2012	0.00	4,714.93	-364.88	616.51	0.00	4,986.55	01/12/2011
912828LX6	0.00	US TREASURY N/B	1.375	11/15/2012	11/15/2012	-2,026,252.34	0.00	-1,981.82	3,512.23	0.00	1,530.41	01/19/2011
912828NC0	0.00	US TREASURY N/B	1.375	05/15/2013	05/15/2013	-4,045,016.87	0.00	-2,284.92	7,024.46	0.00	4,739.54	02/09/2011
912828NC0	0.00	US TREASURY N/B	1.375	05/15/2013	05/15/2013	-3,031,257.28	0.00	-1,528.84	5,268.34	0.00	3,739.51	02/10/2011
912828NH9	0.00	US TREASURY N/B	1.125	06/15/2013	06/15/2013	-2,011,439.17	19,595.15	-804.19	4,364.76	0.00	23,155.71	03/31/2011
912828PD6	0.00	US TREASURY N/B	0.375	10/31/2012	10/31/2012	-1,998,107.66	8,355.00	722.95	1,579.49	0.00	10,657.44	03/08/2011
912828QH6	0.00	US TREASURY N/B	1.250	02/15/2014	02/15/2014	-2,998,927.87	0.00	56.24	486.54	0.00	542.78	02/15/2011
912828QH6	0.00	US TREASURY N/B	1.250	02/15/2014	02/15/2014	-1,992,391.31	0.00	398.68	3,243.60	0.00	3,642.28	02/15/2011
912828QH6	0.00	US TREASURY N/B	1.250	02/15/2014	02/15/2014	-1,469,113.77	0.00	-978.88	2,351.62	0.00	1,372.74	07/01/2011
912828QH6	0.00	US TREASURY N/B	1.250	02/15/2014	02/15/2014	-4,311,233.41	-413.17	-3,310.12	7,272.49	0.00	3,549.21	07/01/2011
91412GEV3	2,100,000.00	UNIV CA REVS-BABS	1.988	05/01/2013	05/01/2013	0.00	0.00	0.00	10,437.00	0.00	10,437.00	12/14/2010
91913YAG5	1,091,000.00	VALERO ENERGY CORP	4.750	06/15/2013	06/15/2013	0.00	0.00	-7,624.10	12,955.63	0.00	5,331.53	01/31/2011
91913YAG5	109,000.00	VALERO ENERGY CORP	4.750	06/15/2013	06/15/2013	0.00	0.00	-757.77	1,294.38	0.00	536.60	01/31/2011
92343VBA1	1,780,000.00	VERIZON COMMUNICATIONS	1.950	03/28/2014	03/28/2014	-1,006,371.48	0.00	255.76	11,169.17	0.00	11,424.92	03/28/2011
925524A17	1,274,000.00	CBS CORP	5.825	08/15/2012	08/15/2012	0.00	0.00	-11,187.32	17,915.82	0.00	6,728.30	07/30/2010
928670AD0	2,000,000.00	VOLKSWAGEN INTL FIN NV	1.875	04/01/2014	04/01/2014	0.00	0.00	1,074.03	9,375.00	0.00	10,449.03	04/04/2011
94975H437	336,273.16	WELLS FARGO ADV CSH INV M-I	0.060	---	---	0.00	0.00	0.00	139.34	0.00	139.34	---
961214BJ1	2,250,000.00	WESTPAC BANKING CORP	2.250	11/19/2012	11/19/2012	0.00	0.00	158.65	12,656.25	0.00	12,814.90	11/19/2009
980888AB7	500,000.00	WOOLWORTHS LIMITED	5.250	11/15/2011	11/15/2011	0.00	0.00	486.37	6,562.50	0.00	7,060.87	05/06/2009
980888AC5	500,000.00	WOOLWORTHS LIMITED	2.550	09/22/2015	09/22/2015	0.00	0.00	29.47	3,187.50	0.00	3,216.97	09/22/2010
99999Y944	50,000.00	SECURED MARKET DEPOSIT ACCOUNT	0.080	---	---	0.00	0.00	0.00	0.57	0.00	0.57	---
CCYUSD	294,562.73	US Dollar	---	---	---	-567,993.77	0.00	0.00	5,312.50	-46,624.92	-41,312.42	---
						-160,359,204.46	49,375.78	-353,063.84	1,363,676.28	-129,447.92	931,046.30	---



# Balance Sheet Classification (WC-Liquidity Demo 1)

9/30/2011

Dated: 10/4/2011

## Cash Equivalent (6)

Cusip/ISIN	Description	Curr Face	Sector	Rating	Coupon	Maturity	Eff Maturity	Pur Yield	Yield	Orig Cost	Amort Cost	Unreal G/L	Price	Accr Int	Fair Value	Mkt Value
912795ZP5	TREASURY BILL	100,000.00	Government	A-1+/P-1+/AAA	0.000	11/17/2011	11/17/2011	0.005	0.015	99,998.83	99,998.35	-0.95	99.998	0.00	99,998.40	99,998.40
912795ZP5	TREASURY BILL	100,000.00	Government	A-1+/P-1+/AAA	0.000	11/17/2011	11/17/2011	0.005	0.015	99,998.83	99,998.35	-0.95	99.998	0.00	99,998.40	99,998.40
94975H437	WELLS FARGO ADV CSH INV M-I	338,273.16	Cash	NAN/NA	0.060	—	—	0.040	0.040	338,273.16	338,273.16	0.00	1.000	0.00	338,273.16	338,273.16
99989Y944	SECURED MARKET DEPOSIT ACCOUNT	50,000.00	Cash	AAA/AAA/AAA	0.090	—	—	0.010	0.010	50,000.00	50,000.00	0.00	1.000	0.00	50,000.00	50,000.00
CCYUSD	US Dollar	0.06	Cash	AAA/AAA/AAA	0.000	—	—	0.000	0.000	0.06	0.06	0.00	1.000	0.00	0.06	0.06
CCYUSD	Net Receivables/Payables	294,662.67	Cash	AAA/AAA/AAA	0.000	—	—	0.000	0.000	294,662.67	294,662.67	0.00	1.000	0.00	294,662.67	294,662.67
—	—	880,933.69	—	—	—	—	—	0.017	0.019	880,933.61	880,933.58	-1.89	—	0.00	880,932.69	880,932.69
													<b>0.64%</b>			<b>880,932.69</b>

## Short Term (19)

Cusip/ISIN	Description	Curr Face	Sector	Rating	Coupon	Maturity	Eff Maturity	Pur Yield	Yield	Orig Cost	Amort Cost	Unreal G/L	Price	Accr Int	Fair Value	Mkt Value
23636UAA5	DANSKE BANK A/S	2,000,000.00	Financial	AAA/AAA/AAA	2.500	05/10/2012	05/10/2012	2.554	0.521	1,997,060.00	1,989,375.43	24,580.57	101.198	19,583.33	2,023,956.00	2,043,539.33
260549BZ5	DOW CHEMICAL COTHE	1,000,000.00	Industrial	BBB-/Baa2/B	4.860	08/15/2012	08/15/2012	4.855	1.418	999,850.00	999,856.66	29,646.34	102.960	6,197.22	1,029,603.00	1,035,800.22
40428CCW0	HSBC FINANCE CORP	2,000,000.00	Financial	A/A3/AA-	0.697	09/14/2012	09/14/2012	2.056	2.237	1,944,880.00	1,974,821.53	-3,667.53	98.548	619.65	1,970,954.00	1,971,573.65
49327WAC6	KEY BANK NA	1,000,000.00	Financial	A-/A3/A-	5.500	09/17/2012	09/17/2012	3.240	1.749	1,053,030.00	1,020,717.60	17,597.40	103.632	2,138.89	1,038,315.00	1,040,453.89
50075NAB0	KRAFT FOODS INC	194,000.00	Industrial	BBB-/Baa2/B	5.625	11/01/2011	11/01/2011	4.105	1.870	201,193.62	194,234.49	381.46	100.318	4,546.88	194,615.86	199,162.82
55607EAD2	MACQUARIE BANK LTD	1,500,000.00	Financial	AAA/AAA/AA+	2.600	01/20/2012	01/20/2012	2.600	0.567	1,500,000.00	1,500,000.00	9,246.00	100.616	7,691.67	1,508,246.00	1,516,937.67
564397AE6	NORTHEAST UTILITIES	750,000.00	Utility	BBB-/Baa2/B	7.250	04/01/2012	04/01/2012	1.968	1.516	803,115.00	769,458.92	2,017.08	102.863	27,187.50	771,474.00	798,661.50
66484SD03	NTRN CA PWR-SER B	2,000,000.00	Municipal	A-/A2/A	2.750	07/01/2012	07/01/2012	2.676	1.856	2,003,220.00	2,001,078.58	12,161.42	100.663	13,750.00	2,015,260.00	2,027,010.00
677525TQ2	OH AIR CULTY-D	1,800,000.00	Municipal	BBB-/Baa2/NA	4.750	08/01/2012	08/01/2012	2.267	1.336	1,860,300.00	1,836,636.45	14,249.55	102.827	14,250.00	1,850,886.00	1,865,136.00
686053CB3	OR SCH BRDS-A-PENSION	2,000,000.00	Municipal	A-/Aa2/Withdr	0.000	06/30/2012	06/30/2012	2.990	1.267	1,854,520.00	1,957,248.61	23,911.39	99.058	0.00	1,981,160.00	1,981,160.00
72509RAV4	PLAINS ALL AMER PIPELINE	575,000.00	Utility	BBB-/Baa3/NA	4.250	09/01/2012	09/01/2012	4.317	1.162	574,861.50	574,866.26	16,438.74	102.800	2,036.46	591,100.00	593,136.46
7443M2H17	Prudential Public Limited Company	2,000,000.00	Financial	A-/P-/F1	0.000	08/01/2012	08/01/2012	1.018	0.707	1,978,912.22	1,982,866.11	5,417.89	99.415	0.00	1,988,304.00	1,988,304.00
759911S76	IL REG TRANSP AUTH	1,500,000.00	Municipal	AAA/AA3/AA-	2.843	07/01/2012	07/01/2012	2.844	0.699	1,500,000.00	1,500,000.00	24,090.00	101.606	10,661.25	1,524,030.00	1,534,751.25
76011CAC0	ROYAL BK OF SCOTLAND PLC	3,000,000.00	Financial	AAA/AAa2/AAA	2.825	05/11/2012	05/11/2012	2.628	0.536	2,999,730.00	2,999,945.01	38,175.99	101.271	30,406.25	3,038,121.00	3,066,837.25
79765A3U8	SAN FRANCISCO ARPT-E	400,000.00	Municipal	A-/A1/A+	1.869	05/01/2012	05/01/2012	1.869	0.698	400,000.00	400,000.00	2,732.00	100.683	3,115.00	402,732.00	405,047.00
79765A3U8	SAN FRANCISCO ARPT-E	1,100,000.00	Municipal	A-/A1/A+	1.869	05/01/2012	05/01/2012	1.869	0.698	1,100,000.00	1,100,000.00	7,513.00	100.683	8,566.25	1,107,513.00	1,116,079.25
907816CN6	UNION PACIFIC CORP	1,000,000.00	Industrial	BBB-/Baa2/ZN	6.125	01/15/2012	01/15/2012	4.938	1.290	1,031,300.00	1,003,165.84	10,890.16	101.416	12,930.56	1,014,155.00	1,027,066.56
92552AA17	CBS CORP	1,274,000.00	Industrial	BBB-/Baa2/BBB	5.625	08/15/2012	08/15/2012	2.041	1.531	1,364,836.20	1,312,790.83	6,190.29	103.631	9,156.88	1,319,981.12	1,328,137.99
980688AB7	WOOLWORTHS LIMITED	500,000.00	Industrial	A-/A3/NA	5.250	11/15/2011	11/15/2011	5.680	1.200	495,000.00	499,756.23	2,746.77	100.501	9,916.67	502,506.00	512,422.67
—	—	25,993,000.00	—	—	—	—	—	2.892	1.143	25,667,808.44	25,626,533.55	244,439.52	—	162,764.44	26,870,973.07	26,053,727.51
													<b>80.50%</b>			<b>111,131,918.27</b>

## Long Term (93)

Cusip/ISIN	Description	Curr Face	Sector	Rating	Coupon	Maturity	Eff Maturity	Pur Yield	Yield	Orig Cost	Amort Cost	Unreal G/L	Price	Accr Int	Fair Value	Mkt Value
0010ECAB2	AEP TEXAS NORTH COMPANY	1,000,000.00	Utility	BBB-/Baa2/A-	5.500	03/01/2013	03/01/2013	1.256	1.644	1,066,400.00	1,059,318.95	-5,401.95	105.392	4,683.33	1,053,917.00	1,058,500.33
00182EAL3	ANZ NATIONAL (INT'L) LTD	2,000,000.00	Financial	AA/AA3/AA-	2.375	12/21/2012	12/21/2012	2.418	1.684	1,997,520.00	1,998,987.62	12,698.38	100.594	13,194.44	2,011,676.00	2,024,870.44
00279HXS0	Abbey National Treasury Services PLC	2,000,000.00	Financial	AA-/NR1/F1+	1.563	04/25/2013	04/25/2013	1.552	0.563	2,000,000.00	2,000,000.00	30,796.00	101.540	5,866.88	2,030,796.00	2,036,662.88
00432CCD1	ACCESS 2005-1 A1	329,852.44	Asset Backed	AAA/AAa/AAA	0.435	06/22/2018	12/22/2011	0.486	0.576	328,641.26	328,875.42	781.96	99.942	35.87	329,660.40	329,866.27

# Balance Sheet Classification (WC-Liquidity Demo 1)

9/30/2011

Dated: 10/4/2011

Cusip/ISIN	Description	Curr Face	Sector	Rating	Coupon	Maturity	Effr Maturity	Pur Yield	Yield	Orig Cost	Amort Cost	Unreal G/L	Price	Accr Int	Fair Value	Mkt Value
00846JAF8	AGILENT TECHNOLOGIES INC	1,000,000.00	Industrial	BBB-/Baa2/BBB+	2.50	07/15/2013	07/15/2013	2.565	1.694	998,150.00	998,892.71	15,327.29	101.422	5,277.78	1,014,220.00	1,019,497.78
011112AV1	ALAMEDA PENSION CAB-B	750,000.00	Municipal	BBB/Aa3/With draw	0.00	12/01/2014	12/01/2014	3.260	3.116	673,117.50	677,286.51	2,720.99	90.665	0.00	679,987.50	679,987.50
02354WAH8	AMERICA MOVIL SAB DE CV	1,100,000.00	Industrial	A-/A2/A	6.75	01/15/2015	01/15/2015	2.907	2.504	1,214,400.00	1,200,298.18	9,701.82	110.000	13,352.78	1,210,000.00	1,223,352.78
02666QJ53	AMERICAN HONDA FINANCE	1,275,000.00	Financial	A+/A1/A+	1.85	09/19/2014	09/19/2014	1.866	1.798	1,274,413.50	1,274,419.39	2,478.53	100.149	720.73	1,276,895.92	1,277,816.66
03623TAL2	ANHEUSER-BUSCH INBEV WOR	1,000,000.00	Industrial	A-/Baa1/A-	3.00	10/15/2012	10/15/2012	3.051	0.994	998,671.38	999,468.39	21,284.61	102.077	13,833.33	1,020,771.00	1,034,604.33
035322AH5	AUTOZONE INC	850,000.00	Industrial	BBB/Baa2/BBB	6.50	01/15/2014	01/15/2014	2.118	1.438	966,611.50	831,951.15	14,784.15	111.382	11,663.89	946,745.30	858,408.19
06423AA52	BANK ONE CORP	800,000.00	Financial	A/1/A+	5.25	01/30/2013	01/30/2013	1.953	2.327	861,952.00	834,168.32	-4,664.72	103.684	7,116.67	929,473.60	836,590.27
06423AA52	BANK ONE CORP	1,500,000.00	Financial	A/1/A+	5.25	01/30/2013	01/30/2013	1.911	2.327	1,617,705.00	1,584,917.71	-9,654.71	103.684	13,343.75	1,585,263.00	1,566,606.75
087301AEB	BARRICK GOLD CORP	750,000.00	Industrial	A-/Baa1/NA	1.75	05/30/2014	05/30/2014	1.750	1.569	749,107.50	749,207.03	4,320.97	100.470	4,375.00	763,528.00	757,903.00
094870AY4	BERKSHIRE HATHAWAY INC	2,000,000.00	Financial	AA+/Aa2/A+	0.78	02/11/2013	02/11/2013	0.529	0.441	2,009,362.00	2,005,218.71	-1,435.71	100.189	2,007.10	2,003,784.00	2,006,791.10
12499WQD9	CBASS 2005-CBB AF2	217,311.82	Asset Backed	CCC/Baa3/B	5.303	12/25/2035	10/14/2015	5.344	8.174	215,885.70	216,117.46	-18,696.66	90.709	960.34	197,120.60	198,080.94
12513EAF1	CD 2005-CO1 ASB	1,025,511.89	Mortgage Backed	AAA/Aaa/AA	5.398	07/15/2044	08/26/2013	3.592	2.379	1,030,888.06	1,083,639.91	-5,062.10	105.175	4,613.47	1,078,577.81	1,085,191.28
126408GD6	CSX CORP	1,000,000.00	Industrial	BBB/Baa3/BBB	5.50	08/01/2013	08/01/2013	1.717	1.487	1,052,190.00	1,087,653.12	4,822.88	107.248	9,166.67	1,072,476.00	1,081,642.67
13063A5F7	CA TXB-VAR PURP 3	1,350,000.00	Municipal	A-/A1/A-	5.65	04/01/2013	04/01/2013	1.760	1.705	1,470,831.60	1,458,134.68	1,291.72	105.828	38,985.00	1,460,426.40	1,489,411.40
13063A5F5	CA ST	550,000.00	Municipal	A-/A1/A-	4.95	10/01/2014	10/01/2014	2.828	2.211	587,466.00	584,887.83	7,048.87	107.625	13,337.50	591,937.50	605,275.00
14040HAW5	CAPITAL ONE FINANCIAL CO	1,000,000.00	Financial	BBB/Baa1/A-	4.50	07/15/2014	07/15/2014	1.420	1.535	1,000,000.00	1,000,000.00	-3,670.00	99.643	2,877.26	996,430.00	999,307.26
14041NED9	COMET 2008-A3 A3	1,275,000.00	Asset Backed	AAA/Aaa/AAA	5.05	02/15/2016	04/15/2013	1.172	0.759	1,377,796.88	1,350,028.37	7,867.49	106.486	2,861.67	1,367,695.88	1,360,557.53
14041NED9	COMET 2008-A3 A3	1,825,000.00	Asset Backed	AAA/Aaa/AAA	5.05	02/15/2016	04/15/2013	1.190	0.759	1,971,427.73	1,931,873.23	11,496.36	106.486	4,096.11	1,943,368.59	1,947,464.70
167595NL6	CHICAGO BOE-TAXABLE	500,000.00	Municipal	AA-/Aa2/A-	2.771	12/01/2013	12/01/2013	2.170	1.886	500,000.00	500,000.00	9,255.00	101.851	4,618.33	509,255.00	613,873.33
172967FE6	CITIGROUP INC	750,000.00	Financial	A/3/A+	6.00	12/13/2013	12/13/2013	2.884	3.602	817,095.00	799,284.27	-11,487.52	105.037	13,250.00	787,776.75	801,026.75
172967FE6	CITIGROUP INC	800,000.00	Financial	A/3/A+	6.00	12/13/2013	12/13/2013	2.987	3.602	875,368.00	857,545.94	-17,250.74	105.037	14,133.33	840,295.20	854,428.53
172967FE6	CITIGROUP INC	800,000.00	Financial	A/3/A+	6.00	12/13/2013	12/13/2013	2.334	3.602	544,215.00	538,936.32	-13,751.82	105.037	8,933.33	525,184.50	534,017.83
172967FE6	CITIGROUP INC	800,000.00	Financial	A/3/A+	6.00	12/13/2013	12/13/2013	2.328	1.343	1,828,193.00	1,747,995.90	19,715.10	103.983	34,236.11	1,767,711.00	1,801,947.11
2027A0B2	COMMONWEALTH BANK AUST	1,700,000.00	Financial	AA-/Aa2/AA	5.00	11/06/2012	11/06/2012	2.328	1.343	1,828,193.00	1,747,995.90	15,928.09	99.111	9,411.11	1,982,228.00	1,991,639.11
225460AH0	CREDIT SUISSE NEW YORK	2,000,000.00	Financial	A-/Aa1/A-	2.20	01/14/2014	01/14/2014	2.242	2.605	1,997,580.00	1,998,154.09	25,042.50	101.113	18,075.00	2,275,042.50	2,293,117.50
232263GP2	CLYAHOGA ECON-TXB-G	2,250,000.00	Municipal	AA-/Aa2/NA	2.410	12/01/2013	12/01/2013	2.410	1.883	2,250,000.00	2,250,000.00	-2,162.40	99.820	858.80	1,197,837.60	1,198,686.40
23331AP2	DTE ENERGY COMPANY	1,200,000.00	Utility	BBB/Baa2/BBB	1.031	06/03/2013	06/03/2013	1.045	1.141	1,200,000.00	1,200,000.00	-2,162.40	99.820	858.80	1,197,837.60	1,198,686.40
24702RAN1	DELL INC	475,000.00	Industrial	A-/A2/A	2.10	04/01/2014	04/01/2014	2.112	1.273	474,633.75	474,861.51	9,760.49	102.032	5,915.21	484,652.00	489,687.21
24702RAN1	DELL INC	1,100,000.00	Industrial	A-/A2/A	2.10	04/01/2014	04/01/2014	2.102	1.273	1,059,534.00	1,099,945.02	22,708.98	102.032	11,614.17	1,122,352.00	1,133,966.17
25475FL0	DC-TXB-A-BABS	1,915,000.00	Municipal	A+/Aa2/AA-	2.595	06/01/2013	06/01/2013	2.595	1.201	1,515,000.00	1,515,000.00	34,236.11	102.279	13,054.25	1,549,528.85	1,562,581.10
26138CAL3	DR PEPPER SNAPPLE GROUP	1,000,000.00	Industrial	BBB/Baa1/NA	2.950	12/21/2012	12/21/2012	2.363	1.111	999,630.00	999,849.10	15,224.90	101.587	6,527.78	1,015,074.00	1,021,601.78
26884TAB8	ERAC USA FINANCE COMPANY	1,250,000.00	Financial	BBB-/Baa1/NA	2.750	07/01/2013	07/01/2013	2.143	2.073	1,268,187.50	1,262,870.22	1,981.03	101.164	8,993.75	1,264,561.25	1,273,145.00
31392J7F0	FNR 2003-23 AG	131,913.28	Mortgage Backed	AA+/Aaa7/AA	5.000	03/25/2017	11/23/2011	4.785	-0.069	132,820.19	131,990.68	508.82	100.435	549.64	132,487.50	133,037.14
31394W4E9	FHR 2786 JA	1,787,176.00	Mortgage Backed	AAA/Aaa/AAA	4.500	03/15/2018	05/02/2012	3.741	0.160	1,836,044.09	1,805,183.91	25,258.79	102.421	6,701.91	1,830,442.64	1,857,144.55
31395M6M7	FHR 2939 DJ	412,129.32	Mortgage Backed	AA+/Aaa7/AA	5.500	04/15/2025	01/21/2012	5.123	2.051	416,765.78	412,709.83	2,934.58	100.853	1,888.93	415,644.41	417,533.34
31416XHF0	FN AB2029	1,505,436.62	Mortgage Backed	AA+/Aaa7/AA	4.000	01/01/2021	09/30/2013	3.419	0.956	1,574,121.01	1,569,089.19	22,114.01	105.697	5,018.12	1,591,203.19	1,596,221.31
36828ODN3	GECCM 2004-C1 A3	2,025,000.00	Mortgage Backed	AAA/Aaa/AA	4.586	11/10/2038	08/02/2013	4.273	2.188	2,130,363.28	2,122,032.23	-12,428.75	104.178	7,755.75	2,109,602.48	2,117,358.22
36828ORX6	GECCM 2006-C1 AAB	287,430.36	Mortgage Backed	AAA/NA/AA	5.510	03/10/2044	09/29/2013	4.088	3.388	271,488.47	270,055.92	-3,087.68	103.705	1,182.10	268,967.64	268,149.73
36828ORX6	GECCM 2006-C1 AAB	373,274.02	Mortgage Backed	AAA/NA/AA	5.510	03/10/2044	09/29/2013	4.002	3.388	364,620.63	392,444.45	-5,341.37	103.705	1,714.04	387,103.08	388,817.11

# Balance Sheet Classification (WC-Liquidity Demo 1)

9/30/2011

Dated: 10/4/2011

Cusip/ISIN	Description	Sector	Rating	Coupon	Maturity	Eff. Maturity	Pur Yield	Yield	Orig Cost	Amort Cost	Unreal G/L	Price	Accr Int	Fair Value	Mkt Value
36962G4H4	GENERAL ELEC CAP CORP	Financial	AA+/Aaa/2NR	2.90	01/08/2013	01/08/2013	2.845	1.493	499,355.00	499,726.35	8,880.65	101.721	3,227.78	508,607.00	511,834.78
38122NAQ6	GOLDEN ST TOR SECA1	Municipal	AA+/Aaa/AAA	6.75	06/01/2013	06/01/2013	1.130	0.529	2,279,000.00	2,184,285.25	22,234.75	110.926	45,000.00	2,206,520.00	2,251,520.00
39116AAD2	GREAT PLAINS ENERGY INC	Utility	BBB-/Baa3/NA	2.75	08/15/2013	08/15/2013	2.766	1.815	799,632.00	799,770.75	14,009.25	101.723	2,611.11	813,790.00	816,991.11
40430XAC7	HFCHC 2006-3 AZF	Asset Backed	AAA/Aaa/AAA	5.60	03/20/2036	01/02/2012	5.660	4.666	273,208.95	273,208.02	-105.99	99.960	1,288.64	273,100.03	274,388.67
42823BBS1	HEWLETT-PACKARD CO	Industrial	A/A2/A+	1.90	09/19/2014	08/19/2014	1.817	1.775	1,005,247.00	1,003,214.38	473.62	100.369	633.41	1,003,688.00	1,004,321.41
42823BBS1	HEWLETT-PACKARD CO	Industrial	A/A2/A+	1.90	09/19/2014	08/19/2014	1.837	1.775	350,931.00	350,922.49	368.31	100.369	221.69	351,290.90	351,512.49
44328MAJ3	HISBC BANK PLC	Financial	AA/Aaa/2AA	2.00	01/19/2014	01/19/2014	2.031	2.246	1,998,200.00	1,998,618.80	-9,650.80	99.448	8,000.00	1,998,968.00	1,998,968.00
44976AN2	ING BANK NV	Financial	A+/Aaa/3A+	1.73	09/09/2014	06/09/2014	1.761	2.400	2,000,000.00	2,000,000.00	0	100.000	0	1,965,956.00	1,968,078.79
46215QHP9	IL ST	Municipal	A+/A1/A	4.026	03/01/2014	03/01/2014	4.026	2.807	1,700,000.00	1,700,000.00	48,127.00	102.831	5,703.50	1,746,127.00	1,753,830.50
46886AS1	INGERSOLL-RAND PLC	Industrial	BBB+/Baa1/NR	4.750	05/15/2015	05/15/2015	2.939	2.013	1,077,790.00	1,069,987.14	34,510.86	109.640	17,944.44	1,095,398.00	1,113,342.44
472319AD4	JEFFERIES GROUP INC	Financial	BBB/Baa2/BBB	5.875	06/08/2014	06/08/2014	3.150	3.927	103,722.90	104,527.20	-1,855.20	104.918	1,751.89	99,872.00	101,423.90
472319AD4	JEFFERIES GROUP INC	Financial	BBB/Baa2/BBB	5.875	06/08/2014	06/08/2014	3.144	3.927	159,437.84	156,055.32	-2,875.19	104.918	2,892.38	155,180.13	155,872.52
472319AD4	JEFFERIES GROUP INC	Financial	BBB/Baa2/BBB	5.875	06/08/2014	06/08/2014	3.081	3.927	939,986.52	919,800.90	-18,356.14	104.918	15,840.80	901,244.76	917,085.56
52108HUM4	LBUBS 2003-C7 A4	Mortgage Backed	AAA/Aaa/NA	4.931	09/15/2035	07/26/2013	2.393	2.167	706,425.00	691,202.04	1,069.32	104.890	1,808.03	692,271.36	694,079.39
52108HUM4	LBUBS 2003-C7 A4	Mortgage Backed	AAA/Aaa/NA	4.931	09/15/2035	07/26/2013	2.255	2.167	350,805.47	346,076.95	56.73	104.890	904.02	346,135.68	347,059.70
52108HUM4	LBUBS 2003-C8 A4	Mortgage Backed	AAA/Aaa/NA	5.124	11/15/2032	08/07/2013	2.544	2.048	754,130.63	744,057.80	3,029.75	105.621	2,015.44	747,086.56	749,102.00
539473AA1	LLOYDS TSB BANK PLC	Financial	A+/Aaa/3A+	2.603	01/24/2014	01/24/2014	2.845	3.825	2,000,000.00	2,000,000.00	0	100.000	0	1,946,850.00	1,956,883.56
55668JUA6	MACQUARIE GROUP LTD	Financial	A-/A2/A	7.300	09/01/2014	09/01/2014	4.283	4.172	1,096,420.00	1,078,938.70	4,236.30	108.277	12,166.87	1,082,774.00	1,094,940.87
56023BAD6	MILMT 2006-C1 ASB	Mortgage Backed	AAA/NA/AAA	5.855	05/12/2039	11/05/2013	3.905	2.641	661,930.78	659,637.80	-4,965.87	108.126	3,006.11	663,682.92	668,888.03
61147WAD1	MORGAN STANLEY	Financial	A/A2/A	2.875	01/24/2014	01/24/2014	2.926	4.001	1,517,796.00	1,518,297.18	-54,496.14	96.303	8,133.06	1,463,801.04	1,471,934.10
61147YDC6	MORGAN STANLEY	Financial	A/A2/A	1.233	04/29/2013	04/29/2013	1.252	4.628	850,000.00	850,000.00	0	100.000	0	803,187.95	803,650.92
63946BA6	CMCSA 2.100 04/01/14	Industrial	BBB-/Baa2/BBB	2.100	04/01/2014	04/01/2014	2.103	1.481	1,249,837.50	1,249,883.64	-19,046.38	101.514	13,125.00	1,266,930.00	1,282,055.00
64581RYG2	NJ ECON DEV AUTH	Municipal	A+/A1/A+	1.347	06/15/2013	06/15/2013	1.366	1.131	2,000,000.00	2,000,000.00	0	100.361	1,197.33	2,007,220.00	2,008,417.33
64952WAS2	NEW YORK LIFE GLOBAL FDG	Financial	AA+/Aaa/AAA	2.250	12/14/2012	12/14/2012	2.342	1.190	1,994,360.00	1,997,851.43	27,516.57	101.269	13,375.00	2,025,370.00	2,038,745.00
65003JUN6	NYS URBAN-TXB-ST PERS	Municipal	AAA/NA/AAA	2.028	12/19/2013	12/15/2013	2.028	0.847	2,450,000.00	2,450,000.00	0	102.577	14,629.77	2,513,196.50	2,527,788.27
65475GAB9	NALT 2010-B A2	Asset Backed	NA/Aaa/AAA	0.900	05/15/2013	02/04/2012	0.900	0.493	1,685,564.89	1,685,562.18	2,411.00	100.139	674.26	1,688,006.18	1,688,880.45
65557AA5	NORDEA BANK AB	Financial	A+/Aaa/3A+	5.250	11/30/2012	11/30/2012	1.988	2.338	2,326,984.00	2,291,938.40	-8,492.60	103.334	38,820.63	2,273,345.90	2,312,166.63
66285WHH2	N TX TWY-A-TXB-BANS	Municipal	SP-1/NA/FT+	2.441	09/01/2013	09/01/2013	2.442	1.000	2,325,000.00	2,325,000.00	0	102.732	4,729.44	2,388,519.00	2,393,248.44
68233JAB0	ONCOR ELECTRIC DELIVERY	Utility	A-/Baa1/BBB+	5.950	09/01/2013	09/01/2013	1.853	1.836	428,262.90	419,789.47	377.14	107.730	1,933.75	420,146.61	422,080.36
68233JAB0	ONCOR ELECTRIC DELIVERY	Utility	A-/Baa1/BBB+	5.950	09/01/2013	09/01/2013	1.837	1.836	616,171.20	602,924.54	389.90	107.730	2,776.67	603,287.44	606,064.11
70559FAB7	PEVAR 2011-1A A1	Asset Backed	AAA/Aaa/AAA	0.880	05/18/2015	05/18/2015	0.892	0.838	1,000,000.00	1,000,000.00	0	100.000	293.31	989,594.00	989,887.31
74432QMB1	PRUDENTIAL FINANCIAL INC	Financial	A/Baa0/BBB+	4.500	07/15/2013	07/15/2013	1.796	2.235	1,216,757.50	1,204,219.71	-10,717.51	103.783	10,925.00	1,193,502.20	1,204,427.20
74834LAT7	QUEST DIAGNOSTIC INC	Industrial	BBB+/Baa2/BBB+	1.208	03/24/2014	03/24/2014	1.224	0.988	790,000.00	790,000.00	0	100.547	185.57	794,318.14	794,503.71
74913GAN6	QWEST CORP	Industrial	BBB-/Baa3/BBB-	3.587	06/15/2013	06/15/2013	2.871	3.461	1,021,250.00	1,012,903.27	-10,403.27	100.250	1,598.72	1,002,500.00	1,004,098.72
74971VA98	RSBCC 2007-A A1	Asset Backed	AAA/Aaa/AAA	5.470	10/01/2014	06/11/2012	5.471	2.174	601,862.18	601,750.18	13,515.84	102.286	16,459.86	615,286.02	631,725.59
776698AB2	ROPER INDUSTRIES INC	Industrial	BBB-/Baa2/NA	6.625	08/15/2013	08/15/2013	1.624	2.090	55,591.00	54,571.74	-421.04	108.301	423.26	54,150.70	54,673.96
776698AB2	ROPER INDUSTRIES INC	Industrial	BBB-/Baa2/NA	6.625	08/15/2013	08/15/2013	1.594	2.090	1,096,654.90	1,075,844.25	-8,876.46	108.301	8,338.30	1,066,788.79	1,075,107.09
78010XAD3	ROYAL BK OF SCOTLAND PLC	Financial	A+/Aaa/3A+	3.400	08/29/2013	08/29/2013	3.419	3.656	1,705,078.76	1,705,417.81	-7,282.47	99.639	6,122.64	1,698,135.34	1,704,257.88
80105NAE5	SANOFI	Industrial	AA-/A2/AA-	0.563	03/25/2013	03/25/2013	0.570	0.479	1,850,000.00	1,850,000.00	0	100.133	91.45	1,852,593.75	1,862,875.20

# Balance Sheet Classification (WC-Liquidity Demo 1)

Dated: 10/4/2011

9/30/2011

Cusip/ISIN	Description	Curr Face	Sector	Rating	Coupon	Maturity	Eff Maturity	Pur Yield	Yield	Orig Cost	Amort Cost	Unreal G/L	Price	Accr Int	Fair Value	Mkt Value
937151AL3	SC PUB SVC-A-TXBL	1,945,000.00	Municipal	SP-1/Aa3/A	0.722	07/01/2013	01/01/2013	0.735	0.725	1,945,000.00	1,846,000.00	-77.80	99.996	1,170.24	1,944,922.20	1,946,092.44
86180DAB2	TEVA PHARM FIN III	1,580,000.00	Industrial	A-/A3/A	0.853	03/21/2014	03/21/2014	0.864	1.180	1,580,000.00	1,580,000.00	-1,361.96	99.914	374.15	1,578,638.04	1,579,012.19
90281XGF3	UBS AG STAMFORD CT	1,500,000.00	Financial	A+/Aa3/A+	2.250	08/12/2013	08/12/2013	2.295	2.754	1,498,050.00	1,498,788.37	-25,683.37	98.207	4,693.75	1,473,105.00	1,477,598.75
90281XGF3	UBS AG STAMFORD CT	500,000.00	Financial	A+/Aa3/A+	2.250	08/12/2013	08/12/2013	1.832	2.754	505,145.00	503,796.04	-12,761.04	98.207	1,631.25	491,035.00	492,566.25
91159HGW4	US BANCORP	2,000,000.00	Financial	A+/Aa3/A+	2.000	05/14/2013	06/14/2013	2.043	0.838	1,987,500.00	1,996,581.20	40,832.80	101.971	11,688.89	2,039,474.00	2,051,302.89
914129EV3	UNIV CA REYS-BABS	2,100,000.00	Municipal	AA/Aa1/A+	1.988	05/01/2013	05/01/2013	1.988	1.924	2,100,000.00	2,100,000.00	38,246.00	101.726	15,771.47	2,135,246.00	2,152,017.47
91813YAG6	VALERO ENERGY CORP	108,000.00	Utility	BBB/Baa2/BB	4.750	06/15/2013	06/15/2013	1.914	1.583	116,132.86	114,131.45	668.75	105.322	1,624.49	114,801.20	116,325.68
91813YAG6	VALERO ENERGY CORP	1,091,000.00	Utility	BBB/Baa2/BB	4.750	06/15/2013	06/15/2013	1.900	1.583	1,162,765.88	1,142,628.41	6,456.79	105.322	15,258.85	1,149,085.20	1,164,324.05
92343YBA1	VERIZON COMMUNICATIONS	1,780,000.00	Industrial	A-/A3/A	1.950	03/28/2014	03/28/2014	1.996	0.993	1,777,632.80	1,776,036.53	43,620.17	102.352	289.25	1,821,866.70	1,822,145.95
928870ADD	VOLKSWAGEN INTL FIN INV	2,000,000.00	Industrial	A-/A3/A	1.875	04/01/2014	04/01/2014	2.096	1.967	1,987,240.00	1,989,341.37	6,160.63	98.775	18,854.17	1,985,502.00	2,014,356.17
961214BJ1	WESTPAC BANKING CORP	2,250,000.00	Financial	AA/Aa2/A	2.250	11/19/2012	11/19/2012	2.278	1.072	2,248,110.00	2,249,284.35	30,645.15	101.330	18,662.50	2,279,929.50	2,298,492.00
98088BACS	WOOLWORTHS LIMITED	500,000.00	Industrial	A-/A3/A	2.550	09/22/2015	09/22/2015	2.575	2.055	498,415.00	498,534.82	9,972.68	101.902	318.75	509,507.50	509,826.25
		108,015,669.21						2.208	1.786	110,734,952.77	110,005,381.71	468,430.42		718,106.14	110,413,812.13	111,131,918.27

## Alternative Investments (2)

Cusip/ISIN	Description	Curr Face	Sector	Rating	Coupon	Maturity	Eff Maturity	Pur Yield	Yield	Orig Cost	Book Value	Unreal G/L	Price	Accr Int	Mkt Value
0000TUZ1	US 2YR NOTE	-20.00		NAN/NANA				0.000	0.000	0.00	0.00	-2,202.03	110.102	0.00	-2,202.03
0000TUZ1	US 2YR NOTE	-150.00		NAN/NANA				0.000	0.000	0.00	0.00	-16,516.23	110.102	0.00	-16,516.23
		-170.00						0.000	0.000	0.00	0.00	-18,717.27		0.00	-18,717.27

## Summary

Total Orig Face / Shares	169,694,602.89	Total Curr Face / Shares	134,489,435.10	Total Orig Cost	137,283,684.82	Total Book Value	137,413,710.43	Total Amort Cost	136,512,849.84	Total Unreal G/L	634,160.78	Total Accr Int	900,880.58	Total Fair Value	137,147,000.62	Total Mkt Value	138,047,861.20

# Trading Activity (WC-Liquidity Demo 1)

Dated: 10/4/2011

		Purchases		Sales		Maturities										
Trades Date	Settle Date	Type	Description	Coupon	Maturity	Broker/Dealer	Orig Face	Notional	Price	Original Cost	Principal	Accr Int	Real G/L	Comm	Proceeds	Class
Cash Equivalents (<= 90 days)				11,816,832.52												
Marketable Securities																
Short Term		PPD	FHR 2786 JA	4.500	03/15/2018		87,899.35	87,899.35	—	90,302.85	87,899.35	0.00	0.00	0.00	87,899.35	LT
Long Term		PPD	FN AB2029	4.000	01/01/2021		35,083.39	35,083.39	—	36,684.07	35,083.40	0.00	0.01	0.00	35,083.40	LT
Equities		PPD	FNR 2003-23 AG	5.000	03/25/2017		37,744.08	37,744.08	—	38,003.57	37,744.08	0.00	0.00	0.00	37,744.08	LT
Funds		PPD	FNR 2002-94 BH	5.500	04/25/2017		45,593.80	45,593.80	—	46,128.10	45,593.80	0.00	0.00	0.00	45,593.80	LT
Alternative Investments		PPD	GECMC 2006-C1 AAB	5.510	03/10/2044		18,062.44	18,062.44	—	19,076.38	18,062.44	0.00	-0.00	0.00	18,062.44	LT
Totals		PPD	FHR 2939 DJ	5.500	04/15/2025		82,160.25	82,160.25	—	83,084.56	82,160.26	0.00	0.01	0.00	82,160.26	LT
		PPD	MLMT 2006-C1 ASB	5.855	05/12/2039		13,304.00	13,304.00	—	14,297.12	13,303.99	0.00	-0.01	0.00	13,303.99	LT
		PPD	CD 2005-CD1 ASB	5.398	07/15/2044		19,731.92	19,731.92	—	20,989.83	19,731.92	0.00	-0.00	0.00	19,731.92	LT
		PPD	HFC-HC 2006-3 A2F	5.660	03/20/2036		88,428.34	88,428.34	—	88,428.01	88,428.34	0.00	-0.00	0.00	88,428.34	LT
		PPD	CBASS 2005-CB8 AFZ	5.303	12/25/2035		5,867.99	5,867.99	—	5,829.48	5,868.00	0.00	0.01	0.00	5,868.00	LT
		SELL	US TREASURY N/B	1.250	02/15/2014	Unknown	1,000,000.00	1,000,000.00	101.449	1,015,078.13	1,014,492.19	5,075.97	-413.17	0.00	1,019,568.16	LT
		SELL	US TREASURY N/B	1.375	11/15/2014	Unknown	1,500,000.00	1,500,000.00	101.402	1,522,324.22	1,521,035.16	3,250.68	4,714.93	0.00	1,524,285.84	LT
		BUY	CA TXB-VAR PURP 3	5.650	04/01/2013	Unknown	1,380,000.00	1,380,000.00	106.552	1,470,831.60	1,470,831.60	21,874.92	0.00	0.00	-1,492,706.52	LT
		BUY	CA ST	4.850	10/01/2014	Unknown	550,000.00	550,000.00	106.812	587,466.00	587,466.00	7,483.82	0.00	0.00	-594,949.82	LT
		SELL	US TREASURY N/B	0.375	10/31/2012	Unknown	500,000.00	500,000.00	100.137	498,593.75	500,883.59	407.61	1,779.67	0.00	501,091.20	LT
		BUY	CAPITAL ONE FINANCIAL CO	1.400	07/15/2014	Unknown	1,000,000.00	1,000,000.00	100.000	1,000,000.00	1,000,000.00	0.00	0.00	0.00	-1,000,000.00	LT
		PPD	NALT 2010-B A2	0.900	05/15/2013		11,661.93	11,661.93	—	11,661.19	11,661.93	0.00	0.00	0.00	11,661.93	LT
		BUY	GECMC 2004-C1 A3	4.586	11/10/2038	Unknown	2,025,000.00	2,025,000.00	105.203	2,130,363.28	2,130,363.28	6,204.60	0.00	0.00	-2,136,567.88	LT
		SELL	US TREASURY N/B	1.125	06/15/2013	Unknown	2,000,000.00	2,000,000.00	101.371	2,009,140.63	2,027,421.88	2,459.02	19,596.15	0.00	2,028,880.90	LT
		BUY	ALAMEDA PENSION CAB	0.000	12/01/2014	Unknown	750,000.00	750,000.00	89.749	673,117.50	673,117.50	0.00	0.00	0.00	-673,117.50	LT
		SELL	US TREASURY N/B	0.375	10/31/2012	Unknown	2,000,000.00	2,000,000.00	100.113	1,994,375.00	2,002,265.63	1,793.48	6,575.33	0.00	2,004,059.11	LT
		PPD	FN AB2029	4.000	01/01/2021		26,617.50	26,617.50	—	27,831.92	26,617.49	0.00	-0.01	0.00	26,617.49	LT
		PPD	FHR 2786 JA	4.500	03/15/2018		110,178.87	110,178.87	—	113,191.57	110,178.87	0.00	0.00	0.00	110,178.87	LT
		PPD	FHR 2939 DJ	5.500	04/15/2025		80,132.93	80,132.93	—	81,034.42	80,132.93	0.00	0.00	0.00	80,132.93	LT
		PPD	GECMC 2006-C1 AAB	5.510	03/10/2044		16,529.52	16,529.52	—	17,457.41	16,529.53	0.00	0.01	0.00	16,529.53	LT
		PPD	FNR 2002-94 BH	5.500	04/25/2017		49,064.54	49,064.54	—	49,639.52	49,064.54	0.00	0.00	0.00	49,064.54	LT
		PPD	FNR 2003-23 AG	5.000	03/25/2017		39,826.41	39,826.41	—	40,100.22	39,826.41	0.00	0.00	0.00	39,826.41	LT
		PPD	MLMT 2006-C1 ASB	5.855	05/12/2039		11,935.02	11,935.02	—	12,825.95	11,935.03	0.00	0.01	0.00	11,935.03	LT
		PPD	CD 2005-CD1 ASB	5.398	07/15/2044		17,854.37	17,854.37	—	18,992.59	17,854.38	0.00	0.01	0.00	17,854.38	LT
		PPD	HFC-HC 2006-3 A2F	5.660	03/20/2036		70,125.68	70,125.68	—	70,125.42	70,125.68	0.00	0.00	0.00	70,125.68	LT



# Trading Activity (WC-Liquidity Demo 1)

Dated: 10/4/2011

Trade Date	Settle Date	Type	Cusip/SIN	Description	Coupon	Maturity	Broker/Dealer	Orig Face	Notional	Price	Original Cost	Principal	Accr Int	Real G/L	Comm	Proceeds	Class
08/01/2011	08/25/2011	PPD	12489WCD9	CBASS 2005-CB8 AF2	5.303	12/25/2035	Unknown	6,684.24	6,684.24	—	6,640.37	6,684.23	0.00	-0.01	0.00	6,684.23	LT
08/04/2011	08/09/2011	BUY	0010EQ0A2	AEP TEXAS NORTH COMPANY	5.500	03/01/2013	Unknown	1,000,000.00	1,000,000.00	106.540	1,065,400.00	1,065,400.00	24,138.69	0.00	0.00	-1,089,538.89	LT
08/05/2011	08/09/2011	SELL	5560TEAD2	MACQUARIE BANK LTD	2.600	01/20/2012	Unknown	1,500,000.00	1,500,000.00	100.998	1,500,000.00	1,514,970.00	2,058.33	14,970.00	0.00	1,517,028.33	ST
08/05/2011	08/09/2011	BUY	7443MZ8H7	Prudential Public Limited Company	0.000	08/01/2012	Unknown	2,000,000.00	2,000,000.00	98.996	1,979,912.22	1,979,912.22	0.00	0.00	0.00	-1,979,912.22	ST
08/15/2011	08/15/2011	PPD	65475GAB9	NALT 2010-B A2	0.900	05/15/2013	—	136,338.15	136,338.15	—	136,329.52	136,338.15	0.00	-0.00	0.00	136,338.15	LT
08/15/2011	08/15/2011	MTY	760759AC4	REPUBLIC SERVICES INC	6.750	08/15/2011	—	1,000,000.00	1,000,000.00	100.000	990,000.00	1,000,000.00	0.00	0.00	0.00	1,000,000.00	ST
08/17/2011	08/17/2011	TRNO	31398AHZ8	FANNIE MAE	4.750	11/19/2012	—	8,000,000.00	8,000,000.00	104.428	8,689,928.00	8,354,204.11	92,888.89	0.00	0.00	8,447,093.00	LT
08/17/2011	08/17/2011	TRNO	912828J18	US TREASURY NIB	2.000	11/30/2013	—	6,000,000.00	6,000,000.00	101.971	6,137,343.75	6,118,248.58	25,573.77	0.00	0.00	6,143,822.35	LT
08/17/2011	08/17/2011	TRNO	260543BZ5	DOW CHEMICAL CO/THE	4.850	08/15/2012	—	800,000.00	800,000.00	99.995	799,880.00	799,960.43	215.56	0.00	0.00	800,175.99	ST
08/17/2011	08/17/2011	TRNO	912828LX6	US TREASURY NIB	1.375	11/15/2012	—	21,000,000.00	21,000,000.00	99.918	21,011,484.37	21,011,269.35	73,756.79	0.00	0.00	21,085,026.14	LT
08/17/2011	08/17/2011	TRNO	686053CB3	OR SCH BRDS-A-PENSION	0.000	06/30/2012	—	1,000,000.00	1,000,000.00	97.510	927,260.00	975,100.84	0.00	0.00	0.00	975,100.84	ST
08/17/2011	08/17/2011	TRNO	26138EAL3	DR PEPPER SNAPPLE GROUP	2.350	12/21/2012	—	1,000,000.00	1,000,000.00	99.983	999,630.00	999,833.91	3,655.56	0.00	0.00	1,003,489.46	LT
08/17/2011	08/17/2011	TRNO	084670AY4	BERKSHIRE HATHAWAY INC	0.708	02/11/2013	—	1,000,000.00	1,000,000.00	100.285	1,004,681.00	1,002,845.21	118.06	0.00	0.00	1,002,963.28	LT
08/17/2011	08/17/2011	TRNO	03523TAL2	ANHEUSER-BUSCH INBEV WOR	3.000	10/15/2012	—	500,000.00	500,000.00	99.943	499,335.69	499,712.79	5,083.33	0.00	0.00	504,796.12	LT
08/17/2011	08/17/2011	TRNO	912828NC0	US TREASURY NIB	1.375	05/15/2013	—	7,000,000.00	7,000,000.00	100.774	7,066,992.19	7,051,688.55	24,585.60	0.00	0.00	7,076,274.15	LT
08/17/2011	08/17/2011	TRNO	649916Y62	NJ ECON DEV AUTH	1.347	06/15/2013	—	2,000,000.00	2,000,000.00	100.000	2,000,000.00	2,000,000.00	4,364.50	0.00	0.00	2,004,364.50	LT
08/17/2011	08/17/2011	TRNO	31398AN57	FANNIE MAE	2.000	04/19/2013	—	2,000,000.00	2,000,000.00	100.187	2,027,400.00	2,003,736.36	13,111.11	0.00	0.00	2,016,847.47	LT
08/17/2011	08/17/2011	TRNO	912828NH9	US TREASURY NIB	1.125	06/15/2013	—	2,000,000.00	2,000,000.00	100.378	2,009,140.63	2,007,566.22	3,872.95	0.00	0.00	2,011,439.17	LT
08/17/2011	08/17/2011	TRNO	31398A3Z3	FANNIE MAE	0.800	09/27/2012	—	3,500,000.00	3,500,000.00	100.014	3,504,375.00	3,500,491.44	10,888.89	0.00	0.00	3,511,380.33	LT
08/17/2011	08/17/2011	TRNO	912828PD6	US TREASURY NIB	0.375	10/31/2012	—	2,000,000.00	2,000,000.00	99.794	1,994,375.00	1,995,888.19	2,221.47	0.00	0.00	1,998,107.66	LT
08/17/2011	08/17/2011	TRNO	3135G0AK9	FANNIE MAE	0.750	02/26/2013	—	10,000,000.00	10,000,000.00	100.460	10,051,000.00	10,045,982.26	35,625.00	0.00	0.00	10,061,607.26	LT
08/17/2011	08/17/2011	TRNO	3135G0AP8	FANNIE MAE	1.250	02/27/2014	—	6,000,000.00	6,000,000.00	99.963	5,997,300.00	5,997,774.06	35,416.87	0.00	0.00	6,033,190.73	LT
08/17/2011	08/17/2011	TRNO	3137EAC56	FREDDIE MAC	0.750	03/28/2013	—	15,000,000.00	15,000,000.00	100.474	15,078,510.00	15,071,142.14	43,437.50	0.00	0.00	15,114,579.84	LT
08/17/2011	08/17/2011	TRNO	912828QH6	US TREASURY NIB	1.250	02/15/2014	—	8,000,000.00	8,000,000.00	99.636	8,073,467.81	8,071,122.87	543.48	0.00	0.00	8,071,666.35	LT
08/17/2011	08/17/2011	TRNO	7483ALAT7	GUEST DIAGNOSTIC INC	1.208	03/24/2014	—	750,000.00	750,000.00	100.000	750,000.00	750,000.00	1,232.44	0.00	0.00	751,232.44	LT
08/17/2011	08/17/2011	TRNO	92343VBA1	VERIZON COMMUNICATIONS	1.950	03/28/2014	—	1,000,000.00	1,000,000.00	99.884	998,670.00	998,842.32	7,529.17	0.00	0.00	1,006,371.48	LT
08/17/2011	08/17/2011	TRNO	067901AC2	BARRICK GOLD CORP	1.750	05/30/2014	—	650,000.00	650,000.00	99.899	649,226.50	649,280.94	2,401.39	0.00	0.00	651,682.33	LT
08/19/2011	10/04/2010	EXIN	639468AA8	CMCSA 2.100 04/01/14	2.100	04/01/2014	—	1,250,000.00	1,250,000.00	99.990	1,249,837.50	1,249,878.16	10,062.50	0.00	0.00	-1,259,940.66	LT
08/19/2011	08/19/2011	EXOT	628751AM7	NBC UNIVERSAL	2.100	04/01/2014	—	1,250,000.00	1,250,000.00	99.990	1,249,837.50	1,249,878.16	10,062.50	0.00	0.00	1,259,940.66	LT
08/24/2011	08/24/2011	SELL	0000TUZ1	US 2YR NOTE	—	—	Unknown	-20.00	-20.00	0.000	0.00	0.00	0.00	0.00	0.00	0.00	OTH ER
08/25/2011	08/25/2011	BUY	9127952P5	TREASURY BILL	0.000	11/17/2011	Unknown	100,000.00	100,000.00	99.999	99,998.83	99,998.83	0.00	0.00	0.00	-99,998.83	CE
08/25/2011	08/26/2011	SELL	0000TUZ1	US 2YR NOTE	—	—	Unknown	-150.00	-150.00	0.000	0.00	0.00	0.00	0.00	0.00	0.00	OTH ER
08/29/2011	08/29/2011	BUY	9127952P5	TREASURY BILL	0.000	11/17/2011	Unknown	100,000.00	100,000.00	99.999	99,998.89	99,998.89	0.00	0.00	0.00	-99,998.89	CE
09/01/2011	09/01/2011	PPD	28148XAP6	EDL FDG VAR-TXB-LN-A1	0.504	09/02/2013	—	84,250.00	84,250.00	—	82,986.25	84,250.00	0.00	0.00	0.00	84,250.00	LT
09/01/2011	09/26/2011	PPD	31416XHF0	FN AB2029	4.000	01/01/2021	—	26,964.70	26,964.70	—	26,194.96	26,964.70	0.00	0.00	0.00	26,964.70	LT
09/01/2011	09/15/2011	PPD	313985M57	FHR 2939 DJ	5.500	04/15/2025	—	160,578.01	160,578.01	—	162,384.51	160,578.00	0.00	-0.01	0.00	160,578.00	LT

WELLS CAPITAL MANAGEMENT

# Trading Activity (WC-Liquidity Demo 1)

7/1/2011 - 9/30/2011

Dated: 10/4/2011

Trade Date	Settle Date	Type	Cusip/ISIN	Description	Coupon	Maturity	Broker/Dealer	Orig Face	Notional	Price	Original Cost	Principal	Accr Int	Real G/L	Comm	Proceeds	Class
09/01/2011	09/15/2011	PPD	31394WAR9	FHR 2786 JA	4.500	03/15/2018	---	134,328.39	134,328.39	---	138,001.43	134,328.39	0.00	0.00	0.00	134,328.39	LT
09/01/2011	09/12/2011	PPD	59023BAD6	MLMT 2006-C1 ASB	5.855	05/12/2039	---	11,994.44	11,994.44	---	12,889.81	11,994.44	0.00	-0.00	0.00	11,994.44	LT
09/01/2011	09/26/2011	PPD	31392J7F0	FNR 2003-23 AG	5.000	03/25/2017	---	43,717.62	43,717.62	---	44,018.18	43,717.62	0.00	-0.00	0.00	43,717.62	LT
09/01/2011	09/12/2011	PPD	36828QRX6	GECMC 2006-C1 AAB	5.510	03/10/2044	---	16,593.30	16,593.30	---	17,524.77	16,593.30	0.00	-0.00	0.00	16,593.30	LT
09/01/2011	09/26/2011	PPD	31392GT12	FNR 2002-94 BH	5.500	04/25/2017	---	34,525.38	34,525.38	---	34,929.97	34,525.38	0.00	0.00	0.00	34,525.38	LT
09/01/2011	09/15/2011	PPD	12513EAF1	CD 2005-CD1 ASB	5.398	07/15/2044	---	18,106.14	18,106.14	---	19,260.40	18,106.13	0.00	-0.01	0.00	18,106.13	LT
09/01/2011	09/20/2011	PPD	40430XAC7	HFCHC 2006-3 A2F	5.680	03/20/2036	---	66,564.85	66,564.85	---	66,564.81	66,564.85	0.00	-0.00	0.00	66,564.85	LT
09/01/2011	09/26/2011	PPD	12489WQD9	CBASS 2005-CB8 AF2	5.363	12/25/2035	---	4,462.11	4,462.11	---	4,432.82	4,462.11	0.00	0.00	0.00	4,462.11	LT
09/07/2011	06/01/2011	EXIN	067901AE8	BARRICK GOLD CORP	1.750	05/30/2014	---	750,000.00	750,000.00	99.892	749,107.50	749,187.45	3,500.00	0.00	0.00	752,687.45	LT
09/07/2011	09/07/2011	EXOT	067901AC2	BARRICK GOLD CORP	1.750	05/30/2014	---	750,000.00	750,000.00	99.892	749,107.50	749,187.45	3,500.00	0.00	0.00	752,687.45	LT
09/13/2011	09/20/2011	BUY	02666QJ63	AMERICAN HONDA FINANCE	1.850	09/19/2014	Unknown	1,275,000.00	1,275,000.00	99.954	1,274,413.50	1,274,413.50	0.00	0.00	0.00	-1,274,413.50	LT
09/13/2011	09/19/2011	BUY	428236BN2	HEWLETT-PACKARD CO	2.350	03/15/2015	Unknown	950,000.00	950,000.00	99.977	949,781.50	949,781.50	0.00	0.00	0.00	-949,781.50	LT
09/15/2011	09/15/2011	PPD	65475GAB9	NALT 2010-S A2	0.900	05/15/2013	---	166,338.32	166,338.32	---	166,327.79	166,338.32	0.00	0.00	0.00	166,338.32	LT
09/15/2011	09/20/2011	BUY	428236BS1	HEWLETT-PACKARD CO	1.900	09/19/2014	Unknown	1,000,000.00	1,000,000.00	100.325	1,003,247.00	1,003,247.00	52.75	0.00	0.00	-1,003,299.75	LT
09/15/2011	09/20/2011	SELL	428236BN2	HEWLETT-PACKARD CO	2.350	03/15/2015	Unknown	950,000.00	950,000.00	100.300	949,781.50	952,850.00	62.01	3,068.33	0.00	952,912.01	LT
09/16/2011	09/21/2011	BUY	428236BS1	HEWLETT-PACKARD CO	1.900	09/19/2014	Unknown	350,000.00	350,000.00	100.266	350,931.00	350,931.00	36.95	0.00	0.00	-350,967.95	LT
09/22/2011	09/22/2011	PPD	00432CCD1	ACCSS 2005-1 A1	0.435	08/22/2018	---	197,681.08	197,681.08	---	196,955.22	197,681.08	0.00	0.00	0.00	197,681.08	LT
09/28/2011	10/03/2011	SELL	78010XAD3	ROYAL BK OF SCOTLAND PLC	3.400	08/23/2013	Unknown	294,000.00	294,000.00	99.825	293,841.24	293,485.50	1,110.67	-414.46	0.00	294,596.17	LT
---	---	NMMF_BUY	99989Y944	SECURED MARKET DEPOSIT ACCOUNT	---	---	Unknown	657,324.17	657,324.17	1.000	657,324.17	657,324.17	0.00	0.00	0.00	-657,324.17	CE
---	---	NMMF_SELL	99989Y944	SECURED MARKET DEPOSIT ACCOUNT	---	---	Unknown	607,324.17	607,324.17	1.000	607,324.17	607,324.17	0.00	0.00	0.00	607,324.17	CE
---	---	NMMF_BUY	94975H437	WELLS FARGO ADV CSH INV MH	---	---	Unknown	6,200,556.64	6,200,556.64	1.000	6,200,556.64	6,200,556.64	0.00	0.00	0.00	-6,200,556.64	CE
---	---	NMMF_SELL	94975H437	WELLS FARGO ADV CSH INV MH	---	---	Unknown	11,209,508.35	11,209,508.35	1.000	11,209,508.35	11,209,508.35	0.00	0.00	0.00	11,209,508.35	CE
---	---	---	---	---	---	---	---	147,075,472.41	---	---	148,404,323.88	148,067,127.46	489,666.82	49,875.78	0.00	105,325,259.94	---



**Transaction Detail (WC-Liquidity Demo 1)** Dated: 10/4/2011

Summary		Beginning Balance	Ending Balance
Cusip/SIN		48.16	0.06
CCYUSD			

**Cash Affecting Transactions**

Trade Date	Settle Date	Type	Notional	Cusip/SIN	Description	Coupon	Maturity	Price	Amount
06/30/2011	07/01/2011	NMMF_SELL	---	94975H437	WELLS FARGO ADV CSH INV MH	---	---	1.000	11,209,538.35
06/30/2011	07/01/2011	NMMF_BUY	---	94975H437	WELLS FARGO ADV CSH INV MH	---	---	1.000	-6,200,556.64
06/30/2011	07/01/2011	NMMF_BUY	---	99999Y944	SECURED MARKET DEPOSIT ACCOUNT	---	---	1.000	-657,324.17
06/30/2011	07/01/2011	NMMF_SELL	---	99999Y944	SECURED MARKET DEPOSIT ACCOUNT	---	---	1.000	607,324.17
06/30/2011	07/01/2011	BUY	1,450,000.00	912828QH6	US TREASURY N/B	1.250	02/15/2014	101.379	-1,476,803.53
06/30/2011	07/01/2011	SELL	1,500,000.00	912828PD6	US TREASURY N/B	0.375	10/31/2012	100.086	1,502,236.75
06/30/2011	07/01/2011	BUY	5,250,000.00	912828QH6	US TREASURY N/B	1.250	02/15/2014	101.508	-5,363,814.86
07/01/2011	07/01/2011	MINF	---	94975H437	WELLS FARGO ADV CSH INV MH	0.060	---	---	106.35
07/01/2011	07/01/2011	CPN	---	40430XAC7	HFCHC 2006-3 A2F	5.660	03/20/2036	---	2,350.45
07/01/2011	07/15/2011	CPN	---	31395M5M7	FHR 2839 DJ	5.500	04/15/2025	---	3,368.75
07/01/2011	07/15/2011	CPN	---	31394WAR9	FHR 2786 JA	4.500	03/15/2018	---	7,948.43
07/01/2011	07/01/2011	CPN	---	759911576	IL REGL TRANSP AUTH	2.843	07/01/2012	---	21,322.50
07/01/2011	07/01/2011	CPN	---	664845DD3	NTHRN CA PWR-SER B	2.750	07/01/2012	---	27,500.00
07/01/2011	07/25/2011	CPN	---	31392J7F0	FNR 2003-23 AG	5.000	03/25/2017	---	1,055.01
07/01/2011	07/25/2011	CPN	---	12489WQD9	CBASS 2005-CB8 AF2	5.303	12/25/2035	---	1,035.53
07/01/2011	07/25/2011	CPN	---	31392GTT2	FNR 2002-94 BH	5.500	04/25/2017	---	592.09
07/01/2011	07/25/2011	CPN	---	26884TAB8	ERAC USA FINANCE COMPANY	2.750	07/01/2013	---	17,187.50
07/01/2011	07/01/2011	CPN	---	31416XHF0	FN AB2029	4.000	01/01/2021	---	5,313.67
07/01/2011	07/25/2011	PPD	---	31394WAR9	FHR 2786 JA	4.500	03/15/2018	---	87,899.35
07/01/2011	07/25/2011	PPD	---	31416XHF0	FN AB2029	4.000	01/01/2021	---	35,083.40
07/01/2011	07/25/2011	PPD	---	31392J7F0	FNR 2003-23 AG	5.000	03/25/2017	---	37,744.08
07/01/2011	07/25/2011	PPD	---	31392GTT2	FNR 2002-94 BH	5.500	04/25/2017	---	45,593.80
07/01/2011	07/11/2011	PPD	---	36828QRX6	GECMC 2006-C1 AAB	5.510	03/10/2044	---	18,062.44
07/01/2011	07/11/2011	PPD	---	36828QRX6	GECMC 2006-C1 AAB	5.510	03/10/2044	---	3,030.62
07/01/2011	07/15/2011	PPD	---	31395M5M7	FHR 2839 DJ	5.500	04/15/2025	---	82,160.26
07/01/2011	07/12/2011	PPD	---	59023BAD6	MLMT 2006-C1 ASB	5.855	05/12/2039	---	13,303.99
07/01/2011	07/12/2011	PPD	---	59023BAD6	MLMT 2006-C1 ASB	5.855	05/12/2039	---	3,088.22
07/01/2011	07/15/2011	PPD	---	12513EAF1	CD 2005-CD1 ASB	5.398	07/15/2044	---	19,731.92
07/01/2011	07/15/2011	PPD	---	12513EAF1	CD 2005-CD1 ASB	5.398	07/15/2044	---	4,703.00
07/01/2011	07/20/2011	PPD	---	40430XAC7	HFCHC 2006-3 A2F	5.660	03/20/2036	---	88,428.34
07/01/2011	07/25/2011	PPD	---	12489WQD9	CBASS 2005-CB8 AF2	5.303	12/25/2035	---	5,866.00
07/05/2011	07/05/2011	TRN	---	CCYUSD	US Dollar	---	---	---	5,000.00
07/06/2011	07/06/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-3,113.06
07/07/2011	07/07/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-30,000.00

# Transaction Detail (WC-Liquidity Demo 1)

7/1/2011 - 9/30/2011

Dated: 10/4/2011

Trade Date	Settle Date	Type	Notional	Cusip/ISIN	Description	Coupon	Maturity	Price	Amount
07/07/2011	07/12/2011	SELL	1,000,000.00	912828QH6	US TREASURY N/B	1.250	02/15/2014	101.449	1,019,568.16
07/07/2011	07/12/2011	SELL	1,500,000.00	912828LX6	US TREASURY N/B	1.375	11/15/2012	101.402	1,524,285.84
07/07/2011	07/12/2011	BUY	1,380,000.00	13063A5F7	CA TXB-VAR PURP 3	5.650	04/01/2013	106.582	-1,492,706.52
07/07/2011	07/12/2011	BUY	550,000.00	13063A7F5	CA ST	4.850	10/01/2014	106.812	-594,949.82
07/08/2011	07/08/2011	CPN	---	36962G4H4	GENERAL ELEC CAP CORP	2.800	01/08/2013	---	7,000.00
07/08/2011	07/08/2011	TRN	---	CCYUSD	US Dollar	---	---	---	25,106.85
07/11/2011	07/15/2011	CPN	---	52108HXM1	LBUBS 2003-C8 A4	5.124	11/15/2032	---	3,023.16
07/11/2011	07/15/2011	CPN	---	52108HUM4	LBUBS 2003-C7 A4	4.931	09/15/2035	---	4,068.08
07/11/2011	07/11/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-20,000.00
07/14/2011	07/14/2011	CPN	---	22516QAH0	CREDIT SUISSE NEW YORK	2.200	01/14/2014	---	22,000.00
07/14/2011	07/14/2011	TRN	---	CCYUSD	US Dollar	---	---	---	10,000.00
07/14/2011	07/19/2011	SELL	500,000.00	912828PD6	US TREASURY N/B	0.375	10/31/2012	100.137	501,091.20
07/14/2011	07/19/2011	BUY	1,000,000.00	14040HAW5	CAPITAL ONE FINANCIAL CO	1.400	07/15/2014	100.000	-1,000,000.00
07/15/2011	07/15/2011	CPN	---	74432QAB1	PRUDENTIAL FINANCIAL INC	4.500	07/15/2013	---	25,875.00
07/15/2011	07/15/2011	CPN	---	00948UAF8	AGILENT TECHNOLOGIES INC	2.500	07/15/2013	---	12,500.00
07/15/2011	07/15/2011	CPN	---	02364WAH8	AMERICA MOVIL SAB DE CV	5.750	01/15/2015	---	31,625.00
07/15/2011	07/15/2011	CPN	---	907818CN6	UNION PACIFIC CORP	6.125	01/15/2012	---	30,625.00
07/15/2011	07/15/2011	CPN	---	053332AH5	AUTOZONE INC	6.500	01/15/2014	---	27,625.00
07/15/2011	07/15/2011	CPN	---	65475GAB9	NALT 2010-B A2	0.900	05/15/2013	---	1,500.00
07/15/2011	07/15/2011	CPN	---	14041NED9	COMET 2008-A3 A3	5.050	02/15/2016	---	13,045.83
07/15/2011	07/15/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-7,582.93
07/15/2011	07/15/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-20,564.78
07/15/2011	07/15/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-11,015.53
07/15/2011	07/15/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-9,794.48
07/15/2011	07/15/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-5,417.64
07/15/2011	07/15/2011	PPD	---	65475GAB9	NALT 2010-B A2	0.900	05/15/2013	---	11,661.93
07/18/2011	07/18/2011	CPN	---	70659PAB7	PENAR 2011-1A A1	0.880	05/18/2015	---	944.64
07/19/2011	07/19/2011	CPN	---	44328MAJ3	HSBC BANK PLC	2.000	01/19/2014	---	20,000.00
07/20/2011	07/20/2011	CPN	---	55607EAD2	MACQUARIE BANK LTD	2.600	01/20/2012	---	39,000.00
07/20/2011	07/20/2011	MEXP	---	CCYUSD	US Dollar	---	---	---	-16,513.68
07/20/2011	07/20/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-4,200.00
07/20/2011	07/20/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-5,550.00
07/20/2011	07/20/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-57,909.60
07/20/2011	07/20/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-186,722.00
07/20/2011	07/20/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-7,500.00
07/20/2011	07/20/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-13,700.00
07/20/2011	07/20/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-1,100.00
07/20/2011	07/25/2011	BUY	2,025,000.00	36828QDN3	GECMC 2004-C1 A3	4.586	11/10/2038	105.203	-2,136,567.88
07/21/2011	07/25/2011	SELL	2,000,000.00	912828NH9	US TREASURY N/B	1.125	06/15/2013	101.371	2,029,880.90
07/22/2011	07/27/2011	BUY	750,000.00	011112AV1	ALAMEDA PENSION CAB-B	0.000	12/01/2014	85.749	-673,117.50
07/24/2011	07/25/2011	CPN	---	61747WAD1	MORGAN STANLEY	2.875	01/24/2014	---	21,728.61



# Transaction Detail (WC-Liquidity Demo 1)

7/1/2011 - 9/30/2011

Dated: 10/4/2011

Trade Date	Settle Date	Type	National	Cusip/ISIN	Description	Coupon	Maturity	Price	Amount
07/25/2011	07/25/2011	CPN	00279HXS0	Abbey National Treasury Services PLC	1.553	04/25/2013			7,689.00
07/25/2011	07/27/2011	SELL	2,000,000.00	912828PD6	US TREASURY NB	0.375	10/31/2012	100.113	2,004,059.11
07/25/2011	07/26/2011	CPN		539473AK4	LLOYDS TSB BANK PLC	2.603	01/24/2014		13,118.75
07/29/2011	07/29/2011	TRN		CCYUSD	US Dollar				-170,597.01
07/29/2011	07/29/2011	CPN		61747YDC6	MORGAN STANLEY	1.233	04/29/2013		2,692.75
07/30/2011	08/01/2011	CPN		06423AAS2	BANK ONE CORP	5.250	01/30/2013		60,375.00
07/31/2011	08/01/2011	MMF		94975H437	WELLS FARGO ADV CSH INV M-I	0.060			8.87
08/01/2011	08/25/2011	CPN		31382GTT2	FNR 2002-94 BH	5.500	04/25/2017		383.12
08/01/2011	08/25/2011	CPN		31392J7F0	FNR 2003-23 AG	5.000	03/25/2017		897.74
08/01/2011	08/01/2011	CPN		677525TG2	OH AIR QULTY-D	4.750	08/01/2012		42,750.00
08/01/2011	08/01/2011	CPN		55608JAA6	MACQUARIE GROUP LTD	7.300	08/01/2014		36,500.00
08/01/2011	08/01/2011	CPN		126408GD9	CSX CORP	5.500	08/01/2013		27,500.00
08/01/2011	08/25/2011	CPN		31416XHF0	FN AB2029	4.000	01/01/2021		5,196.73
08/01/2011	08/25/2011	CPN		12489WQD9	CBASS 2005-CB8 AF2	5.303	12/25/2035		1,009.60
08/01/2011	08/15/2011	CPN		31395MSM7	FHR 2839 DJ	5.500	04/15/2025		2,992.18
08/01/2011	08/15/2011	CPN		31394WAR9	FHR 2786 JA	4.500	03/15/2018		7,618.81
08/01/2011	08/10/2011	CPN		36828QDN3	GECMC 2004-C1 A3	4.596	11/10/2038		7,755.75
08/01/2011	08/22/2011	CPN		40430XAC7	HFCMC 2006-3 A2F	5.660	03/20/2036		1,933.36
08/01/2011	08/01/2011	MMF		98999Y944	SECURED MARKET DEPOSIT ACCOUNT	0.090			0.14
08/01/2011	08/25/2011	PPD		31416XHF0	FN AB2029	4.000	01/01/2021		26,617.49
08/01/2011	08/15/2011	PPD		31394WAR9	FHR 2786 JA	4.500	03/15/2018		110,178.87
08/01/2011	08/15/2011	PPD		31395MSM7	FHR 2839 DJ	5.500	04/15/2025		80,132.93
08/01/2011	08/01/2011	CPN		837151AL3	SC PUB SVC-A-TXBL	0.722	07/01/2013		1,445.04
08/10/2011	08/10/2011	PPD		36828QDX6	GECMC 2006-C1 AAB	5.510	03/10/2044		16,529.53
08/10/2011	08/10/2011	CPN		36828QRX6	GECMC 2006-C1 AAB	5.510	03/10/2044		3,049.16
08/25/2011	08/25/2011	PPD		31392GTT2	FNR 2002-94 BH	5.500	04/25/2017		49,064.54
08/25/2011	08/25/2011	PPD		31392J7F0	FNR 2003-23 AG	5.000	03/25/2017		39,826.41
08/01/2011	08/12/2011	PPD		59023BAD6	MLMT 2006-C1 ASB	5.855	05/12/2039		11,935.03
08/01/2011	08/12/2011	CPN		59023BAD6	MLMT 2006-C1 ASB	5.855	05/12/2039		3,126.12
08/15/2011	08/15/2011	PPD		12513EAF1	CD 2005-CD1 ASB	5.398	07/15/2044		17,854.38
08/15/2011	08/15/2011	CPN		12513EAF1	CD 2005-CD1 ASB	5.398	07/15/2044		4,775.76
08/22/2011	08/22/2011	PPD		40430XAC7	HFCMC 2006-3 A2F	5.660	03/20/2036		70,125.68
08/25/2011	08/25/2011	PPD		12489WQD9	CBASS 2005-CB8 AF2	5.303	12/25/2035		6,684.23
08/03/2011	08/03/2011	TRN		CCYUSD	US Dollar				12,500.00
08/03/2011	08/03/2011	TRN		CCYUSD	US Dollar				250,000.00
08/04/2011	08/04/2011	TRN		CCYUSD	US Dollar				-7,439.15
08/04/2011	08/09/2011	BUY	1,000,000.00	0010EQAB2	AEP TEXAS NORTH COMPANY	5.500	03/01/2013	106.540	-1,089,538.89
08/05/2011	08/09/2011	SELL	1,500,000.00	55607EAD2	MACQUARIE BANK LTD	2.600	01/20/2012	100.988	1,517,028.33
08/05/2011	08/09/2011	BUY	2,000,000.00	7443M2H17	Prudential Public Limited Company	0.000	08/01/2012	98.996	-1,979,912.22
08/08/2011	08/08/2011	TRN		CCYUSD	US Dollar				-8,836.00
08/09/2011	08/09/2011	TRN		CCYUSD	US Dollar				-42,733.25

# Transaction Detail (WC-Liquidity Demo 1)

7/1/2011 - 9/30/2011

Dated: 10/4/2011

Trade Date	Settle Date	Type	Notional	Cusip/ISIN	Description	Coupon	Maturity	Price	Amount
08/11/2011	08/15/2011	CPN	---	52108HJMA	LBUBS 2003-C7 A4	4.931	09/15/2035	---	4,068.08
08/11/2011	08/11/2011	CPN	---	084670AY4	BERKSHIRE HATHAWAY INC	0.708	02/11/2013	---	5,334.08
08/11/2011	08/15/2011	CPN	---	52108HXM1	LBUBS 2003-C8 A4	5.124	11/15/2032	---	3,023.16
08/12/2011	08/12/2011	CPN	---	90261XGF3	UBS AG STAMFORD CT	2.250	08/12/2013	---	22,500.00
08/15/2011	08/15/2011	CPN	---	760759AC4	REPUBLIC SERVICES INC	6.750	08/15/2011	---	33,750.00
08/15/2011	08/15/2011	CPN	---	912828QH6	US TREASURY NIB	1.250	02/15/2014	---	50,000.00
08/15/2011	08/15/2011	CPN	---	391164AD2	GREAT PLAINS ENERGY INC	2.750	08/15/2013	---	11,060.00
08/15/2011	08/15/2011	CPN	---	776696AB2	ROPER INDUSTRIES INC	6.625	08/15/2013	---	34,284.38
08/15/2011	08/15/2011	CPN	---	925524AT7	CBS CORP	6.625	08/15/2012	---	35,831.25
08/15/2011	08/15/2011	PPD	---	65475GAB9	NALT 2010-B A2	0.900	05/15/2013	---	136,338.15
08/15/2011	08/15/2011	CPN	---	14041NED9	COMET 2008-A3 A3	5.050	02/15/2016	---	13,045.83
08/15/2011	08/15/2011	CPN	---	65475GAB9	NALT 2010-B A2	0.900	05/15/2013	---	1,491.25
08/15/2011	08/15/2011	CPN	---	260543BZ5	DOW CHEMICAL CO/THE	4.850	08/15/2012	---	43,650.00
08/15/2011	08/15/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-126,101.25
08/15/2011	08/15/2011	MTY	1,000,000.00	760759AC4	REPUBLIC SERVICES INC	6.750	08/15/2011	100.000	1,000,000.00
08/18/2011	08/18/2011	CPN	---	70659PAB7	PENAR 2011-1A A1	0.880	05/18/2015	---	720.32
08/18/2011	08/18/2011	TRN	---	CCYUSD	US Dollar	---	---	---	15,000.00
08/22/2011	08/22/2011	MEXP	---	CCYUSD	US Dollar	---	---	---	-16,716.73
08/23/2011	08/23/2011	CPN	---	78010XAD3	ROYAL BK OF SCOTLAND PLC	3.400	08/23/2013	---	34,000.00
08/24/2011	08/25/2011	INC	---	0000TUZ1	US 2YR NOTE	---	---	---	1,250.00
08/24/2011	08/25/2011	EXP	---	0000TUZ1	US 2YR NOTE	---	---	---	-38.00
08/25/2011	08/25/2011	BUY	100,000.00	9127952P5	TREASURY BILL	0.000	11/17/2011	99.999	-99,998.83
08/26/2011	08/26/2011	EXP	---	0000TUZ1	US 2YR NOTE	---	---	---	-285.00
08/26/2011	08/26/2011	EXP	---	0000TUZ1	US 2YR NOTE	---	---	---	-1,875.00
08/26/2011	08/29/2011	EXP	---	0000TUZ1	US 2YR NOTE	---	---	---	-937.50
08/29/2011	08/29/2011	BUY	100,000.00	9127952P5	TREASURY BILL	0.000	11/17/2011	99.999	-99,998.89
08/29/2011	08/30/2011	INC	---	0000TUZ1	US 2YR NOTE	---	---	---	7,968.75
08/30/2011	08/30/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-8,250.00
08/30/2011	08/30/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-4,500.00
08/30/2011	08/30/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-7,500.00
08/30/2011	08/30/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-51,109.68
08/30/2011	08/30/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-500.00
08/30/2011	08/30/2011	EXP	---	0000TUZ1	US 2YR NOTE	---	---	---	-5,312.50
08/31/2011	08/31/2011	TRN	---	CCYUSD	US Dollar	---	---	---	-213,181.45
08/31/2011	09/01/2011	MMF	---	94975H437	WELLS FARGO ADV CSH INV M-I	0.060	---	---	63.97
09/01/2011	09/20/2011	CPN	---	40430XAC7	HFCHC 2006-3 A2F	5.660	03/20/2036	---	1,602.60
09/01/2011	09/26/2011	CPN	---	12489WQD9	CBASS 2005-CB8 AF2	5.303	12/25/2035	---	980.06
09/01/2011	09/15/2011	CPN	---	31395M5M7	FHR 2939 DJ	5.500	04/15/2025	---	2,624.91
09/01/2011	09/12/2011	CPN	---	36828QDN3	GECMC 2004-C1 A3	4.586	11/10/2038	---	7,755.75
09/01/2011	09/01/2011	CPN	---	0010E0A62	AEP TEXAS NORTH COMPANY	5.500	03/01/2013	---	27,500.00
09/01/2011	09/26/2011	CPN	---	31392J7F0	FNR 2003-23 AG	5.000	09/25/2017	---	731.80



Transaction Detail (WC-Liquidity Demo 1)

7/1/2011 - 9/30/2011

Dated: 10/4/2011

Trade Date	Settle Date	Type	Notional	Cusip/ISIN	Description	Coupon	Maturity	Price	Amount
09/01/2011	09/26/2011	CPN	---	31416XHF0	FN AB2029	4.000	01/01/2021	---	5,108.00
09/01/2011	09/01/2011	CPN	---	72650RAV4	PLAINS ALL AMER PIPELINE	4.250	09/01/2012	---	12,218.75
09/01/2011	09/01/2011	CPN	---	452152HP9	IL ST	4.026	03/01/2014	---	32,509.95
09/01/2011	09/01/2011	CPN	---	68233JAB0	ONCOR ELECTRIC DELIVERY	5.950	09/01/2013	---	28,262.50
09/01/2011	09/01/2011	CPN	---	66285WHR2	N TX TWY-A-TXB-BANS	2.441	09/01/2013	---	19,390.69
09/01/2011	09/26/2011	CPN	---	31392GTT2	FNR 2002-94 BH	5.500	04/25/2017	---	158.24
09/01/2011	09/15/2011	CPN	---	31394WAR9	FHR 2786 JA	4.500	03/15/2018	---	7,205.64
09/01/2011	09/01/2011	MMF	---	99999Y944	SECURED MARKET DEPOSIT ACCOUNT	0.090	---	---	0.43
09/01/2011	09/02/2011	PPD	---	28148XAP6	EDL FDG VAR-TXB-LN-A1	0.504	09/02/2013	---	84,250.00
09/01/2011	09/02/2011	EXP	---	0000TUZ1	US 2YR NOTE	---	---	---	-5,312.50
09/01/2011	09/26/2011	PPD	---	31416XHF0	FN AB2029	4.000	01/01/2021	---	26,964.70
09/01/2011	09/15/2011	PPD	---	31395M5M7	FHR 2939 DJ	5.500	04/15/2025	---	160,578.00
09/01/2011	09/15/2011	PPD	---	31394WAR9	FHR 2786 JA	4.500	03/15/2018	---	134,328.39
09/01/2011	09/01/2011	CPN	---	28148XAP6	EDL FDG VAR-TXB-LN-A1	0.504	09/02/2013	---	108.49
09/01/2011	09/12/2011	PPD	---	59023BAD6	MLMT 2006-C1 ASB	5.855	05/12/2039	---	11,984.44
09/01/2011	09/26/2011	PPD	---	31392J7F0	FNR 2003-23 AG	5.000	03/25/2017	---	43,717.62
09/01/2011	09/12/2011	PPD	---	36828QRX6	GECMC 2006-C1 AAB	5.510	04/25/2017	---	16,593.30
09/01/2011	09/12/2011	PPD	---	31392GTT2	FNR 2002-94 BH	0.722	07/01/2013	---	34,525.38
09/01/2011	09/01/2011	CPN	---	837151AL3	SC PUB SVC-A-TXBL	5.510	03/10/2044	---	1,152.72
09/01/2011	09/26/2011	PPD	---	36828QRX6	GECMC 2006-C1 AAB	5.855	05/12/2039	---	2,972.33
09/01/2011	09/12/2011	CPN	---	59023BAD6	MLMT 2006-C1 ASB	5.988	07/15/2044	---	3,063.63
09/01/2011	09/12/2011	CPN	---	12513EAF1	CD 2005-CD1 ASB	5.398	07/15/2044	---	18,106.13
09/01/2011	09/15/2011	CPN	---	12513EAF1	CD 2005-CD1 ASB	5.398	07/15/2044	---	4,694.92
09/01/2011	09/20/2011	PPD	---	40430XAC7	HFCMC 2006-3 A2F	5.660	03/20/2036	---	66,564.85
09/01/2011	09/26/2011	PPD	---	12489WQD9	CBASS 2005-CB8 AF2	5.303	12/25/2035	---	4,462.11
09/02/2011	09/06/2011	INC	---	0000TUZ1	US 2YR NOTE	---	---	---	13,281.25
09/06/2011	09/07/2011	EXP	---	0000TUZ1	US 2YR NOTE	---	---	---	-7,968.75
09/06/2011	09/06/2011	CPN	---	233331AP2	DTE ENERGY COMPANY	1.031	06/03/2013	---	3,278.83
09/07/2011	09/08/2011	INC	---	0000TUZ1	US 2YR NOTE	---	---	---	2,656.25
09/08/2011	09/09/2011	EXP	---	0000TUZ1	US 2YR NOTE	---	---	---	-5,312.50
09/09/2011	09/09/2011	TRN	---	CCYUSD	US Dollar	---	---	---	250,000.00
09/09/2011	09/09/2011	TRN	---	CCYUSD	US Dollar	---	---	---	49,715.32
09/09/2011	09/09/2011	TRN	---	CCYUSD	US Dollar	---	---	---	10,000.00
09/09/2011	09/12/2011	EXP	---	0000TUZ1	US 2YR NOTE	---	---	---	-13,281.25
09/09/2011	09/09/2011	CPN	---	449766AN2	ING BANK NV	1.737	06/09/2014	---	8,440.00
09/11/2011	09/15/2011	CPN	---	52108HXM1	LBUBS 2003-C8 A4	5.124	11/15/2032	---	3,023.16
09/11/2011	09/15/2011	CPN	---	52108HJM4	LBUBS 2003-C7 A4	4.931	09/15/2035	---	4,068.08
09/12/2011	09/13/2011	INC	---	0000TUZ1	US 2YR NOTE	---	---	---	29,218.75
09/13/2011	09/20/2011	BUY	1,275,000.00	02666QJ53	AMERICAN HONDA FINANCE	1.850	09/19/2014	98.964	-1,274,413.50
09/13/2011	09/19/2011	BUY	950,000.00	428236BN2	HEWLETT-PACKARD CO	2.350	03/15/2015	98.977	-949,781.50
09/14/2011	09/15/2011	EXP	---	0000TUZ1	US 2YR NOTE	---	---	---	-13,281.25

Transaction Detail (WC-Liquidity Demo 1)

7/1/2011 - 9/30/2011

Dated: 10/4/2011

Trade Date	Settle Date	Type	Notional	Cusip/ISIN	Description	Coupon	Maturity	Price	Amount
09/15/2011	09/15/2011	CPN	14041NED9	14041NED9	COMET 2008-A3 A3	5.050	02/15/2016	—	13,045.83
09/15/2011	09/15/2011	CPN	74913GAN5	74913GAN5	QWEST CORP	3.597	06/15/2013	—	8,936.78
09/15/2011	09/15/2011	CPN	40429CCW0	40429CCW0	HSBC FINANCE CORP	0.697	09/14/2012	—	3,051.33
09/15/2011	09/15/2011	PPD	65475GAB9	65475GAB9	NALT 2010-B A2	0.900	05/15/2013	—	1,389.00
09/15/2011	09/20/2011	BUY	65475GAB9	65475GAB9	NALT 2010-B A2	0.900	05/15/2013	—	166,338.32
09/15/2011	09/20/2011	SELL	1,000,000.00	4282366S1	HEWLETT-PACKARD CO	1.900	09/19/2014	100.325	-1,003,299.75
09/15/2011	09/20/2011	CPN	950,000.00	4282366N2	HEWLETT-PACKARD CO	2.350	03/15/2015	100.300	952,912.01
09/15/2011	09/15/2011	BUY	350,000.00	645918YG2	NJ ECON DEV AUTH	1.347	06/15/2013	—	6,363.33
09/16/2011	09/21/2011	EXP	0000TUZ1	0000TUZ1	HEWLETT-PACKARD CO	1.900	09/19/2014	100.266	-350,967.95
09/16/2011	09/19/2011	EXP	0000TUZ1	0000TUZ1	US 2YR NOTE	—	—	—	-10,625.00
09/17/2011	09/19/2011	CPN	49327WAC6	49327WAC6	KEY BANK NA	5.500	09/17/2012	—	27,500.00
09/19/2011	09/19/2011	CPN	70659PAB7	70659PAB7	PENAR 2011-1A A1	0.880	05/18/2015	—	764.64
09/19/2011	09/20/2011	EXP	0000TUZ1	0000TUZ1	US 2YR NOTE	—	—	—	-18,593.75
09/20/2011	09/20/2011	MEXP	CCYUSD	CCYUSD	US Dollar	—	—	—	-13,394.51
09/20/2011	09/21/2011	INC	0000TUZ1	0000TUZ1	US 2YR NOTE	—	—	—	5,312.50
09/21/2011	09/21/2011	TRN	CCYUSD	CCYUSD	US Dollar	—	—	—	7,000.00
09/21/2011	09/22/2011	INC	0000TUZ1	0000TUZ1	US 2YR NOTE	—	—	—	31,875.00
09/21/2011	09/21/2011	INC	88166DAB2	88166DAB2	TEVA PHARM FIN III	0.853	03/21/2014	—	3,008.95
09/22/2011	09/22/2011	CPN	00432CCD1	00432CCD1	ACCSS 2005-1 A1	0.435	08/22/2018	—	440.17
09/22/2011	09/22/2011	CPN	980888AC5	980888AC5	WOOLWORTHS LIMITED	2.550	09/22/2015	—	6,375.00
09/22/2011	09/23/2011	INC	CCYUSD	CCYUSD	US Dollar	—	—	—	5,312.50
09/22/2011	09/22/2011	PPD	00432CCD1	00432CCD1	ACCSS 2005-1 A1	0.435	06/22/2018	—	197,681.08
09/23/2011	09/26/2011	INC	0000TUZ1	0000TUZ1	US 2YR NOTE	—	—	—	7,968.75
09/24/2011	09/26/2011	CPN	74834LAT7	74834LAT7	QUEST DIAGNOSTIC INC	1.208	03/24/2014	—	2,211.69
09/26/2011	09/27/2011	INC	0000TUZ1	0000TUZ1	US 2YR NOTE	—	—	—	10,625.00
09/26/2011	09/28/2011	INC	0000TUZ1	0000TUZ1	US 2YR NOTE	—	—	—	5,312.50
09/27/2011	09/28/2011	CPN	80105NAE5	80105NAE5	SANOFI	0.563	03/28/2013	—	2,223.81
09/28/2011	09/28/2011	CPN	92343VBA1	92343VBA1	VERIZON COMMUNICATIONS	1.950	03/28/2014	—	17,355.00
09/28/2011	09/28/2011	TRN	CCYUSD	CCYUSD	US Dollar	—	—	—	-245.25
09/28/2011	09/29/2011	INC	0000TUZ1	0000TUZ1	US 2YR NOTE	—	—	—	10,625.00
09/29/2011	09/30/2011	INC	0000TUZ1	0000TUZ1	US 2YR NOTE	—	—	—	2,656.25
09/30/2011	09/30/2011	TRN	CCYUSD	CCYUSD	US Dollar	—	—	—	50,000.00
09/30/2011	09/30/2011	TRN	CCYUSD	CCYUSD	US Dollar	—	—	—	-224,154.88
09/30/2011	09/30/2011	TRN	—	—	—	—	—	—	-48.10

Payable/Receivable Transactions

Trade Date	Settle Date	Type	Notional	Cusip/ISIN	Description	Coupon	Maturity	Price	Amount
09/28/2011	10/03/2011	SELL	294,000.00	78010XAD3	ROYAL BK OF SCOTLAND PLC	3.400	06/23/2013	99.825	294,596.17
09/30/2011	10/01/2011	MMF	—	9497SH437	WELLS FARGO ADV CSH INV M-I	0.060	—	—	66.50
									294,662.67



# Transaction Detail (WC-Liquidity Demo 1)

7/1/2011 - 9/30/2011

Dated: 10/4/2011

## Non Cash Affecting Transactions

Transfer Date	Trade Date	Settle Date	Type	Notional	Cusip/ISIN	Description	Coupon	Maturity	Price	Amount
08/19/2011	09/29/2010	10/04/2010	EXIN	1,250,000.00	63946BAA8	CMCSA 2.100 04/01/14	2.100	04/01/2014	99.990	-1,259,940.66
09/07/2011	05/24/2011	06/01/2011	EXIN	750,000.00	067901AE8	BARRICK GOLD CORP	1.750	05/30/2014	99.892	-762,687.45
08/17/2011	08/17/2011	08/17/2011	TRNO	8,000,000.00	31398AHZ8	FANNIE MAE	4.750	11/19/2012	104.428	8,447,093.00
08/17/2011	08/17/2011	08/17/2011	TRNO	6,000,000.00	912826JT8	US TREASURY NIB	2.000	11/30/2013	101.971	6,143,822.35
08/17/2011	08/17/2011	08/17/2011	TRNO	800,000.00	260543BZ5	DOW CHEMICAL CO/THE	4.850	08/15/2012	99.995	800,175.99
08/17/2011	08/17/2011	08/17/2011	TRNO	21,000,000.00	912826LX6	US TREASURY NIB	1.375	11/15/2012	100.054	21,085,026.14
08/17/2011	08/17/2011	08/17/2011	TRNO	1,000,000.00	686053CB3	OR SCH BRDS-A PENSION	0.000	06/30/2012	97.510	975,100.84
08/17/2011	08/17/2011	08/17/2011	TRNO	1,000,000.00	26138EAL3	DR PEPPER SNAPPLE GROUP	2.350	12/21/2012	99.963	1,003,489.46
08/17/2011	08/17/2011	08/17/2011	TRNO	1,000,000.00	084670AY4	BERKSHIRE HATHAWAY INC	0.708	02/11/2013	100.285	1,002,963.28
08/17/2011	08/17/2011	08/17/2011	TRNO	500,000.00	03523TAL2	ANHEUSER-BUSCH INBEV WOR	3.000	10/15/2012	99.943	504,796.12
08/17/2011	08/17/2011	08/17/2011	TRNO	7,000,000.00	912828NCO	US TREASURY NIB	1.375	05/15/2013	100.738	7,076,274.15
08/17/2011	08/17/2011	08/17/2011	TRNO	2,000,000.00	645918YG2	NJ ECON DEV AUTH	1.347	06/15/2013	100.000	2,004,364.50
08/17/2011	08/17/2011	08/17/2011	TRNO	2,000,000.00	31398AN57	FANNIE MAE	2.000	04/19/2013	100.187	2,016,847.47
08/17/2011	08/17/2011	08/17/2011	TRNO	2,000,000.00	912828NH9	US TREASURY NIB	1.125	06/15/2013	100.378	2,011,439.17
08/17/2011	08/17/2011	08/17/2011	TRNO	3,500,000.00	31398A3Z3	FANNIE MAE	0.800	09/27/2012	100.014	3,511,380.33
08/17/2011	08/17/2011	08/17/2011	TRNO	2,000,000.00	912828PD6	US TREASURY NIB	0.375	10/31/2012	99.794	1,998,107.66
08/17/2011	08/17/2011	08/17/2011	TRNO	10,000,000.00	3135G0AK9	FANNIE MAE	0.750	02/28/2013	100.460	10,081,607.26
08/17/2011	08/17/2011	08/17/2011	TRNO	6,000,000.00	3135G0AP8	FANNIE MAE	1.250	02/27/2014	99.963	6,033,190.73
08/17/2011	08/17/2011	08/17/2011	TRNO	15,000,000.00	3137EACS6	FREDDIE MAC	0.750	03/28/2013	100.474	15,114,579.64
08/17/2011	08/17/2011	08/17/2011	TRNO	8,000,000.00	912828QH6	US TREASURY NIB	1.250	02/15/2014	100.889	8,071,666.35
08/17/2011	08/17/2011	08/17/2011	TRNO	750,000.00	74834LAT7	QUEST DIAGNOSTIC INC	1.208	03/24/2014	100.000	751,232.44
08/17/2011	08/17/2011	08/17/2011	TRNO	1,000,000.00	92343VBA1	VERIZON COMMUNICATIONS	1.950	03/28/2014	99.884	1,006,371.48
08/17/2011	08/17/2011	08/17/2011	TRNO	650,000.00	067901AC2	BARRICK GOLD CORP	1.750	05/30/2014	99.889	651,682.33
08/19/2011	08/19/2011	08/19/2011	EXOT	1,250,000.00	62875UAM7	NBC UNIVERSAL	2.100	04/01/2014	99.990	1,259,940.66
09/07/2011	09/07/2011	09/07/2011	EXOT	750,000.00	067901AC2	BARRICK GOLD CORP	1.750	05/30/2014	99.892	752,687.45



# MMF Transaction Detail (WC-Liquidity Demo 1)

7/1/2011 - 9/30/2011

Dated: 10/4/2011

Cusip/ISIN	Description	Beginning Balance	Ending Balance
94975H437	WELLS FARGO ADV CSH INV M-I	5,345,224.87	336,273.16
99999Y944	SECURED MARKET DEPOSIT ACCOUNT	0.00	50,000.00

## Cash Affecting Transactions

Trade Date	Settle Date	Type	Notional	Cusip/ISIN	Ticker	Description	Real G/L	Amount
07/01/2011	07/01/2011	SELL	5,262,265.32	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	5,262,265.32
07/05/2011	07/05/2011	BUY	5,000.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-5,000.00
07/06/2011	07/06/2011	BUY	3,113.06	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	3,113.06
07/07/2011	07/07/2011	SELL	30,000.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	30,000.00
07/08/2011	07/08/2011	BUY	25,108.85	99999Y944	SECURED	SECURED MARKET DEPOSIT ACCOUNT	0.00	-25,108.85
07/08/2011	07/08/2011	BUY	7,000.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-7,000.00
07/11/2011	07/11/2011	SELL	20,000.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	20,000.00
07/11/2011	07/11/2011	SELL	25,108.85	99999Y944	SECURED	SECURED MARKET DEPOSIT ACCOUNT	0.00	25,108.85
07/11/2011	07/11/2011	BUY	25,108.85	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-25,108.85
07/11/2011	07/11/2011	BUY	21,093.07	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-21,093.07
07/12/2011	07/12/2011	BUY	456,197.66	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-456,197.66
07/13/2011	07/13/2011	BUY	16,392.22	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-16,392.22
07/14/2011	07/14/2011	BUY	10,000.00	99999Y944	SECURED	SECURED MARKET DEPOSIT ACCOUNT	0.00	-10,000.00
07/14/2011	07/14/2011	BUY	22,000.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-22,000.00
07/15/2011	07/15/2011	BUY	268,297.25	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-268,297.25
07/15/2011	07/15/2011	BUY	20,253.17	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-20,253.17
07/15/2011	07/15/2011	BUY	10,000.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-10,000.00
07/15/2011	07/15/2011	SELL	10,000.00	99999Y944	SECURED	SECURED MARKET DEPOSIT ACCOUNT	0.00	10,000.00
07/15/2011	07/15/2011	BUY	24,434.92	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-24,434.92
07/19/2011	07/19/2011	SELL	477,964.16	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	477,964.16
07/20/2011	07/20/2011	BUY	22,486.32	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-22,486.32
07/20/2011	07/20/2011	SELL	88,859.60	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	88,859.60
07/20/2011	07/20/2011	SELL	189,622.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	189,622.00
07/21/2011	07/21/2011	BUY	90,778.79	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-90,778.79
07/21/2011	07/21/2011	BUY	48.24	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-48.24
07/25/2011	07/25/2011	BUY	7,689.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-7,689.00
07/25/2011	07/25/2011	BUY	47,327.20	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-47,327.20
07/26/2011	07/26/2011	BUY	13,118.75	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-13,118.75
07/27/2011	07/27/2011	BUY	1,330,941.60	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-1,330,941.60
07/29/2011	07/29/2011	SELL	167,904.26	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	167,904.26
07/31/2011	08/01/2011	MMF	0.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	8.87
08/01/2011	08/01/2011	MMF	0.00	99999Y944	SECURED	SECURED MARKET DEPOSIT ACCOUNT	0.00	0.14



MMF Transaction Detail (WC-Liquidity Demo 1)  
 7/1/2011 - 9/30/2011

Dated: 10/4/2011

Trade Date	Settle Date	Type	Notional	Cusip/ISIN	Ticker	Description	Real G/L	Amount
08/01/2011	08/01/2011	BUY	168,578.92	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-168,578.92
08/02/2011	08/02/2011	BUY	0.14	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-0.14
08/03/2011	08/03/2011	BUY	262,500.00	99999Y944	SECURED	SECURED MARKET DEPOSIT ACCOUNT	0.00	-262,500.00
08/04/2011	08/04/2011	SELL	262,500.00	99999Y944	SECURED	SECURED MARKET DEPOSIT ACCOUNT	0.00	262,500.00
08/04/2011	08/04/2011	SELL	7,439.15	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	7,439.15
08/04/2011	08/04/2011	BUY	262,500.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-262,500.00
08/08/2011	08/08/2011	SELL	9,836.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	9,836.00
08/09/2011	08/09/2011	SELL	42,733.25	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	42,733.25
08/09/2011	08/09/2011	SELL	1,552,422.78	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	1,552,422.78
08/10/2011	08/10/2011	BUY	7,755.75	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-7,755.75
08/10/2011	08/10/2011	BUY	19,578.70	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-19,578.70
08/11/2011	08/11/2011	BUY	5,334.08	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-5,334.08
08/12/2011	08/12/2011	BUY	15,061.14	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-15,061.14
08/12/2011	08/12/2011	BUY	22,500.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-22,500.00
08/15/2011	08/15/2011	BUY	50,000.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-50,000.00
08/15/2011	08/15/2011	BUY	11,728.14	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-11,728.14
08/15/2011	08/15/2011	BUY	1,372,484.25	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-1,372,484.25
08/17/2011	08/17/2011	BUY	7,091.24	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-7,091.24
08/17/2011	08/17/2011	BUY	22,630.13	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-22,630.13
08/18/2011	08/18/2011	BUY	15,000.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-15,000.00
08/18/2011	08/18/2011	BUY	720.32	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-720.32
08/18/2011	08/18/2011	BUY	55,342.32	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-55,342.32
08/22/2011	08/22/2011	BUY	34,000.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-34,000.00
08/23/2011	08/23/2011	BUY	99,998.83	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	99,998.83
08/25/2011	08/25/2011	SELL	129,679.86	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-129,679.86
08/25/2011	08/25/2011	BUY	1,212.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-1,212.00
08/26/2011	08/26/2011	SELL	1,875.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	1,875.00
08/29/2011	08/29/2011	SELL	99,998.89	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	99,998.89
08/29/2011	08/29/2011	SELL	1,222.60	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	1,222.60
08/30/2011	08/30/2011	SELL	63,390.08	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	63,390.08
08/30/2011	08/30/2011	SELL	500.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	500.00
08/31/2011	08/31/2011	SELL	218,493.95	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	218,493.95
08/31/2011	09/01/2011	MMF	0.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	63.97
09/01/2011	09/01/2011	MMF	0.00	99999Y944	SECURED	SECURED MARKET DEPOSIT ACCOUNT	0.00	0.43
09/01/2011	09/01/2011	BUY	121,098.57	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-121,098.57
09/01/2011	09/01/2011	BUY	108.49	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-108.49
09/02/2011	09/02/2011	BUY	84,250.43	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-84,250.43
09/02/2011	09/02/2011	SELL	5,312.50	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	5,312.50
09/06/2011	09/06/2011	BUY	13,280.40	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-13,280.40



MMF Transaction Detail (WC-Liquidity Demo 1)  
 7/1/2011 - 9/30/2011

Dated: 10/4/2011

Trade Date	Settle Date	Type	Notional	Custip/SIN	Ticker	Description	Real G/L	Amount
09/06/2011	09/06/2011	BUY	3,278.83	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-3,278.83
09/07/2011	09/07/2011	SELL	7,967.90	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	7,967.90
09/08/2011	09/08/2011	BUY	2,655.40	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-2,655.40
09/09/2011	09/09/2011	BUY	8,440.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-8,440.00
09/09/2011	09/09/2011	SELL	5,312.50	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	5,312.50
09/09/2011	09/09/2011	BUY	309,715.32	99999Y944	SECURED	SECURED MARKET DEPOSIT ACCOUNT	0.00	-309,715.32
09/12/2011	09/12/2011	BUY	29,099.06	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-29,099.06
09/12/2011	09/12/2011	SELL	309,715.32	99999Y944	SECURED	SECURED MARKET DEPOSIT ACCOUNT	0.00	309,715.32
09/12/2011	09/12/2011	BUY	309,715.32	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-309,715.32
09/13/2011	09/13/2011	BUY	29,217.90	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-29,217.90
09/15/2011	09/15/2011	SELL	13,280.40	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	13,280.40
09/15/2011	09/15/2011	BUY	329,770.89	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-329,770.89
09/15/2011	09/15/2011	BUY	6,363.33	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-6,363.33
09/16/2011	09/16/2011	BUY	22,801.06	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-22,801.06
09/16/2011	09/16/2011	BUY	167,727.32	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-167,727.32
09/16/2011	09/16/2011	BUY	7,091.24	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-7,091.24
09/19/2011	09/19/2011	SELL	10,625.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	10,625.00
09/19/2011	09/19/2011	SELL	921,516.86	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	921,516.86
09/20/2011	09/20/2011	BUY	49,572.85	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-49,572.85
09/20/2011	09/20/2011	SELL	1,338,195.78	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	1,338,195.78
09/21/2011	09/21/2011	BUY	7,000.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-7,000.00
09/21/2011	09/21/2011	SELL	347,959.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	347,959.00
09/21/2011	09/21/2011	BUY	5,312.50	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-5,312.50
09/22/2011	09/22/2011	BUY	31,875.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-31,875.00
09/22/2011	09/22/2011	BUY	6,375.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-6,375.00
09/23/2011	09/23/2011	BUY	5,312.50	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-5,312.50
09/23/2011	09/23/2011	BUY	198,121.25	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-198,121.25
09/26/2011	09/26/2011	BUY	113,417.44	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-113,417.44
09/26/2011	09/26/2011	BUY	7,969.60	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-7,969.60
09/27/2011	09/27/2011	BUY	10,625.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-10,625.00
09/27/2011	09/27/2011	BUY	5,442.17	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-5,442.17
09/28/2011	09/28/2011	BUY	5,067.25	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-5,067.25
09/28/2011	09/28/2011	BUY	17,355.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-17,355.00
09/29/2011	09/29/2011	BUY	10,625.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-10,625.00
09/29/2011	09/29/2011	BUY	2,223.81	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	-2,223.81
09/30/2011	09/30/2011	SELL	221,499.48	94975H437	WFIXX	WELLS FARGO ADV CSH INV M-I	0.00	221,499.48
09/30/2011	09/30/2011	BUY	50,000.00	99999Y944	SECURED	SECURED MARKET DEPOSIT ACCOUNT	0.00	-50,000.00
							0.00	4,959,025.12

7/1/2011 - 9/30/2011

**Payable/Receivable Transactions**

Trade Date	Settle Date	Type	Notional	Cusip/ISIN	Ticker	Description	Real C/L	Amount
09/30/2011	10/01/2011	MMF	0.00	94975H437	WFIXX	WELLS FARGO ADV CSH INV IM-I	0.00	66.50
							0.00	66.50



ORIGINAL  
100



Best and Final Proposal

Presented to:

**The City of Ft. Lauderdale**

August 23, 2012

WELLS CAPITAL MANAGEMENT



**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):**

\$1.00 to \$25,000,000	8 basis points
Over \$25,000,000 up to \$50,000,000	8 basis points
Over \$50,000,000 up to \$100,000,000	8 basis points
Over \$100,000,000 up to \$150,000,000	8 basis points
Over \$150,000,000	7 basis points

**PLEASE SIGN BELOW:**

**Contractor/Proposer/ Bidder Company Name:** Larry Fernandes

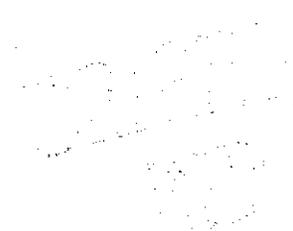
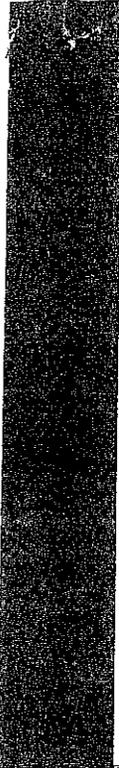
**Authorized Company Person's Signature:**



**Authorized Company Person's Title:** National Sales Manager

**Date:** August 23, 2012





Best and Final Proposal

Presented to:

**The City of Ft. Lauderdale**

August 23, 2012

WELLS CAPITAL MANAGEMENT



**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):**

\$1.00 to \$25,000,000	8 basis points
Over \$25,000,000 up to \$50,000,000	8 basis points
Over \$50,000,000 up to \$100,000,000	8 basis points
Over \$100,000,000 up to \$150,000,000	8 basis points
Over \$150,000,000	7 basis points

**PLEASE SIGN BELOW:**

**Contractor/Proposer/ Bidder Company Name:** Larry Fernandes

**Authorized Company Person's Signature:**



**Authorized Company Person's Title:** National Sales Manager

**Date:** August 23, 2012

Best and Final Proposal

Presented to:

**The City of Ft. Lauderdale**

June 12, 2012

*[Faint, illegible text or stamp]*



WELLS CAPITAL MANAGEMENT



**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):**

<b>\$1.00 to \$25,000,000</b>	<b>15 basis points</b>
<b>Over \$25,000,000 up to \$50,000,000</b>	<b>10 basis points</b>
<b>Over \$50,000,000 up to \$100,000,000</b>	<b>8 basis points</b>
<b>Over \$100,000,000 up to \$150,000,000</b>	<b>7 basis points</b>
<b>Over \$150,000,000</b>	<b>6 basis points</b>

**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, we will be able to construct the portfolio according to the City of Fort Lauderdale's current investment policy.

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

We would invest your assets utilizing separately managed portfolios, in which securities are selected and held specifically for the City.

- 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, as a Registered Investment Advisor and a Qualified Professional Asset Manager, WellsCap at all times exercises the diligence and standard of care of a professional fiduciary.

**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?**

While our firm does provide other financial services, there are no conflicts of interest within our team. We are a Registered Investment Advisor and do not self-deal or carry inventory. Since we exercise the diligence and standard of care of a professional fiduciary, we are mandated to strive for best execution under all circumstances.

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

We would create diverse portfolios for the City at the sector and issuer level for the Short Term and Intermediate Term Pools. On the following pages are representative portfolios for both, which are reflective of actual accounts.

We would construct the Short Term Pool with a duration longer than its benchmark, given expectations for anchored short term rates. Maturities would be structured to accommodate cash flows, but we recommend consideration for maturities beyond the money market universe (13 months) to enhance yield. We would favor corporate bonds over commercial paper, and agencies over Treasuries. ABS that are securitized by auto and credit cards that offer high quality and yield, would also be added. Taxable and tax-exempt municipal bonds would also be included in the portfolio since they are attractive even without the benefit from tax-exempt income.

We would construct the Intermediate Term Pool with a duration short of its benchmark, given low absolute rates and the risk of bear steepening. Maturities in the sample portfolio have a maximum of 3 years, given the 1-3 year Treasury Benchmark. We recommend consideration of maturities out to 4 or 5 years; however, in the current environment, we would be minimizing these maturity areas due to the bear steepening risks. The portfolio would be structured to include corporate bonds, taxable and tax-exempt municipal bonds, super senior AAA CMBS with 2006 and earlier vintages, and ABS securitized by auto and credit cards. In addition we would opportunistically purchase Agency CMS with 4% to 4.5% coupons on seasoned 15 year collateral.

On both of these portfolios, we recommend consideration of municipal bonds with an A rating, instead of AA. Municipal bonds have a higher credit quality and a lower rate of default when compared to corporate bonds.



# Short Term Pool for City of Fort Lauderdale

## Objectives

- Safety of Principal
- Maintenance of Liquidity
- Return on Investment

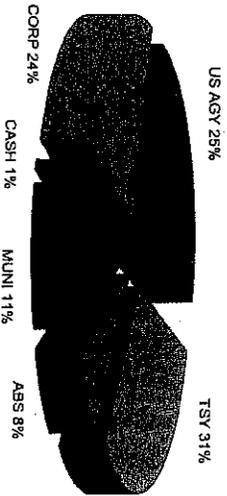
## Guidelines

Maximum Maturity	12 Months
Maximum Avg Duration	12 Months
Minimum S/T Rating	A-1/P-1
Minimum L/T Rating	AA2
Benchmark	90-day Treasury Bill Rate

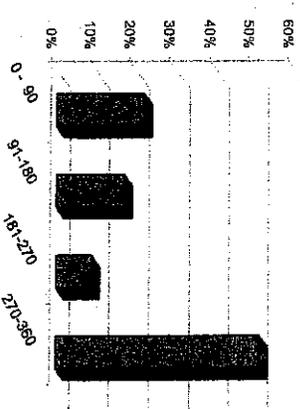
## Portfolio Characteristics

Yield To Maturity	0.43%
Weighted Avg. Maturity	0.61
Duration	0.71
Average Credit Quality	AA+

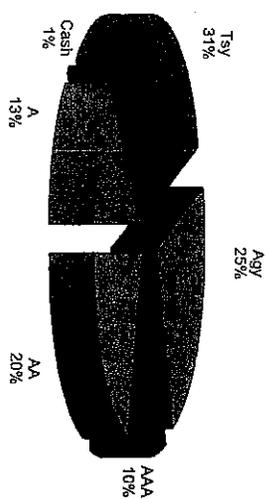
## Sector Representation



## Maturity Distribution

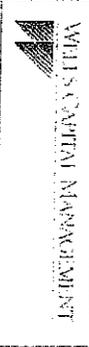


## Credit Quality



## Comments

Representative portfolio is reflective of an actual account. Duration is slightly long of benchmark given expectations for anchored short term rates. Maturities will be structured to accommodate cash flows. Consider allowing maturities beyond money market universe (13 months) to enhance yield. Corporate issues are approved and monitored by the Short Duration Credit Research Team. Corporate bonds more attractive/available versus CP. Agency sector can be an attractive and liquid alternative to Treasuries. ABS securitized by auto and credit cards represent high quality and yield. Municipal bonds (taxable & tax-exempt) are opportunistically attractive even without benefiting from tax-exempt income. Consider minimum A rating.



This information is provided for illustrative purposes only. It is intended to demonstrate how an account with similar guidelines and characteristics would be invested. Current market yields are as of 08/08/12 and there is no guarantee that the actual portfolio's yield will be at the level indicated above. Purchase yield, yield to maturity, average quality and average maturity may vary based on market conditions and/or an account's unique circumstances.

# Intermediate Term Pool for City of Fort Lauderdale

## Objectives

- Safety of Principal
- Maintenance of Liquidity
- Return on Investment

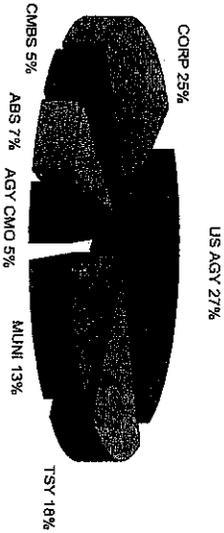
## Guidelines

Maximum Maturity	3 Years
Maximum Avg Duration	2.5
Minimum S/T Rating	A-1/P-1
Minimum L/T Rating	A/A2
Benchmark	ML 1-3yr Treasury

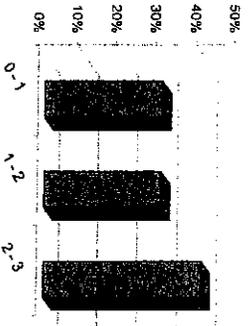
## Portfolio Characteristics

Yield To Maturity	0.739%
Weighted Avg. Maturity	1.85
Duration	1.67
Average Credit Quality	AA+

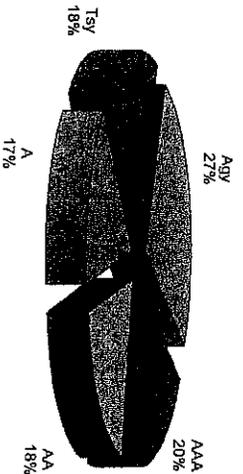
## Sector Representation



## Maturity Distribution



## Credit Quality



## Comments

Representative portfolio is reflective of an actual account. Duration is short of benchmark given low absolute rates and risk of bear steepening. We assumed maturities could go to 3 years given 1-3yr Treasury benchmark. Consider allowing for maturities out to 4 or 5 years. Corporate bonds are approved and monitored by the Short Duration Credit Research Team. Municipal bonds (taxable & tax-exempt) are opportunistically attractive even without benefiting from tax-exempt income. Consider minimum A rating. Select super senior AAA CMBS securities with vintages of 2006 and earlier offer value. ABS securitized by auto and credit cards are attractive. Opportunistically purchase Agency CMS with 4% to 4.5% coupons on seasoned 15 year collateral.



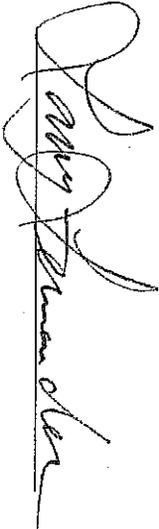
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PLEASE SIGN BELOW:

Contractor/Proposer/ Bidder Company Name:

Larry Fernandes

Authorized Company Person's Signature:



Authorized Company Person's Title:

National Sales Manager

Date:

6/7/12



