

Solicitation 125-10899

Investment Management Services



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 . 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 . 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 . 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 . 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) 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.

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. 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 st Q 2011			
2nd Q 2011			
3rd Q 2011			
4th Q 2011			
1 st 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 its 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 Laws"), 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**

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.

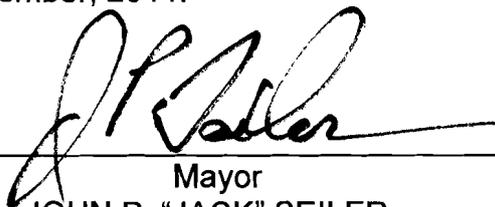
RESOLUTION NO. 11-314

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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.

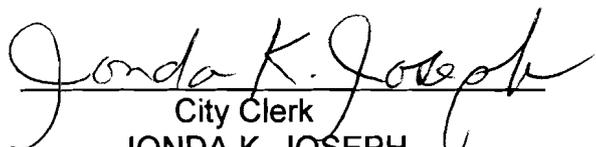
SECTION 3. That this Resolution shall be in effect immediately upon its adoption.

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 six-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 a 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. Recopens 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. See "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.)

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

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: FHLMC'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.

Variances:



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

ADDENDUM NO. 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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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.



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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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Page 3 of 4

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

25. LOCAL BUSINESS PREFERENCE

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

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

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

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

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

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

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

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



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

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) _____ 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.

Business Name

(2) _____ 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.

Business Name

(3) _____ 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.

Business Name

(4) _____ 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.

Business Name

(5) _____ 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.

Business Name

(6) _____ 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")

Business Name

PROPOSER'S COMPANY: _____

AUTHORIZED COMPANY PERSON: _____

NAME SIGNATURE DATE

STATE OF _____
COUNTY OF _____

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

(SEAL)

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

Name of Notary Typed, Printed or Stamped

My Commission Expires: _____

Commission Number

Question and Answers for Bid #125-10899 - Investment Management Services

OVERALL BID QUESTIONS

Question 1

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: Mar 30, 2012 11:22:02 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 2

I¿m hoping to get clarification on a couple statements in the RFP125-10899. The first being, are you looking specifically for an R.I.A or DVP a Delivery vs. Payment relationship? We also had questions on the Insurance certification as far as Auto insurance goes, who would this pertain to? Finally can you expand on use of the City¿s Credit Card as payment for goods/services.

Any further details that you can provide on those 3 topics are much appreciated.

Thsnk you ,

Billy Grimes

Vice President

BankUnited Investment Services (Submitted: Mar 30, 2012 3:59:07 PM EDT)

Answer

- 1. The City uses a third-party custodial arrangement for all investments. We are looking for a Registered Investment Advisor and the investments will be handled on a Delivery vs. payment basis with the third-party custodian.

2. The firm or Advisor will be using a vehicle to travel to the city for business or use while conducting business on the city's behalf, the City requires proof that they are in compliance with "State law" for auto insurance; either a copy of your business or personal auto - proof of insurance certificate will suffice. If you won't be using a vehicle, then a statement to this effect will work for granting an exemption.

3. The City is just asking we we may make our payments to the awarded vendor utilizing a City Purchasing Card.

(Answered: Apr 2, 2012 5:40:28 PM EDT)

Question 3

Part I, Section 05 (Eligibility) states:

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? (Submitted: Apr 3, 2012 9:10:52 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:

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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 4

Part VIII, Tab 4 states that there are three general components but only lists two, (a) and (b). Is there a third? 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; (Submitted: Apr 3, 2012 9:11:08 AM EDT)

Answer

- This is a error and should state two general componenets not three. (Answered: Apr 3, 2012 1:06:09 PM EDT)

Question 5

I have two questions:

1. Tab 4 in Part 8 of the RFP indicates submission of a statement of proposal for services. A number of these would already addressed in response to questions provided in the main body of the RFP. Is this separate letter a requirement of this manager search?
2. The proposal mentions 2 benchmarks, 3 month T-Bill and the Merrill Lynch 1-3 yr indexes for a Short Term and a Longer Term fund, respectively. Will each manager selected have these 2 strategies to manage? Thank you. (Submitted: Apr 3, 2012 11:02:22 AM EDT)

Answer

- 1. Yes, Tab 4 is a Statement of Proposed Services - you may use some of the same information that you provide the questions section of the RFP.
2. Not necessarily, whatever is in the best interest of the City. (Answered: Apr 3, 2012 1:06:09 PM EDT)

Question 6

1. The IPS states that agency mortgage securities are allowed. However, there is no mention of ABS or CMBS securities being "eligible investments." Is this correct?
2. Do you have any minimum asset levels for a manager to be considered? If so, would the minimum levels be different for a minority/women-owned firm? (Submitted: Apr 3, 2012 1:12:29 PM EDT)

Answer

- 1. Correct
2. No. (Answered: Apr 3, 2012 1:12:52 PM EDT)
- 1. Clarification - yes they are allowed. (Answered: Apr 3, 2012 1:38:43 PM EDT)

Question 7

- 1)What is the mandate size for these two opportunities?
- 2)Who is your custodian?
- 3)Question 6(D) on page 21 references your current investment policy which states an overall duration with a weighted average duration of less than 3 years. Does the overall refer to maturity or duration? (Submitted: Apr 3, 2012 1:18:38 PM EDT)

Answer

- 1. No mandate size; up to four managers not two.
2. Currently Wells Fargo, however the City will shortly be release a new RFP for Custodial Services.
3. Duration. (Answered: Apr 3, 2012 1:20:00 PM EDT)

Question 8

On p. 42 section L.2. Portfolio Composition, the investment policy states that: 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.

We have two differing interpretations:

1. For each of the firms that wins a portion of the mandate (30% of the \$542 mm mandate), 75% would be invested in money market funds and 25% in direct securities. So if a manager won 30% of the mandate, they would have to directly invest \$40 mm.
2. 75% of the entire mandate (\$540 mm) would be in money market funds. (Submitted: Apr 3, 2012 2:17:43 PM EDT)

Answer

- Neither. No investments have to be money market funds. Up to 75% of all funds may be invested in money market funds. Of that, no more than 25% can be in non-government money market funds. (Answered: Apr 3, 2012 2:20:45 PM EDT)

Question 9

I have 5 questions related to the City of Fort Lauderdale Investment Policy.

Thank you

- 1- Is there flexibility around the Authorized Investments and Portfolio Composition stated in the City of Fort Lauderdale Investment Policy?
- 2- In particular, is there flexibility around the less than 3 years duration requirement and the maturity of less than 10 years from date of purchase?
- 3- Can we assume that all US dollar denominated fixed income securities, investment grade or higher are acceptable?
- 4- Would the City of Fort Lauderdale consider a mandate with foreign currency and bond exposure?
- 5- Would the City of Fort Lauderdale consider investing via a commingled vehicle or mutual fund? (Submitted: Apr 3, 2012 2:29:22 PM EDT)

Answer

- 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 exemple, 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

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

3. PFM and Cutwater Asset Managers. They 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:

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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 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?

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Answer

- SEE ADDENDUM NO 2 ATTACHED DATED APRIL 9, 2012

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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 SSAE 16 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

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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 are 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)