

**AGREEMENT FOR
INVESTMENT MANAGEMENT SERVICES**

THIS AGREEMENT, made this 1st day of Nov. 2012, by and between the City of Fort Lauderdale, a Florida municipality, ("City"), whose address is 100 North Andrews Avenue, Fort Lauderdale, FL 33301-1016, and Sawgrass Asset Management, LLC, a Delaware limited liability company authorized to transact business in the State of Florida, ("Contractor" or "Company"), whose address and phone number are 1579 The Greens Way, Suite 20, Jacksonville, FL 32250, Phone: 904-493-5500, Fax: 904-493-5522, for the term specified herein,

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

WITNESSETH:

I. DOCUMENTS

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

- (1) Request for Proposal 125-10899, Investment Management Services, including any and all addenda, prepared by the City of Fort Lauderdale, ("RFP" or "Exhibit A").
- (2) The Contractor's response to the RFP, dated April 12, 2012 ("Exhibit B").
- (3) The Contractor's Second Best & Final, dated August 15, 2012 ("Exhibit C").
- (4) The Contractor's First Best & Final, dated June 4, 2012 ("Exhibit D").

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

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

II. SCOPE

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

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

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

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

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

III. TERM OF AGREEMENT

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

IV. COMPENSATION

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

V. METHOD OF BILLING AND PAYMENT

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

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

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

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

VI. GENERAL CONDITIONS

A. Indemnification

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

B. Intellectual Property

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

C. Termination for Cause

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

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

D. Termination for Convenience

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

E. Cancellation for Unappropriated Funds

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

F. Insurance

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

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

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

Workers' Compensation and Employers' Liability Insurance

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

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

Commercial General Liability Insurance

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

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

This coverage must include, but not limited to:

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

Automobile Liability Insurance

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

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

Professional Liability (Errors & Omissions)

Consultants

Limits: \$2,000,000 per occurrence

Certificate holder should be addressed as follows:

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

G. Environmental, Health and Safety

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

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

H. Standard of Care

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

I. Rights in Documents and Work

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

J. Audit Right and Retention of Records

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

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

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

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

K. Public Entity Crime Act

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

L. Independent Contractor

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

M. Inspection and Non-Waiver

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

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

N. Assignment and Performance

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

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

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

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

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

O. Conflicts

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

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

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

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

P. Schedule and Delays

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

Q. Materiality and Waiver of Breach

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

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

R. Compliance With Laws

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

S. Severance

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

T. Limitation of Liability

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

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

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

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

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

V. Amendments

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

W. Prior Agreements

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

X. Payable Interest

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

Y. Representation of Authority

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

AA. Uncontrollable Circumstances ("Force Majeure")

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

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

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

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

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

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

BB. Scrutinized Companies

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

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

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

CITY OF FORT LAUDERDALE

By: [Signature]
City Manager

Approved as to form:

[Signature]
Senior Assistant City Attorney

SAWGRASS ASSET MANAGEMENT, LLC

By: Sawgrass Asset Management, Inc.,
a Florida corporation
Managing Member

By: [Signature]
Dean E. McQuiddy
President

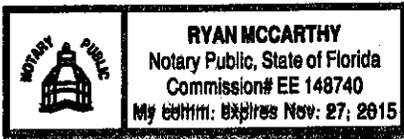
ATTEST:
[Signature]
Brian K. Monroe
Secretary

(CORPORATE SEAL)

STATE OF FLORIDA :
COUNTY OF DUVAL :

The foregoing instrument was acknowledged before me this 1ST day of NOVEMBER, 2012, by Dean E. McQuiddy as president for Sawgrass Asset Management, Inc., a Florida corporation, as managing member for Sawgrass Asset Management, LLC, a Delaware limited liability company authorized to transact business in the State of Florida.

(SEAL)



[Signature]
Notary Public, State of FLORIDA
(Signature of Notary Public)

RYAN MCCARTHY

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

Personally Known OR Produced Identification _____
Type of Identification Produced _____

Solicitation 125-10899
Investment Management Services



CITY OF FORT LAUDERDALE

City of Fort Lauderdale

Bid 125-10899 Investment Management Services

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

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

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 Law"), the Proposer shall clearly designate that it is a Trade Secret and that it is asserting that the document or information is exempt. The Proposer must specifically identify the exemption being claimed under Florida Statutes 119.07. The City shall be the final arbiter of whether any information contained in the Proposer's response to the RFP constitutes a Trade Secret. The city's determination of whether an exemption applies shall be final, and the proposer agrees to defend, indemnify, and hold harmless the city and the city's officers, employees, and agent, against any loss or damages incurred by any person or entity as a result of the city's treatment of records as public records. Proposals purporting to be subject to copyright protection in full or in part will be rejected.

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

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

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

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

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

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

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.

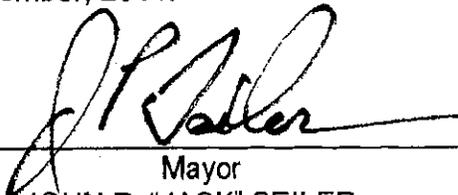
RESOLUTION NO. 11-314

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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.

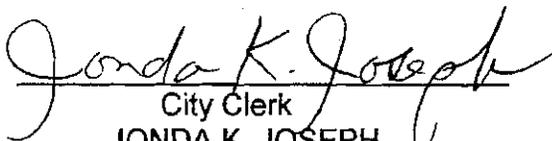
SECTION 3. That this Resolution shall be in effect immediately upon its adoption.

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.
- I. **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 or purchase, the short-term paper is rated, at a minimum, "A-1" by S&P, "Aa2" by Moody's or "F-1" by Fitch
 2. **Portfolio Composition**
A maximum of 10% of available funds may be directly invested in Bankers' acceptances
 3. **Limits on Individual Issuers**
A maximum of 5% of available funds may be invested with any one issuer.
 4. **Maturity Limitations**
The maximum length to maturity for Bankers' acceptances shall be 180 days from the date of purchase.
- J. **State and/or Local Government Taxable and/or Tax-Exempt Debt**
1. **Purchase Authorization**
Investment in state and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least "Aa" by Moody's or "AA" S&P and Fitch for long-term debt, or rated at least "MIG-2" by Moody's and "SP-1" by S&P and "F-1" by Fitch for short-term debt.
 2. **Portfolio Composition**
A maximum of 25% of available funds may be invested in taxable and tax-exempt General Obligation bonds.

A maximum of 10% of available funds may be invested in taxable and tax-exempt Revenue and Excise tax bonds of municipalities, provided no issuer of such securities has been in default.
 3. **Maturity Limitations**
A maximum length to maturity for an investment in any state or local government debt security is ten (10) years from the date of purchase.

K. City of Fort Lauderdale Debt Obligations

1. Investment Authorization
City of Fort Lauderdale obligations, general obligations, revenue bonds, excise bonds or internal fund debt obligations.
2. Portfolio Composition and Maturity Limitations
Composition is based on financial debt management requirements and internal fund asset and liabilities matching structuring requirements.

L. Registered Investment Companies (Money Market Mutual Funds)

1. Investment Authorization
Investment in shares in open-end, no-load money market funds provided such funds are registered under the Federal Investment Company Act of 1940 and operate in accordance with 17 C.F.R. § 270.2a-7, which stipulates that money market funds must have an average weighted maturity of 90 days or less. In addition, the share value of the money market funds must equal to \$1.00.
2. Portfolio Composition
A maximum of 75% of available funds may be invested in money market funds, with no more than 25% of available funds invested in non-government money market funds.
3. Limits of Individual Issuers
A maximum of 25% of available funds may be invested with any one money market fund.
4. Rating Requirements
The mutual funds shall be rated "AAAm" by Standard & Poor's or the equivalent by another rating agency.
5. Due Diligence Requirements
A thorough review of any money market fund is required prior to investing, and on a continual basis.

M. Intergovernmental Investment Pool

1. Investment Authorization
Investment in intergovernmental investment pools that are authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes and provided that said funds contain no derivatives.
2. Portfolio Composition
A maximum of 25% of available funds may be invested in intergovernmental investment pools.
3. Due Diligence Requirements
A thorough review of any investment pool/fund is required prior to investing, and on a continual basis.

N. Mortgage-Backed Securities (MBS)

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

XIII. DERIVATIVES AND REVERSE REPURCHASE AGREEMENTS

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

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

XIV. PERFORMANCE MEASUREMENTS

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

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

XV. REPORTING

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

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

B. Annual Investment Report

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

C. Monitoring and Compliance

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

XVI. THIRD-PARTY CUSTODIAL AGREEMENTS

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

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

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

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

XVII. INVESTMENT POLICY ADOPTION

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

APPROVED AND ADOPTED BY THE CITY COMMISSION ON _____.

City Mayor

City Manager

City Clerk

ATTACHMENT A

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

Agency. See "Federal Agency Securities."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fannie Mae. See "Federal National Mortgage Association."

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

Fed Securities Wire. A computerized communications system that facilitates book entry transfer of securities between banks, brokers and customer accounts. Used primarily 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.

Variations: _____



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

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

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

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

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

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

PROPOSER'S COMPANY: _____

AUTHORIZED COMPANY PERSON: _____

NAME SIGNATURE DATE

STATE OF _____
COUNTY OF _____

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

(SEAL)

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

Name of Notary Typed, Printed or Stamped

My Commission Expires: _____

Commission Number _____

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

Question 10

Since a SSAE 16, SOC 2, Type I report doesn't truly apply to Investment Managers will audited financials be an appropriate proxy or does not having the SSAE 16 automatically disqualify applicants? **(Submitted: Apr 3, 2012 3:18:46 PM EDT)**

Answer

- SEE ADDENDUM NO 2 ATTACHED DATED APRIL 9, 2012

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

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

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

And shall be replaced with the following SSAE 16 requirements:

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

Question 11

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

Answer

- 4(A) refers to Philosophy, 4.(G0 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:

PART I & INTRODUCTION INFORMATION, ITEM 05. ELIGIBILITY (second paragraph),

PART III & SPECIAL CONDITIONS, ITEM 24. SPECIAL INFORMATION CONTROLS, and PART VIII & PROPOSED PAGES & TECHNICAL PROPOSAL, Tab 9, which states the following:

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

And shall be replaced with the following SSAE 16 requirements:

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

Question 16

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

Answer

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

Question 17

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

Answer

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

Question 18

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

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

Answer

- General Conditions

Part V

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

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

Question 19

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

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

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

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

Answer

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

2. Please define counterparty?

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

Question 20

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

HAVE YOU STATED ANY VARIANCES OR EXCEPTIONS BELOW? BIDDER MUST CLICK THE EXCEPTION LINK IF ANY VARIATION OR EXCEPTION IS TAKEN TO THE SPECIFICATIONS, TERMS AND CONDITIONS.

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

Answer

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

Question 21

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

Answer

- SEE ADDENDUM NO 2 ATTACHED DATED APRIL 9, 2012

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

Question 22

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

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

Answer

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

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

Question 23

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

Answer

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

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

Custody normally does not take place in the governmental entities depository bank. Investments should be settled in a delivery-versus-payment (DVP) basis. In this procedure, the buyer's payment for securities is due at the time of delivery. Security delivery and payment occur simultaneously. This practice ensures that no funds are at risk in an investment transaction as funds are not released until securities are delivered, ensuring the governmental entity has either money or securities at all times during the transaction.¿

2. If the comingled vehicles or mutual funds meet the criteria of the City's Investment Policy on individual investments and maximum allocation, and the entity can provide a SSAE 16, Soc 1, Type 2 report. It would be allowed. **(Answered: Apr 6, 2012 4:35:28 PM EDT)**

Question 24

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

Answer

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

Question 25

Since a SSAE 16, SOC 2, Type I report doesn't truly apply to Investment Managers will audited financials be an appropriate proxy or does not having the SSAE 16 automatically disqualify applicants?

The Contractor shall provide a current SSAE 16, SOC 2, Type I report with their proposal. Awarded contractor will be required to provide an SSAE 16, SOC 2, Type II report annually during the term of this contract. If the Contractor cannot provide the SSAE 16, SOC 2, Type I report at the time of proposal submittal, a current SOC 3 report will be accepted. Will our vendor SSAE reports be sufficient for this requirement?

Our firm is working to provide a response to Bid 125-10899 request for Investment Management Services. We have a question regarding the requirement below. As a registered investment advisor, we do not produce this report. We are required to produce an ADV which could be provided. Would that be acceptable? I believe the report below replaces SAS 70 reports which were for banking/custodial organizations. **(Submitted: Apr 6, 2012 12:36:18 PM EDT)**

Answer

- SEE ADDENDUM NO 2 ATTACHED DATED APRIL 9, 2012

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

PART I ¿ INTRODUCTION INFORMATION, ITEM 05. ELIGIBILITY (second paragraph),

PART III ¿ SPECIAL CONDITIONS, ITEM 24. SPECIAL INFORMATION CONTROLS, and PART VIII ¿ PROPOSED PAGES ¿ TECHNICAL PROPOSAL, Tab 9, which states the following:

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

And shall be replaced with the following SSAE 16 requirements:

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

Question 26

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

Answer

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

Question 27

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

Answer

- SEE ADDENDUM NO 2 ATTACHED DATED APRIL 9, 2012

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

PART I ¿ INTRODUCTION INFORMATION, ITEM 05. ELIGIBILITY (second paragraph),

PART III ¿ SPECIAL CONDITIONS, ITEM 24. SPECIAL INFORMATION CONTROLS, and PART VIII ¿ PROPOSED PAGES ¿ TECHNICAL PROPOSAL, Tab 9, which states the following:

¿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 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)**



EXHIBIT B

ole

Sawgrass is Proud to Present Our
Investment Management Services to the

City of FORT LAUDERDALE

RFP #125-10899

Presented by:

Sawgrass Asset Management, L.L.C.
"Proudly Serving the Needs of Our Institutional Clients"
(904) 493-5504

Chris Greco, Partner
Institutional Marketing & Client Service

David Furfine, CFA, Partner
Co-Director of Fixed Income

April 2012



Table of Contents

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Five	-	Business License
Six	-	Insurance Certificates
Seven	-	Client References
Eight	-	Part VII - Proposal Summary Requirements
Nine	-	Submission Requirements & Required Exhibits
Ten	-	Additional Attachments – Addendums & Those Listed Below

Sawgrass Additional Attachments:

I	-	Form ADV 2
II	-	E&O Insurance Certificate
III	-	Financials
IV	-	Florida Public Client Map
V	-	Fixed Income Biographies & Performance Disclosures
VI	-	Annualized Performance Graphs
VII	-	Sample Reports



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] 4/12/2012
(signature) (date)

Name (printed) Christopher J. Greco Title: Partner

Company: (Legal Registration) Sawgrass Asset Management, LLC

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

Address: 1579 The Greens Way, Suite 20

City Jacksonville Beach, State: FL Zip 32250

Telephone No. (904) 493-5500 FAX No. (904) 493-5522 Email: grecoc@saw-grass.com

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 [checked] NO

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

Variations:



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.

<u>NAME</u>	<u>RELATIONSHIPS</u>
<u>N/A - None</u>	<u>None</u>
_____	_____
_____	_____
_____	_____
_____	_____

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.



April 12, 2012



Mr. Michael F. Walker
Procurement & Contracts Manager
City of Ft. Lauderdale
100 N. Andrews Avenue, Room 619
Ft. Lauderdale, Florida 33301

Re: RFP #125-10899 - Investment Management Services

Dear Michael,

On behalf of the entire investment team here at Sawgrass Asset Management, I would like to thank you and your colleagues for your consideration of our investment services.

Sawgrass was founded in January of 1998 as an institutional investment firm specializing in Public Funds, and over the years we have helped our clients achieve their investment goals over the long run with less volatility than the market. We hope we are able to add the City of Ft. Lauderdale to the list of clients we are extremely proud to work for every day.

Our 23 person firm is built upon our professionals and clients, and we are proud to share this proposal with you to represent our experience and ability to provide the City of Ft. Lauderdale with the very best investment management services. Sawgrass is proposing to manage your account in our Short-term Fixed Income strategy. Our RFP response is attached herein for your review. Sawgrass understands the scope of services to be provided and is committed to performing this task.

The portfolio manager responsible for managing your account would be David Furfine, CFA, and Chris Greco would be responsible for managing the relationship. These individuals would be available to meet with appropriate staff and trustees as needed. Mr. Furfine holds a Chartered Financial Analyst designation and has 28 years of investment experience managing public funds. We place a large emphasis on understanding your needs and creating a portfolio that will meet your changing needs, going forward. Our firm will be able to become an extension of your finance department's staff and will provide you with industry leading client service.

For any questions or clarification of this proposal, please contact me at the following:

Chris Greco
Phone: (904) 493-5504
Fax: (904) 493-5522
E-mail: grecoc@saw-grass.com

Thank you again for your time and interest in Sawgrass Asset Management.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Greco", is written over a horizontal line.

Chris Greco, Partner
Institutional Marketing & Client Service





Statement of Proposed Services

Experience:

The professionals at Sawgrass have more than 20 years of experience in developing investment policies and managing portfolios for public funds and governmental entities. Our firm has focused our client service efforts here in Florida since our inception.

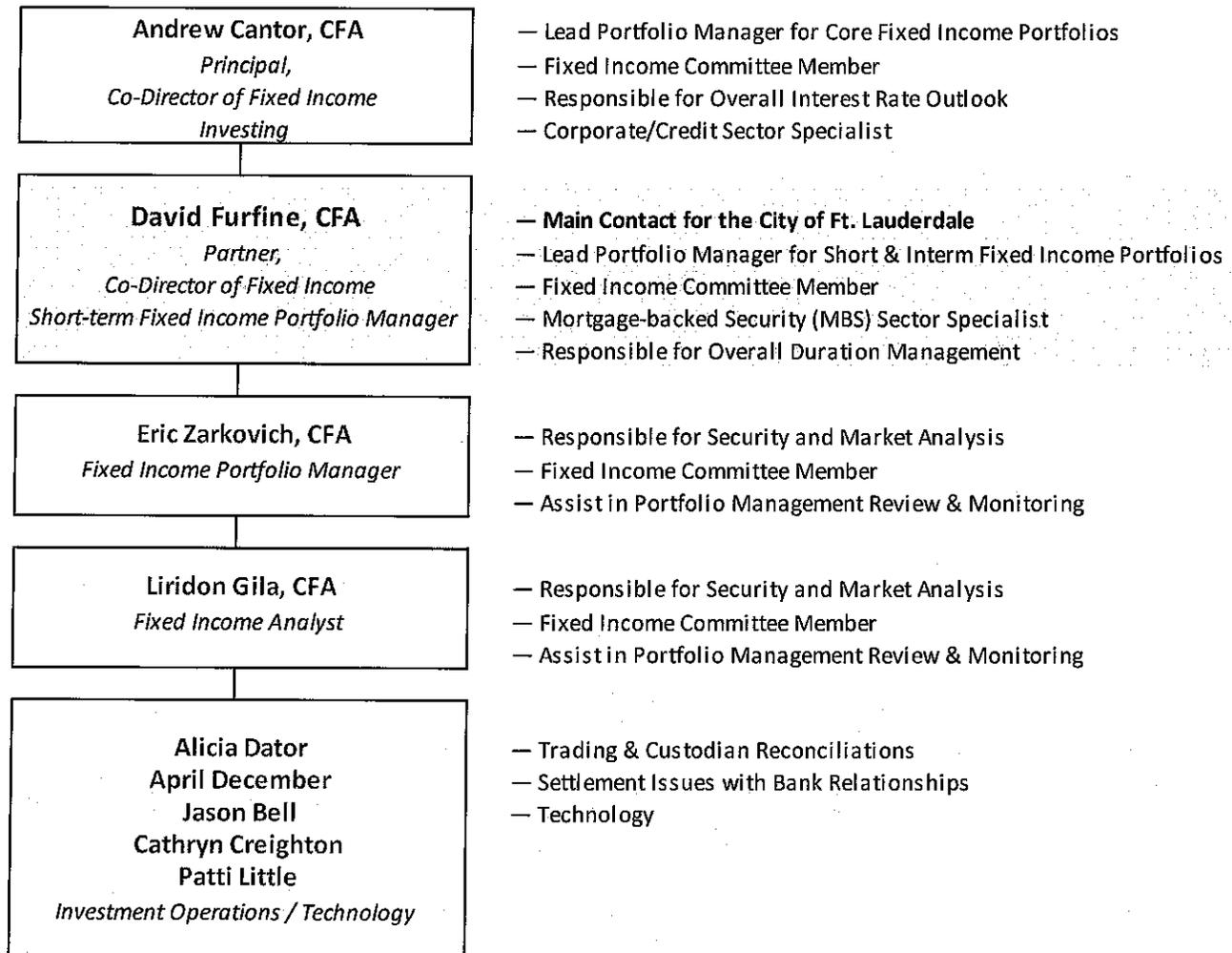
Sawgrass currently works with 64 municipalities across the State of Florida, and we are very proud to help each one attain its unique investment goals over various market environments. We have included a map of our Florida Public Clients as **SAWGRASS EXHIBIT IV**. As a Florida-based, Registered Investment Advisor, we accept fiduciary responsibility for our investment process and decisions. We have helped educate our clients and their respective constituents over the years through presentations to city managers, city councils, etc.

Our overall focus on high-quality fixed income securities is designed to help provide our clients with safety of capital, enhanced return potential, and a lower risk profile than our assigned benchmarks. Many of our clients appreciate the consistency of our performance and the people at Sawgrass who provide the results year in and year out. Our employee ownership provides our clients with the comfort that the people managing their money in the past will have a vested interest in the success of the relationship going forward. Our industry is built upon its people, and our team of Jacksonville, Florida-based investment professionals is positioned to provide the City of Ft. Lauderdale with exceptional investment solutions and client service delivery.

Professionals:

Sawgrass has included complete biographies of the members of the Sawgrass fixed income team as **SAWGRASS EXHIBIT V**. We have included a fixed income team summary on the following page:

The Sawgrass Fixed Income Team



Investment Management Approach and Discipline

Sawgrass believes that inefficiencies in fixed income markets create opportunities that compensate for active risk. Identifying these opportunities requires a thorough analysis of capital markets, asset fundamentals and technical factors overlaid with a qualitative assessment formed by Sawgrass' extensive experience and judgment. Our approach to portfolio construction takes measured risks and optimizes allocations to investment ideas across alpha sources designed to create superior risk-adjusted returns.

- Future trends in interest rates over the next 12-18 months have some predictability. These trends can be evaluated with an analysis of current market fundamentals, technical factors, economic activity and historical interest rate patterns, inclusive of interest rate volatility and the slope of the yield curve. The firm also believes that it is challenging to predict changes in interest rates over shorter time periods.
- Market inefficiencies are often observed at the sector level. These inefficiencies are identified by reviewing current fundamental and technical factors relative to historical values and in comparison

with other sectors. Portfolios are positioned to over-weight sectors that offer the best relative value on a risk-adjusted basis.

- Active positioning in individual securities offers opportunity to add alpha in a portfolio. Undervalued securities can be identified through both an absolute and relative value analysis, comparing the expected future return of a security against its' future, current and historic fundamentals as well as against its' peers. Sawgrass believes the most effective way to limit individual security risk is by evaluating specific credit fundamentals. Secondly, the risk of any one security is minimized by proper security diversification.

Sawgrass is proposing our Short-term (1-5 Year) Fixed Income strategy that is managed relative to the Bank of America Merrill Lynch 1-5 Year Government/Corporate index. This strategy includes a higher weighting of corporate securities, ranging from 25-50% over time, as these securities offer a higher return with better downside protection with minimal additional risk. This allocation limit is more than what is permitted by your current investment policy; we are recommending changes to your policy to accommodate our use of corporate securities.

Notwithstanding the above, based on our experience with governmental institutions such as the City of Ft. Lauderdale, we understand the need to maintain a conservative investment policy and allocation. Generally speaking, the funds that are in excess of near-term working capital needs should be invested in a short-term, high-quality, fixed income strategy. Sawgrass can readily accommodate the specific circumstance of the City of Ft. Lauderdale in constructing a portfolio to meet the unique needs of the City.

Sawgrass' Active Short-term Fixed Income Process:

The Sawgrass Short-term Fixed investible bond universe consists of U.S. dollar denominated government, high-quality corporate, and mortgage-backed securities. The portfolio has an effective duration that ranges from 2-3 years and an average maturity that ranges from 2-4 years and there are currently no sector constraints. The goal of this product is to generate investment returns which exceed 1-year Treasury Bills by 100 basis points over a market cycle. The current benchmark is the Bank of America Merrill Lynch 1-5 Year Government/Corporate index. We believe this index is most similar to your investment policy in that it allows for a maturity of up to five years, an average duration of up to three years, and a diversified sector distribution.

Evaluation of fixed income markets begins with an analysis of the potential returns and risks within the four alpha sources (interest rates, yield curve structure, sectors, and securities), comparing the relative value of each source to determine investment themes for the portfolio. These themes are then validated through further fundamental research to screen for the best ideas, which are used to construct an optimal portfolio within a portfolio's guidelines and restrictions. Once the portfolio is constructed, positions and risks are actively monitored in order to maintain targeted exposures and iteratively improve the portfolio's positioning.

Interest rate and yield curves are evaluated first by reviewing current and historical market factors, to include historical real rates and inflation, yield curve structure, momentum indicators, and rate volatility. These factors are considered in conjunction with a thorough economic analysis that includes an evaluation of expectations on economic growth, inflation, and fiscal and monetary policy. This analysis forms our opinion on the expected trend of interest rate changes over the next 12-18 months, which is scored based on the likelihood of change. The likely change in interest rates and yield curve structure is compared against the absolute risk of the prediction and relative risk-return of other investment ideas.

Our sector analysis begins by using a proprietary model to determine relative value among sectors. The model evaluates current sector spreads relative to each sector's historical levels as well as across sectors while incorporating for fundamental and technical factors. The results of this analysis are developed into a score for each sector based on the strength of their underlying fundamentals and relative valuations (cheap vs. rich.) The sectors with the best fundamental score and relative cheapness are considered to be potential investment ideas to overweight in the portfolio. We then complete further research into the sector to determine whether the mispricing is temporary, a pricing inefficiency that can add value, or likely to persist due to a change in the market's pricing of the sector's risk. Additionally, each investment idea is compared against its absolute risk and relative to the potential return-risk profile of other investment ideas.

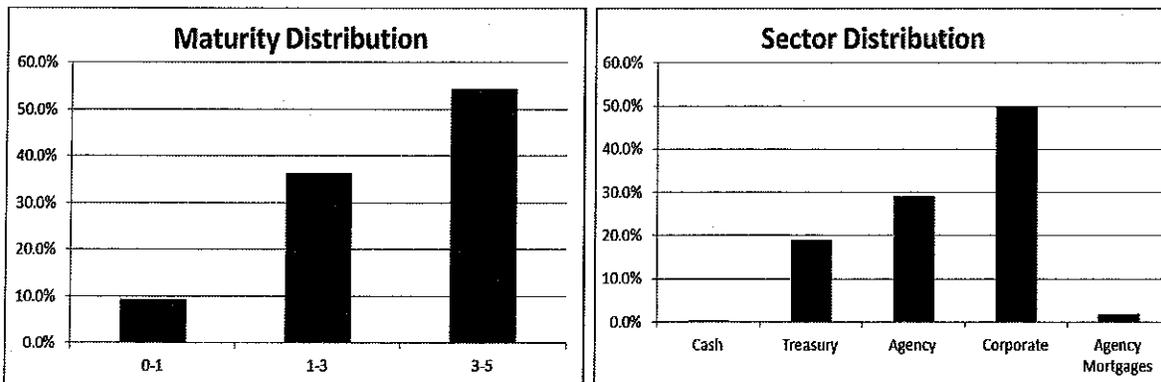
Our security selection process begins by screening the universe with a proprietary relative value model. The model reviews the credit quality of an issuer's fundamentals based on multiple financial metrics. Issuers are also compared based on their current and historical cash and CDS spreads to determine relative value among issuers. Issuers with the best fundamental and relative value scores are candidates for inclusion in the portfolio. These investment ideas are then validated with further research to determine whether all of the current news and any financial changes are reflected in the model's output. Best security ideas are then compared on a risk-adjusted basis against all other securities and other investment ideas from the sector and interest rate analysis.

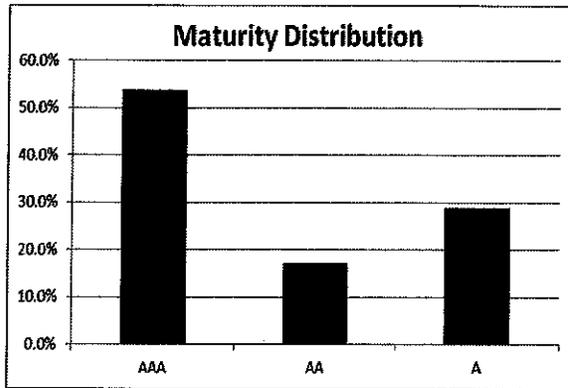
An optimal portfolio is constructed by comparing the ideas generated through the analytical and screening steps with portfolio guidelines. Allocation across sectors and selection of securities is completed to ensure risks are measured and diversified within prescribed risk targets. The resulting portfolio has a profile that meets the long-term return objectives. The portfolio then is constantly monitored and adjusted to reflect changes in market fundamentals and value.

Portfolio Structure and Liquidity:

We maintain an active portfolio that seeks to be fully invested, therefore cash reserves are typically less than five percent and are a function of the timing of buy and sell programs. All securities within the portfolio are very liquid with a significant portion available for same day settlement given proper notice. We expect on any given day that the City of Fort Lauderdale's liquidity needs can be met with very little disruption.

The following graphs describe the portfolio structure of a representative Short-term Fixed Income account as of March 31, 2012:





At Sawgrass, every element of our fixed income process is tested and designed to add value to our client portfolios. Importantly, we believe strongly that value is not only added by the contribution to enhanced returns but also by controlling risk. Some of the key strategies we employ to achieve these goals are as follows:

- Managing Portfolio Duration to Reflect our Interest Rate Expectations –**
 We believe, and have demonstrated that over a market cycle, our portfolio duration adjustments have protected portfolio value during periods of rising interest rates while taking advantage of rising bond values during period of falling interest rates. To control the overall risk of the portfolio and recognizing the inherent uncertainty of interest rates, we limit such duration adjustments to a band within 20 percent of the benchmark index.
- Utilization of Corporate Debt –**
 We believe high-quality corporate securities are a further source of added value to our client portfolios, taking advantage of their added yield potential. By selectively limiting our purchases to debt of companies with strong credit measures we are able to enhance portfolio yields without incurring an unacceptable level of credit risk.
- Utilization of US Agency Mortgage-backed Securities –**
 We believe these securities are an additional source of portfolio yield enhancement. Through our careful analysis of security characteristics and attributes we have demonstrated the value of selected mortgage backed securities in portfolios.
- Seeking Best Execution through Technology and Trading Tools –**
 An important part of adding value to our client portfolios is our utilization of technology and trading tools used to seek best execution. This technology allows us to competitively obtain best prices or negotiate aggressively on behalf of our clients every time we execute a portfolio transaction.

Sawgrass Recommendation:

Sawgrass is recommending that the City of Ft. Lauderdale increase the limitation of corporate securities from a maximum of 25% to a maximum of 50%, as this offers a higher return with better downside protection with minimal additional risk.

Sawgrass Overall Philosophy:

Sawgrass' broadly diversified fixed income strategies place a premium on high-quality investment grade securities; simultaneously balancing risk, returns & liquidity for our clients.

Message to the City of Ft. Lauderdale:

We are confident we can effectively manage your investment portfolio through our thorough understanding of your investment needs and goals. Sawgrass will provide you with full access to our investment team and this team will work closely with your Finance Department throughout our relationship. We pride ourselves on our ability to customize your portfolio and constantly monitor your investment policy parameters. We would like to work with you to fulfill your investment needs, and we hope that Sawgrass can become your investment partner.

For all of us at Sawgrass Asset Management, thank you for your consideration.

Sincerely,

Chris Greco, Partner

David Furfine, CFA, Partner



2011-2012 BUSINESS TAX RECEIPT

CITY OF JACKSONVILLE/DUVAL COUNTY
MICHAEL CORRIGAN, TAX COLLECTOR

copy

231 E FORSYTH STREET ROOM 130 JACKSONVILLE, FL 32202-3370
PHONE: (904) 630-1916 option 3 FAX: (904) 630-1432
WEBSITE: www.coj.net/tc

Note – A penalty is imposed for failure to keep this receipt exhibited conspicuously at your place of business.
This receipt is furnished pursuant of chapter 770-772 City ordinance codes.

SAWGRASS ASSET MANAGEMENT, LLC
ANDREW M CANTOR
1579 THE GREENS WY
STE 20
JACKSONVILLE, FL 32250-1418

ACCOUNT NUMBER:	1546680000		
LOCATION ADDRESS:	1579 THE GREENS WY STE 20 JACKSONVILLE, FL 32250-1418		
DESCRIPTION:	BROKER - INVESTMENT		
COUNTY RECEIPT DESC:	BROKER - INVESTMENT	COUNTY TAX:	75.00
MUNICIPAL RECEIPT DESC:	MC 772.333-3	MUNICIPAL TAX:	0.00
		TOTAL TAX PAID:	75.00

VALID FROM September 1, 2011 TO September 30, 2012

ATTENTION

THIS RECEIPT IS FOR BUSINESS TAX RECEIPT ONLY.
CERTAIN BUSINESS MAY REQUIRE ADDITIONAL STATE LICENSING.

This is a business tax receipt only. It does not permit the receipt holder to violate any existing regulatory or zoning laws of the County or City. Nor does it exempt the receipt holder from any other license or permit required by law. This is not a certification of the licensee's qualifications.

TAX COLLECTOR

THIS BECOMES A RECEIPT AFTER VALIDATION.

PAID-3391304.0001-0001 M01 07/12/2011 75.00





WORKERS COMPENSATION AND EMPLOYERS' LIABILITY
INSURANCE POLICY - INFORMATION PAGE

INSURER:
NGM INSURANCE COMPANY
4601 TOUCHTON ROAD EAST
SUITE 3400
JACKSONVILLE, FL 32245-6000

POLICY NO: WCG4630B
RENEWAL OF: WCG4630B
NCCI Company No:
Account No: CACG4630B

ITEM 1. NAMED INSURED AND MAILING ADDRESS:
SAWGRASS ASSET MANAGEMENT LLC
1579 THE GREENS WAY STE 20
JACKSONVILLE BEACH FL
32250-1418

AGENCY NAME AND ADDRESS:
HARDEN AND ASSOCIATES-BT
501 RIVERSIDE AVE STE 1000
JACKSONVILLE, FL 32202
AGENCY PHONE NO.: (904) 354-3785
AGENCY NO.: 090502

LEGAL ENTITY: LIMITED LIABILITY COMPANY

OTHER WORKPLACES NOT SHOWN ABOVE: (See Workers Compensation Location Schedule)

ITEM 2. POLICY PERIOD: From: 03-17-2012 To: 03-17-2013

Effective 12:01 A.M. Standard Time at the Insured's mailing address.

ITEM 3. COVERAGE:

A. Workers Compensation Insurance: Part One of the policy applies to the Workers Compensation Law of the states listed here:
FL

B. Employers' Liability Insurance: Part Two of the policy applies to work in each state listed in Item 3.A. The limits of liability under Part Two are:

Bodily Injury by Accident:	\$	100,000	each accident
Bodily Injury by Disease:	\$	500,000	policy limit
Bodily Injury by Disease:	\$	100,000	each employee

C. Other States Insurance: Part Three of the policy applies to the states, if any, listed here:
all states except: ND, OH, WA, WY
and states designated in ITEM 3A of the information page.

D. This Policy includes these Endorsements and Schedules:
See Schedule of Forms and Endorsements.

ITEM 4. PREMIUM: The premium for this Policy will be determined by our Manuals of Rules, Classifications, Rates and Rating Plans. All information required on the Workers Compensation Classification Schedule is subject to verification and change by audit. Please see Classification Schedule.

Expense Constant:	200	Total Estimated	
Minimum Premium: \$	220	Annual Premium: \$	6,839
Audit Period:	ANNUAL		

Date: 01-10-2012

Countersigned by _____





**OLD DOMINION
INSURANCE COMPANY**

4601 Touchton Road East, Ste. 3300
P.O. Box 16100, Jacksonville, FL 32245-6100
Telephone: 1-904-642-3000 / 1-800-226-0875

INSURED

SPECIAL COMMERCIAL PACKAGE POLICY

Named Insured and Mailing Address

SAWGRASS ASSET MANAGEMENT LLC
1579 THE GREENS WAY #20
JACKSONVILLE BEACH, FL 32250

Policy Number: BPG4630B
Account Number: CACG4630B

Agent: HARDEN AND ASSOCIATES
AGENT PHONE : 904 354 3785

Producer Code: 090459003

POLICYHOLDER INFORMATION

Named Insureds Business: OFFICE
Entity: LIM LIAB CO
Policy Term: 12
Effective: 03/17/12 (12:01 A.M. Standard Time at the address
Expiration: 03/17/13 of the Named Insured stated above)

In return for the payment of the premium and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy. See the attached schedules for Description of Premises, Property Coverage, Optional Coverages, Forms and Endorsements applying to this policy and Mortgage Schedule if applicable.

LIABILITY COVERAGE	LIMITS OF INSURANCE
Liability & Medical Expenses - each occurrence	\$ 1,000,000
Personal and Advertising Injury Limit	\$ 1,000,000
Products-Completed Operations Aggregate Limit	\$ 2,000,000
General Aggregate Limit	\$ 2,000,000
Fire Legal Liability - any one fire or explosion	\$ 500,000
Medical Expense Limit - per person	\$ 5,000
Business Liability and Medical Expense: Except for Fire Legal Liability, each paid claim for the above coverages reduces the amount of insurance we provide during the applicable annual period.	

For policies subject to premium audit: Annual Audit Applies.

	Total Annual Premium:	\$	2,883
	FL RECOUPMENT:	\$	58.58
FL EMPAT FUND:	\$	4.00	
FL FIRE MARSHALL:	\$	2.78	
	TOTAL PREMIUM AND CHARGES	\$	2,948.36

undersigned: _____

By: _____

64-5255 (1/04) 02/01/12 RENEWAL JC





Many of our clients have utilized our expertise in developing their new investment policy statements along with target allocations. We would encourage the City of Ft. Lauderdale to contact any of our clients to discuss our ability to manage and service their account over the years. Our firm works with several reserve clients and we are very proud to help each one attain their investment goals over various market environments.

Sawgrass is proud to offer the following five client references:

City of Jacksonville, Florida

Contact Name:	Mr. Patrick Greive, CFA, CFP
Title:	Chief Investment Officer
Phone Number:	(904) 630-5940
Fax Number:	(904) 630-3615
Email Address:	PGreive@coj.net
<i>Length of Time Managed:</i>	<i>7 Years</i>
<i>Services Performed:</i>	<i>Short Fixed Income (1-3 year maturity) and Core Fixed Income (1-30 year)</i>

City of Altamonte Springs, Florida

Contact Name:	Mr. Mark DeBord
Title:	Finance Director
Phone Number:	(407) 571-8090
Fax Number:	(407) 571-8082
Email Address:	mbdebord@altamonte.org
<i>Length of Time Managed:</i>	<i>5 ½ Years</i>
<i>Services Performed:</i>	<i>Short Fixed Income (1-5 year maturity)</i>

City of Daytona Beach

Contact Name:	Ms. Kathie Eichinger
Title:	Finance Services Manager
Phone Number:	(386) 671-8062
Fax Number:	(386) 671-3228
Email Address:	eichingerk@codb.us
<i>Length of Time Managed:</i>	<i>Hired December 2011</i>
<i>Services Performed:</i>	<i>Short Fixed Income (1-3 year maturity)</i>

North Broward Hospital

Contact Name:

Title:

Phone Number:

Fax Number:

Email Address:

Length of Time Managed:

Services Performed:

Mr. Art Wallace

Chief Financial Officer

(954) 344-3124

(954) 355-4966

awallace@browardhealth.org

2 ½ Years

Short Fixed Income (>1 year maturity)

Flagler Hospital & Flagler Healthcare Foundation

Contact Name:

Title:

Phone Number:

Fax Number:

Email Address:

Length of Time Managed:

Services Performed:

Ms. Lynda Kirker

Chief Financial Officer

(904) 825-4400

(904) 825-4472

lynda.kirker@flaglerhospital.org

10 ½ Years

Core Fixed Income (1-30 year maturity)



1. Organization

A. Company Name

Sawgrass Asset Management, L.L.C.
(herein referred to as "Sawgrass" or "the firm")

B. Principal Address

1579 The Greens Way, Suite 20
Jacksonville Beach, FL 32250

C. Telephone Numbers – Principal and Fax

Main (904) 493-5500
Toll Free (866) 493-5500
Fax (904) 493-5522

Main Contacts for the City of Ft. Lauderdale:

David Furfine, CFA, Partner, Co-Director of Fixed Income Direct Line: (904) 493-5512
Chris Greco, Partner, Marketing & Client Service Direct Line: (904) 493-5504

D. Email Address(es)

Main Contacts for the City of Ft. Lauderdale:

David Furfine, CFA, Partner, Co-Director of Fixed Income furfined@saw-grass.com
Chris Greco, Partner, Marketing & Client Service grecoc@saw-grass.com

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

Sawgrass is a 100 percent employee-owned registered investment advisor, regulated by the Securities and Exchange Commission (SEC). Sawgrass is based in Jacksonville, Florida and since the firm's founding on January 15, 1998, our primary focus has been managing assets with a specific focus on institutional client relationships. The business of asset management is the firm's sole focus. Sawgrass is not affiliated with any other organization and has not experienced a significant change in organizational structure, ownership or management during the past three years.

Our firm's core group of investment professionals has worked together for more than two decades, as Sawgrass was founded by its active principals Andrew Cantor, Dean McQuiddy, and Brian Monroe as a lift-out from Registered Investment Advisor, Barnett Capital Advisors, Inc.

Sawgrass provides active high-quality fixed income and growth equity investment management services to institutional investors. Our products include core, intermediate and short-term fixed income as well as large and small cap growth equity portfolios. The portfolio managers at Sawgrass have an average of more than 25 years of experience in establishing and managing investment portfolios in these products. We pride ourselves in being responsive and providing tailored, client-specific reporting.

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

Sawgrass does not act as a broker or primary dealer in securities and is not affiliated with any other organization. Some brokers that Sawgrass deals with provide research materials, however, the firm does not use fixed income trading to provide third party services.

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

Sawgrass maintains a diversified client mix that includes Public, Taft-Hartley, Foundation/Endowment, Health Care, Corporate and Sub-Advisory, with types of accounts including institutional operating, reserve assets, pension and retirement funds.

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

Sawgrass' sole office is located in the State of Florida, at the following address. The firm has remained in Jacksonville since the inception of the firm in January 1998 and is proud to call the State of Florida our home.

1579 The Greens Way, Suite 20, Jacksonville Beach, FL 32250 Main Line: (904) 493-5500

Main Contacts for the City of Ft. Lauderdale:

David Furfine, CFA, Partner, Co-Director of Fixed Income

Direct Line: (904) 493-5512

Chris Greco, Partner, Marketing & Client Service

Direct Line: (904) 493-5504

Sawgrass has several clients in South Florida, so we are in the area frequently.

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

Yes, Sawgrass is registered as an Independent Investment Advisor with the SEC under the Investment Advisor's Act of 1940. Our file number is 801-55243. As a Florida-based Registered Investment Advisor, we accept fiduciary responsibility for our investment process and decisions.

Our complete Form ADV Part 2 (with supplement) has been included as **SAWGRASS EXHIBIT I**.

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

There has been no SEC, NASD or any other regulatory censure or litigation involving Sawgrass during the past five 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.

Sawgrass carries the following insurance with the following carriers:

\$10,000,000 in Errors and Omissions Insurance (Chubb & Travelers);
\$8,875,000 in Key Man & Key Employee Insurance (Northwestern);
\$1,000,000 in Directors & Officers Liability (Chubb);
Fiduciary liability insurance as part of our E&O (Chubb);
ERISA fidelity bond that insures 10% of ERISA accounts, up to \$500,000 (The Hartford).

Our Certificates of Insurance has been provided as **SAWGRASS EXHIBIT II**.

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

Our latest financials have been included as **SAWGRASS EXHIBIT III**.

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

Sawgrass is compliant with and adheres to the Chartered Financial Analyst's Code of Professional and Ethical Standards. In addition, all portfolio managers at Sawgrass, including those who would be providing investment management services to the City of Ft. Lauderdale, have earned the CFA (Chartered Financial Analyst) designation and hold a membership in The CFA Institute (formerly 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.

The professionals at Sawgrass have more than 20 years of experience in developing investment policies and managing portfolios for public funds and governmental entities. Our firm has focused our client service efforts here in Florida since our inception.

Sawgrass currently works with 64 municipalities across the State of Florida, and we are very proud to help each one attain its unique investment goals over various market environments. We have included a map of our Florida Public Clients as **SAWGRASS EXHIBIT IV**. As a Florida-based, Registered Investment Advisor, we accept fiduciary responsibility for our investment process and decisions. We have helped educate our clients and their respective constituents over the years through presentations to city managers, city councils, etc.

We take the approach of first listening to our clients needs, then implementing a specific policy tailored to their investment objectives. Since our inception, we have customized our portfolios to meet the ever-changing investment needs of our Fixed Income clients. Many of our current clients have utilized our expertise in developing and/or revising their new investment policy statements along with target allocations.

Our overall focus on high-quality fixed income securities is designed to help provide our clients with safety of capital, enhanced return potential, and a lower risk profile than our assigned benchmarks. Many of our clients appreciate the consistency of our performance and the people at Sawgrass who provide the results year in and year out. Our employee ownership provides our clients with the comfort that the people managing their money in the past will have a vested interest in the success of the relationship going forward. Our industry is built upon its people, and our team of Jacksonville, Florida-based investment professionals is positioned to provide the City of Ft. Lauderdale with exceptional investment solutions and client service delivery.

Sawgrass is also heavily involved in several Florida-focused organizations specializing in governmental education, including the Florida Public Pension Trustees Association (FPPTA) and the Florida Government and Finance Officers Association (FGFOA). Providing educational leadership within these organizations has provided our investment team with a method to align our goals of promoting education to Public Trustees in the State of Florida.

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

The professionals at Sawgrass have more than 20 years of experience in managing investment portfolios for bond funds.

Based on our experience with governmental institutions such as the City of Ft. Lauderdale, we understand the need to maintain a conservative investment policy and allocation. Generally speaking, the funds that are in excess of near-term working capital needs should be invested in a short-term, high-quality, fixed income strategy. The ideal investment policy would incorporate the engagement of an outside professional investment manager to invest funds in a manner which would prove competitive returns, control risk, and provide needed liquidity. The investment policy should provide general guidelines for maturity/duration limits, sector exposure, individual issuer limits and overall minimum credit quality standards. An investment policy should also incorporate a statement regarding investment performance expectations that are consistent with the restrictions and limitations.

Sawgrass has considerable experience and expertise in assisting with the development of an investment policy that best fits the overall needs of our clients. We would look forward to working with the City to whatever extent desired, to help formulate an effective investment policy. We would also anticipate meeting periodically with City staff to review existing policies and assist in evaluating any potential changes.

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.

Provided in the following tables are our institutional tax-exempt fixed income assets under management. We have used your definition of short-term, medium-term and long-term, as described on page 21 of the request for proposal. Sawgrass has longer-term assets (max 30 years), so we have included those assets as well.

As of March 2012, Sawgrass had over \$2.9 billion in institutional assets under management, including \$1.5 billion in total fixed income assets and \$1.4 billion in equities. Sawgrass manages \$1.9 billion in total public (municipal) assets. The following are in \$ millions:

2011	Short-Term (max 1 yr) Funds	Medium-Term (max 2 ½ yrs) Funds	Long-Term (max 10 yrs) Funds	Longer-Term (max 30 yrs) Funds
Government Institutions	342	556	36	122
Other Institutions	4	28	20	160
Total	346	584	56	282
2010	Short-Term (max 1 yr) Funds	Medium-Term (max 2 ½ yrs) Funds	Long-Term (max 10 yrs) Funds	Longer-Term (max 30 yrs) Funds
Government Institutions	441	413	30	135
Other Institutions	4	35	33	176
Total	485	448	63	311

2009	Short-Term (max 1 yr) Funds	Medium-Term (max 2 ½ yrs) Funds	Long-Term (max 10 yrs) Funds	Longer-Term (max 30 yrs) Funds
Government Institutions	536	295	18	131
Other Institutions	8	32	31	181
Total	544	327	49	312
2008	Short-Term (max 1 yr) Funds	Medium-Term (max 2 ½ yrs) Funds	Long-Term (max 10 yrs) Funds	Longer-Term (max 30 yrs) Funds
Government Institutions	321	255	21	111
Other Institutions	7	26	29	150
Total	328	281	50	261
2007	Short-Term (max 1 yr) Funds	Medium-Term (max 2 ½ yrs) Funds	Long-Term (max 10 yrs) Funds	Longer-Term (max 30 yrs) Funds
Government Institutions	157	189	21	108
Other Institutions	6	17	30	156
Total	163	206	51	264

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

The professionals at Sawgrass have more than 20 years of experience in developing investment policies and guidelines for governmental funds. Investment policy and guideline development is an integral part of our approach to the implementation process. Over the years we have worked with many of our clients to create, re-write or change their investment policies and guidelines. Some of these clients have asked us to help them communicate these changes to their respective boards and we can act as an "extension" of your financial staff in this respect.

After client needs are established and an investment policy is developed, Sawgrass' culture of compliance takes hold. Our fixed income management team reviews all accounts on a monthly basis to assure policy compliance and strategy consistency. To communicate this process to the City of Ft. Lauderdale, Sawgrass would offer to provide a customized compliance monitor to review your portfolio on a monthly basis to ensure all policy requirements are being met and the objectives of principal preservation, liquidity and maximum yield are maintained.

- E. 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?

Sawgrass does not act as a broker or primary dealer in securities and does not receive any other form of additional compensation for client transactions aside from the direct fee paid by clients. Some brokers that Sawgrass deals with provide research materials, however, the firm does not use fixed income trading to provide third party soft dollar services.



- F. Provide a list of 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.).

Many of our clients have utilized our expertise in developing their new investment policy statements along with target allocations. We would encourage the City of Ft. Lauderdale to contact any of our clients to discuss our ability to manage and service their account over the years. Our firm works with several reserve clients and we are very proud to help each one attain their investment goals over various market environments.

Sawgrass is proud to offer the following five client references:

City of Jacksonville, Florida

Contact Name:	Mr. Patrick Greive, CFA, CFP
Title:	Chief Investment Officer
Phone Number:	(904) 630-5940
Fax Number:	(904) 630-3615
Email Address:	PGreive@coj.net
<i>Length of Time Managed:</i>	<i>7 Years</i>
<i>Services Performed:</i>	<i>Short Fixed Income (1-3 year maturity) and Core Fixed Income (1-30 year)</i>

City of Altamonte Springs, Florida

Contact Name:	Mr. Mark DeBord
Title:	Finance Director
Phone Number:	(407) 571-8090
Fax Number:	(407) 571-8082
Email Address:	mbdebord@altamonte.org
<i>Length of Time Managed:</i>	<i>5 ½ Years</i>
<i>Services Performed:</i>	<i>Short Fixed Income (1-5 year maturity)</i>

City of Daytona Beach

Contact Name:	Ms. Kathie Eichinger
Title:	Finance Services Manager
Phone Number:	(386) 671-8062
Fax Number:	(386) 671-3228
Email Address:	eichingerk@codb.us
<i>Length of Time Managed:</i>	<i>Hired December 2011</i>
<i>Services Performed:</i>	<i>Short Fixed Income (1-3 year maturity)</i>

North Broward Hospital

Contact Name:

Title:

Phone Number:

Fax Number:

Email Address:

Length of Time Managed:

Services Performed:

Mr. Art Wallace

Chief Financial Officer

(954) 344-3124

(954) 355-4966

awallace@browardhealth.org

2 ½ Years

Short Fixed Income (>1 year maturity)



Flagler Hospital & Flagler Healthcare Foundation

Contact Name:

Title:

Phone Number:

Fax Number:

Email Address:

Length of Time Managed:

Services Performed:

Ms. Lynda Kirker

Chief Financial Officer

(904) 825-4400

(904) 825-4472

lynda.kirker@flaglerhospital.org

10 ½ Years

Core Fixed Income (1-30 year maturity)

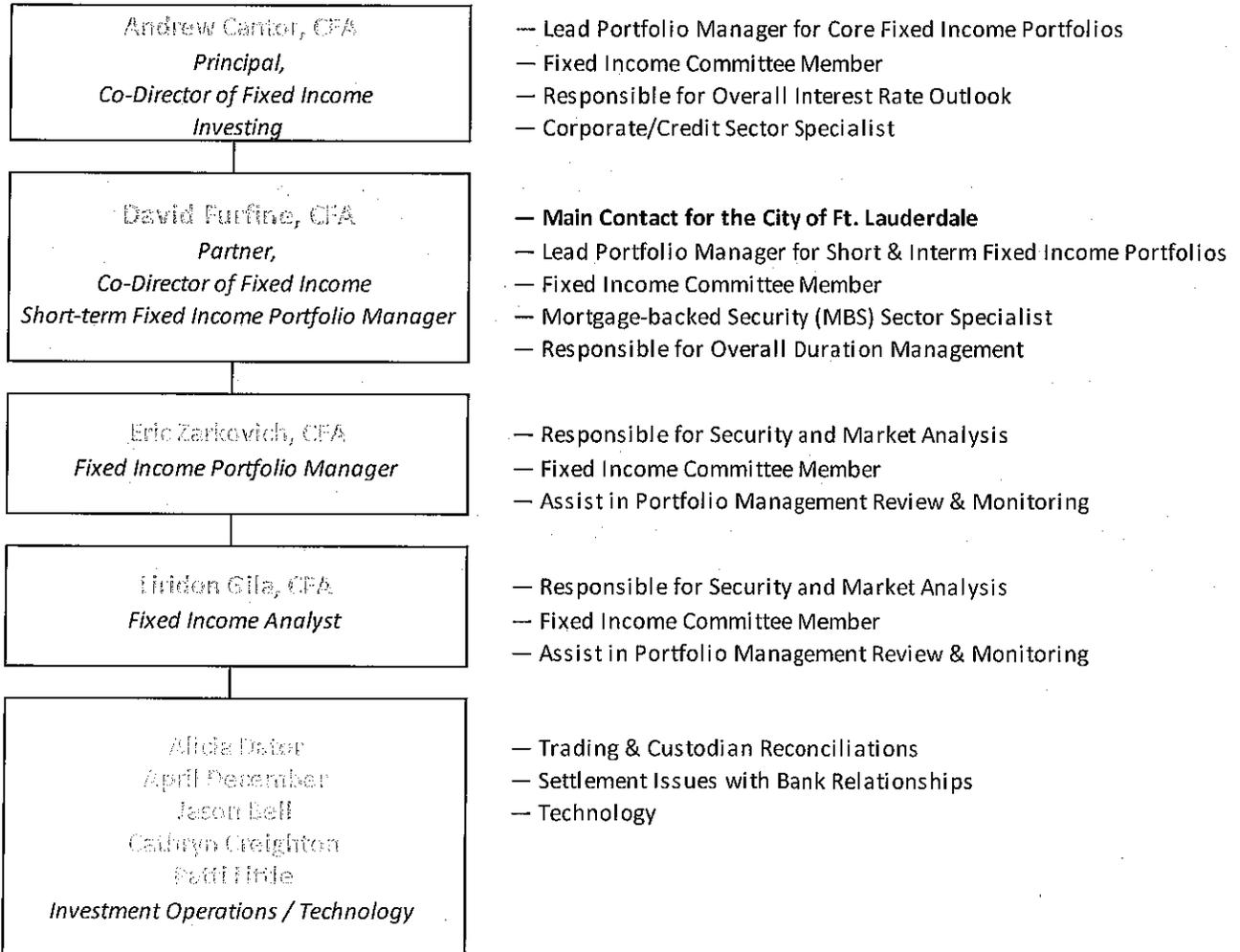
3. Personnel

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.

Although Sawgrass applies a team approach to portfolio management, the ultimate buy decision-making process is driven by the product's lead portfolio manager, David Furfine, CFA. Mr. Furfine is your main contact and is a member of your client service team. He would work hand-in-hand with the City of Ft. Lauderdale. The fixed income team assigned to your account consists of four professionals with Chartered Financial Analyst designations and an average of over 20 years of investment experience.

The following is an organizational chart of the Sawgrass fixed income team, along with a description of the roles of each key person.

The Sawgrass Fixed Income Team



- 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.

Sawgrass has included complete biographies of the members of the Sawgrass fixed income team as **SAWGRASS EXHIBIT V**.

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

All of Sawgrass' portfolio managers and analysts are members of the CFA Society of Jacksonville and the CFA Institute. Mr. Furfine, Mr. Cantor and Mr. Zarkovich are all current members and past Presidents of the CFA Society of Jacksonville. Other memberships include the Florida Public Pension Trustees Association (FPPTA) and the Florida Government and Finance Officers Association (FGFOA).

Sawgrass professionals have been involved with the FPPTA for over two decades. Providing educational leadership within this organization has provided our investment team with a method to align our goals of promoting education to Public Trustees in the state of Florida to those of the FPPTA.

Sawgrass is also heavily involved with the FGFOA. Several of our investment professionals (portfolio managers and client service professionals) have been featured speakers at the local chapters and statewide conferences over the years. Our focus on the Florida market and the investment needs of governmental organizations makes the FGFOA an important organization for our association.

Our commitment to education is one of the abiding principals that we follow here at Sawgrass. We have extensively promoted investment education in both the Florida and National Marketplaces over the past two decades and are proud of our continued leadership in the areas of training, certification, conference sponsorships and public speaking forums.

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

Our Fixed Income team handles more than 80 accounts totaling \$1.5 billion in assets under management. Although our fixed income team of four investment professionals manages several fixed income strategies, all are managed using the same process. The primary differences among them are maturity and duration limits.

4. Investment Management Approach and Discipline

A. Describe your firm's investment management philosophy.

Sawgrass believes that inefficiencies in fixed income markets create opportunities that compensate for active risk. Identifying these opportunities requires a thorough analysis of capital markets, asset fundamentals and technical factors overlaid with a qualitative assessment formed by Sawgrass' extensive experience and judgment. Our approach to portfolio construction takes measured risks and optimizes allocations to investment ideas across alpha sources designed to create superior risk-adjusted returns.

- Future trends in interest rates over the next 12-18 months have some predictability. These trends can be evaluated with an analysis of current market fundamentals, technical factors, economic activity and historical interest rate patterns, inclusive of interest rate volatility and the slope of the yield curve. The firm also believes that it is challenging to predict changes in interest rates over shorter time periods.
- Market inefficiencies are often observed at the sector level. These inefficiencies are identified by reviewing current fundamental and technical factors relative to historical values and in comparison with other sectors. Portfolios are positioned to over-weight sectors that offer the best relative value on a risk-adjusted basis.
- Active positioning in individual securities offers opportunity to add alpha in a portfolio. Undervalued securities can be identified through both an absolute and relative value analysis, comparing the expected future return of a security against its' future, current and historic fundamentals as well as against its' peers. Sawgrass believes the most effective way to limit individual security risk is by evaluating specific credit fundamentals. Secondly, the risk of any one security is minimized by proper security diversification.

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.

Sawgrass is proposing our Short-term (1-5 Year) Fixed Income strategy that is managed relative to the Bank of America Merrill Lynch 1-5 Year Government/Corporate index. This strategy includes a higher weighting of corporate securities, ranging from 25-50% over time, as these securities offer a higher return with better downside protection with minimal additional risk. This allocation limit is more than what is permitted by your current investment policy; we are recommending changes to your policy to accommodate our use of corporate securities.

Notwithstanding the above, based on our experience with governmental institutions such as the City of Ft. Lauderdale, we understand the need to maintain a conservative investment policy and allocation. Generally speaking, the funds that are in excess of near-term working capital needs should be invested in a short-term, high-quality, fixed income strategy. Sawgrass can readily accommodate the specific circumstance of the City of Ft. Lauderdale in constructing a portfolio to meet the unique needs of the City.

Sawgrass' Active Short-term Fixed Income Process:

The Sawgrass Short-term Fixed investible bond universe consists of U.S. dollar denominated government, high-quality corporate, and mortgage-backed securities. The portfolio has an effective duration that ranges from 2-3 years and an average maturity that ranges from 2-4 years and there are currently no sector constraints. The goal of this product is to generate investment returns which exceed 1-year Treasury Bills by 100 basis points over a market cycle. The current benchmark is the Bank of America Merrill Lynch 1-5 Year Government/Corporate index. We believe this index is most similar to your investment policy in that it allows for a maturity of up to five years, an average duration of up to three years, and a diversified sector distribution.

Evaluation of fixed income markets begins with an analysis of the potential returns and risks within the four alpha sources (interest rates, yield curve structure, sectors, and securities), comparing the relative value of each source to determine investment themes for the portfolio. These themes are then validated through further fundamental research to screen for the best ideas, which are used to construct an optimal portfolio within a portfolio's guidelines and restrictions. Once the portfolio is constructed, positions and risks are actively monitored in order to maintain targeted exposures and iteratively improve the portfolio's positioning.

Interest rate and yield curves are evaluated first by reviewing current and historical market factors, to include historical real rates and inflation, yield curve structure, momentum indicators, and rate volatility. These factors are considered in conjunction with a thorough economic analysis that includes an evaluation of expectations on economic growth, inflation, and fiscal and monetary policy. This analysis forms our opinion on the expected trend of interest rate changes over the next 12-18 months, which is scored based on the likelihood of change. The likely change in interest rates and yield curve structure is compared against the absolute risk of the prediction and relative risk-return of other investment ideas.

Our sector analysis begins by using a proprietary model to determine relative value among sectors. The model evaluates current sector spreads relative to each sector's historical levels as well as across sectors while incorporating for fundamental and technical factors. The results of this analysis are developed into a score for each sector based on the strength of their underlying fundamentals and relative valuations (cheap vs. rich.) The sectors with the best fundamental score and relative cheapness are considered to be potential investment ideas to overweight in the portfolio. We then complete further research into the sector to determine whether the mispricing is temporary, a pricing inefficiency that can add value, or likely to persist due to a change in the market's pricing of the sector's risk. Additionally, each investment idea is compared against its absolute risk and relative to the potential return-risk profile of other investment ideas.

Our security selection process begins by screening the universe with a proprietary relative value model. The model reviews the credit quality of an issuer's fundamentals based on multiple financial metrics. Issuers are also compared based on their current and historical cash and CDS spreads to determine relative value among issuers. Issuers with the best fundamental and relative value scores are candidates for inclusion in the portfolio. These investment ideas are then validated with further research to determine whether all of the current news and any financial changes are reflected in the model's output. Best security ideas are then compared on a risk-adjusted basis against all other securities and other investment ideas from the sector and interest rate analysis.

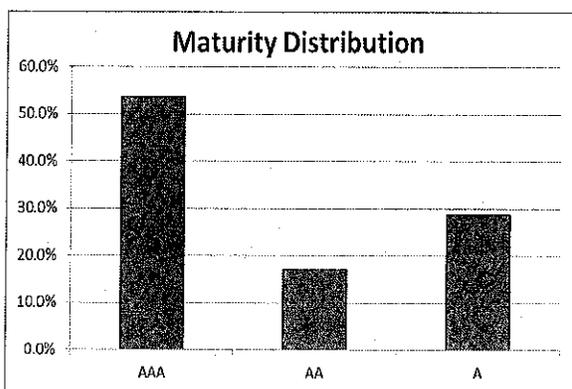
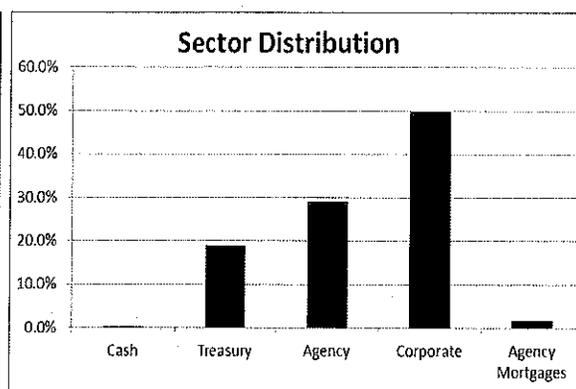
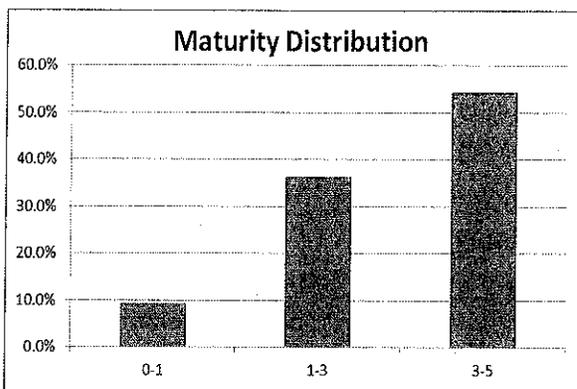
An optimal portfolio is constructed by comparing the ideas generated through the analytical and screening steps with portfolio guidelines. Allocation across sectors and selection of securities is

completed to ensure risks are measured and diversified within prescribed risk targets. The resulting portfolio has a profile that meets the long-term return objectives. The portfolio then is constantly monitored and adjusted to reflect changes in market fundamentals and value.

Portfolio Structure and Liquidity:

We maintain an active portfolio that seeks to be fully invested, therefore cash reserves are typically less than five percent and are a function of the timing of buy and sell programs. All securities within the portfolio are very liquid with a significant portion available for same day settlement given proper notice. We expect on any given day that the City of Fort Lauderdale’s liquidity needs can be met with very little disruption.

The following graphs describe the portfolio structure of a representative Short-term Fixed Income account as of March 31, 2012:



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



At Sawgrass, every element of our fixed income process is tested and designed to add value to our client portfolios. Importantly, we believe strongly that value is not only added by the contribution to enhanced returns but also by controlling risk. Some of the key strategies we employ to achieve these goals are as follows:

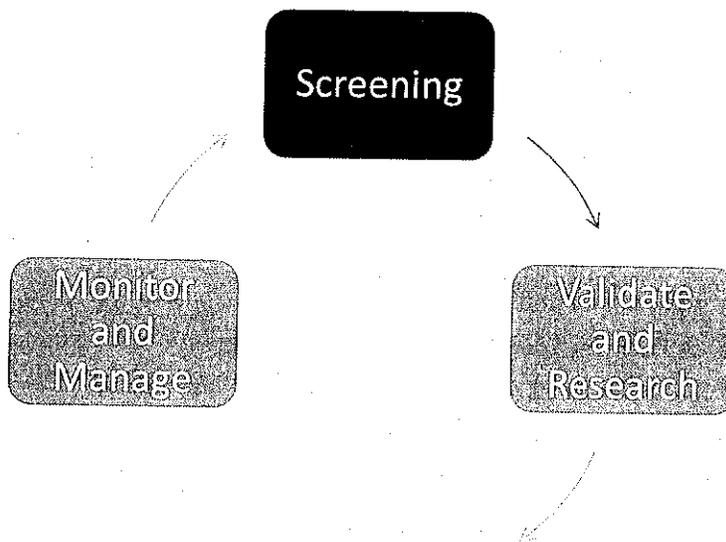
- **Managing Portfolio Duration to Reflect our Interest Rate Expectations –**
We believe, and have demonstrated that over a market cycle, our portfolio duration adjustments have protected portfolio value during periods of rising interest rates while taking advantage of rising bond values during period of falling interest rates. To control the overall risk of the portfolio and recognizing the inherent uncertainty of interest rates, we limit such duration adjustments to a band within 20 percent of the benchmark index.
- **Utilization of Corporate Debt –**
We believe high-quality corporate securities are a further source of added value to our client portfolios, taking advantage of their added yield potential. By selectively limiting our purchases to debt of companies with strong credit measures we are able to enhance portfolio yields without incurring an unacceptable level of credit risk.
- **Utilization of US Agency Mortgage-backed Securities –**
We believe these securities are an additional source of portfolio yield enhancement. Through our careful analysis of security characteristics and attributes we have demonstrated the value of selected mortgage backed securities in portfolios.
- **Seeking Best Execution through Technology and Trading Tools –**
An important part of adding value to our client portfolios is our utilization of technology and trading tools used to seek best execution. This technology allows us to competitively obtain best prices or negotiate aggressively on behalf of our clients every time we execute a portfolio transaction.

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.

Fixed income portfolio management is a team effort at Sawgrass, including the generation of new ideas and monitoring the current names in the portfolio. Although Sawgrass employs a team approach to management, the portfolio manager has the ultimate responsibility and accountability for portfolio design, strategy and results of your portfolio, based on your specific investment policy constraints and parameters.

Our process and our management flexibility allow for efficient implementation of proven new ideas. We do not, however, "experiment" with client funds. Our broadly diversified fixed income portfolio places a premium on high-quality investment grade securities; simultaneously balancing risk, returns & liquidity for our short-term investment clients.

Each member of the fixed income team spends their time on idea generation, research and analysis, and portfolio monitoring. The amount of time spent on any one of the above tasks varies over time based on market activity and account needs.



- E. Describe your firm's research capabilities and resources. Does your firm assign credit research to specialists for public funds accounts?

The Sawgrass Fixed Income team will be the credit research specialists for this account. Our fixed income research incorporates a combination of industry leading external and proprietary analytical software as well as fundamental credit research. The credit research function relies both on in-house and external sources, however all investment decision analysis is conducted internally. The firm's internal analysis incorporates an examination of a series of credit worthiness tests including financial fundamentals, liquidity and event risk.

Approximately 50% of our fixed income research is gained from outside sources. Externally, we utilize research from nationally recognized ratings services and major brokerage firms. These include Goldman, Sachs & Co., Bank of America Merrill Lynch & Co., Morgan Stanley and Standard & Poors. We also subscribe to independent credit research firms including GimmeCredit, whose fundamental analysis is blended with market trading levels and pertinent market-moving events, and Credit Sights, which has a vast database of financial data and thorough research. All outside research is leveraged as an additional screen in our investment process to identify the most attractive securities for us.

Our strict credit research criteria are applied to all client portfolios

- 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.

Sawgrass is recommending that the City of Ft. Lauderdale increase the limitation of corporate securities from a maximum of 25% to a maximum of 50%, as this offers a higher return with better downside protection with minimal additional risk.

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

Sawgrass' broadly diversified fixed income strategies place a premium on high-quality investment grade securities; simultaneously balancing risk, returns & liquidity for our clients.

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.

	<u># of accts</u>	<u>\$ value (in \$1,000)</u>
Tax Exempt Assets		
ERISA	6	\$45,469
Public	91	\$1,865,674
Taft-Hartley	20	\$165,048
Endowment	4	\$41,250
Foundation	29	\$393,239
Other (<i>Healthcare & Insurance</i>)	8	\$389,695
Total Tax-Exempt	158	\$2,900,375
Taxable Assets		
Personal Trusts	58	\$135,249
Commingled		
Total Taxable	58	\$135,249
Mutual Funds		
Equity		
Fixed Income		
Money Market		
Total Mutual Funds	0	0
Overall Total	216	\$3,035,624

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

The following represents new institutional tax-exempt clients only and does not include additional accounts opened by existing clients (in \$ millions):

ACCOUNTS GAINED

	2007	2008	2009	2010	2011
Public	0	3 / \$53	1 / \$9	5 / \$30	5 / \$41
ERISA	0	0	1 / \$25	1 / \$3	0
Taft-Hartley	0	0	0	0	0
Endowment	0	0	1 / \$5	0	0
Foundation	2 / \$8	1 / \$9	0	3 / \$34	1 / \$4
Other	1 / \$10	2 / \$47	0	0	0
Total	3 / \$18	6 / \$109	3 / \$39	9 / \$67	6 / \$45

The following represents lost institutional tax-exempt clients only and does not include accounts lost where Sawgrass retained the overall client relationship (in \$ millions):

ACCOUNTS LOST

	2007	2008	2009	2010	2011
Public	1 / \$180	1 / \$13	0	1 / \$1	1 / \$20
ERISA	1 / \$5	0	0	0	1 / \$6
Taft-Hartley	0	0	0	0	1 / \$4
Endowment	0	0	0	0	0
Foundation	0	1 / \$6	0	0	0
Other	0	1 / \$62	0	0	0
Total	2 / \$185	3 / \$81	0 / \$0	1 / \$1	3 / \$30

- 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.

Sawgrass has two product choices available to the City of Ft. Lauderdale, based on your stated short term and intermediate term investment needs. Sawgrass has included more recent annualized performance (as of 3/31/12) in **SAWGRASS EXHIBIT VI**.

Sawgrass 1-5 Year Government-Corporate Fixed Income Returns: *This product is managed against the BofA Merrill Lynch 1-5 year Government/Corporate Index. This composite’s inception was 12/31/1992.*

Fixed Income Performance

YEAR ENDING	RETURN %	# ACCOUNTS	Market Value (\$)
2007	7.11	7	178M
2008	5.91	7	197M
2009	5.18	9	226M
2010	3.61	20	391M
2011	2.47	20	428M
Annualized 3 Year thru 12/31	3.75	4	205M
Annualized 5 Year thru 12/31	4.84	2	172M
1 st Q 2011	0.41	21	423M
2 nd Q 2011	1.18	19	426M
3 rd Q 2011	0.34	19	424M
4 th Q 2011	0.49	20	428M
1 st Q 2012	1.30	12	405M

Sawgrass 1-3 Year Government-Corporate Fixed Income Returns: This product is managed against the BofA Merrill Lynch 1-3 year Government/Corporate Index. This composite's inception was 10/31/2007.



Fixed Income Performance

YEAR ENDING	RETURN %	# ACCOUNTS	Market Value (\$)
2007	Inception 10/31/07	1	26M
2008	5.17	2	36M
2009	3.65	2	39M
2010	2.60	2	72M
2011	1.69	4	160M
Annualized 3 Year thru 12/31	2.64	1	13M
Annualized 5 Year thru 12/31	n/a	n/a	n/a
1 st Q 2011	0.21	3	133M
2 nd Q 2011	0.82	3	134M
3 rd Q 2011	0.31	3	134M
4 th Q 2011	0.34	4	160M
1 st Q 2012	0.36	5	186M

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

Yes, Sawgrass has prepared and presented all returns in compliance with the Global Investment Performance Standards (GIPS®), formerly AIMR. A firm-wide verification of the firm's claim of compliance has been conducted by Beacon Verification Services for the period March 31, 1998 to December 31, 2010.

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

The average size of the largest institutional tax-exempt fixed income client funds as of March 31, 2012 was \$171 million.

6. Accounting and Reporting

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

Advent Axys, the portfolio management and accounting software utilized by Sawgrass to track and monitor client accounts since the inception of the firm, allows us to be as flexible as possible when customizing reporting formats to meet the needs of any client. Advent Axys is an industry standard and is designed to meet the CFA Institute's Global Investment Performance Standards (GIPS®).

- 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.

Sawgrass has provided a sample quarterly statement and sample client service presentation as **SAWGRASS EXHIBIT VII**.

We can provide electronic or hard copy statements to the City of Ft. Lauderdale on a monthly or quarterly basis. These statements can be customized to provide specific measurements that may be useful to the finance department. It is standard practice for us to identify all of the City of Ft. Lauderdale's reporting needs at our initial meeting.

Performance is on a trade date dollar-weighted monthly basis in U.S. dollars. The dollar-weighted monthly results are geometrically linked (time-weighted) to produce quarterly and annualized results.

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

Our approach to performance benchmarking is driven by the goals and expectations set forth in your investment policy statement. Targets would be described for each asset class as well as an overall "blended" index for the portfolio in total. We feel the benchmark chosen should meet the return and risk expectations for the client. Excess fixed income returns are driven by the portfolio duration decision, sector selection and security selection relative to the benchmark index.

We would suggest the Merrill Lynch 1-5 Year Government/Corporate index as we believe this index is most similar to your investment policy in that it allows for a maturity of up to five years, an average duration of up to three years, and a diversified sector distribution. A benchmark like the Merrill Lynch 1-5 Gov/Corp balances the goals of safety of principal and minimal market risks with the desire for incremental returns relative to cash investments. This index allows for investment in the higher yields typically found further up the "yield curve" without accepting the volatility associated with longer-term maturities.

Sawgrass can also manage this account to customized short-term indices as deemed appropriate. We will readily accommodate the specific circumstance of the City of Ft. Lauderdale in constructing a portfolio to meet the unique needs of the City of Ft. Lauderdale.

- 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 [duration] with a weighted average duration of less than 3 years?

Our approach to performance benchmarking is driven by the goals and expectations set forth in your investment policy statement. Targets would be described for each asset class as well as an overall "blended" index for the portfolio in total. We feel the benchmark chosen should meet the return and risk expectations for the client. Excess fixed income returns are driven by the portfolio duration decision, sector selection and security selection relative to the benchmark index.

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Sawgrass can also manage this account to customized short-term indices as deemed appropriate. We will readily accommodate the specific circumstance of the City of Ft. Lauderdale in constructing a portfolio to meet the unique needs of the City of Ft. Lauderdale.

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 12/31/11. No other fees shall be accepted other than the fees in basis points, as stated below.

(In basis points)

Sawgrass would like to propose the following discounted fee schedule to the City of Ft. Lauderdale, based on your average monthly balance range stated below:

\$1.00 to \$25,000,000	0.5 basis points/month	(7 basis points/year)
\$25,000,000 to \$50,000,000	0.5 basis points/month	(7 basis points/year)
\$50,000,000 to \$100,000,000	0.5 basis points/month	(7 basis points/year)
\$100,000,000 to \$150,000,000	0.5 basis points/month	(6 basis points/year)
Over \$150,000,000	0.4167 basis points/month	(6 basis points/year)

8. Other

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

Sawgrass is a small, entrepreneurial firm and invests heavily on technology to support our investment activities and operations. Being small allows us to be nimble and flexible and implement technology needed by our investment staff. With respect to the fixed income team, each team member has their own Bloomberg terminal and we utilize various trading and analytic software packages such as Bondedge, MarketAxxess, TradeWeb and multiple broker platforms.

B. What makes your firm unique?

Sawgrass has successfully competed against a variety of fixed income managers including small boutique firms, large prominent fixed income managers and major banking organizations. We believe that our proven advantages are:

- 1) Competitive returns
- 2) Commitment to risk control
- 3) Experience, understanding and utilization of unique securities
- 4) Demonstrated focus on client circumstances and needs
- 5) Use of technology to enhance resource effectiveness
We continuously evaluate and, when appropriate, implement new technology with the goal of improving our model effectiveness; and
- 6) Consistent and repeatable investment process.

We believe that our commitment to a disciplined investment process has been a key factor in our performance results. While we cannot guarantee investment results, we strongly believe that by remaining committed to our investment process, the likelihood of future successful results are enhanced.

Sawgrass feels that the judgment and extensive experience of our portfolio managers provides us with a competitive advantage. This experience has provided our clients with a very consistent portfolio management process that allows consultants and clients to allocate risk around the Sawgrass Short-term Fixed Income portfolio because they believe in our style purity.



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? N/A

Message to the City of Ft. Lauderdale:

We are confident we can effectively manage your investment portfolio through our thorough understanding of your investment needs and goals. Sawgrass will provide you with full access to our investment team and this team will work closely with your Finance Department throughout our relationship. We pride ourselves on our ability to customize your portfolio and constantly monitor your investment policy parameters. We would like to work with you to fulfill your investment needs, and we hope that Sawgrass can become your investment partner.

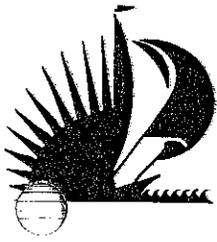
For all of us at Sawgrass Asset Management, thank you for your consideration.

Sincerely,

Chris Greco, Partner

David Furfine, CFA, Partner





ADDENDUM NO. 2

RFP 125-10899 INVESTMENT MANAGEMENT SERVICES

ISSUED: April 9, 2012

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

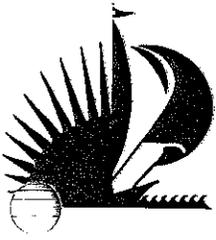
PART I – INTRODUCTION INFORMATION, ITEM 05. ELIGIBILITY (second paragraph),
PART III – SPECIAL CONDITIONS, ITEM 24. SPECIAL INFORMATION CONTROLS,
and PART VIII –PROPOSED PAGES – TECHNICAL PROPOSAL, Tab 9, which states
the following:

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

And shall be replaced with the following SSAE 16 requirements:

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





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

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

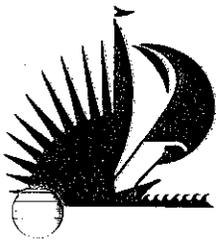
Company

Name: Sawgrass Asset Management, LLC
(Please print)

Proposer's
Signature: _____

Date: 4/12/2012





ADDENDUM NO. 2

RFP 125-10899 INVESTMENT MANAGEMENT SERVICES

ISSUED: April 9, 2012

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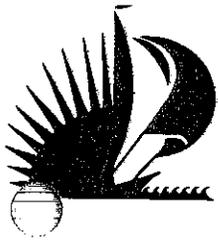
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“The Contractor shall provide a current SSAE 16, SOC 2, Type 1 report with their proposal. Awarded contractor will be required to provide an SSAE 16, SOC 2, Type II report annually during the term of this contract. If the Contractor cannot provide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

And shall be replaced with the following SSAE 16 requirements:

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





The following 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	0.5 basis points/month	(7 basis points/year)
\$25,000,000 to \$50,000,000	0.5 basis points/month	(7 basis points/year)
\$50,000,000 to \$100,000,000	0.5 basis points/month	(7 basis points/year)
\$50,000,000 to \$100,000,000	0.5 basis points/month	(7 basis points/year)
\$100,000,000 to \$150,000,000	0.5 basis points/month	(6 basis points/year)
Over \$150,000,000	0.4167 basis points/month	(6 basis points/year)





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.

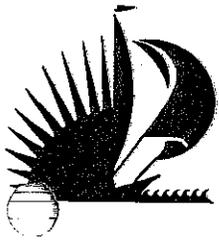
Failure to comply at time of proposal submittal shall result in the Proposer being found ineligible for the local business preference.

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.





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

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: Sawgrass Asset Management, LLC

(Please print)

Proposer's
Signature:



Date: 4/12/2012





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: _____

STATE OF _____
COUNTY OF _____
NAME SIGNATURE DATE

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





DISCLOSURE BROCHURE

COVER PAGE
THE INVESTMENT ADVISERS ACT OF 1940 RULE 204-3
FORM ADV PART 2A

FIRM CRD/IARD #: 108831
SEC File #: 801-55243



1579 The Greens Way
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Jacksonville Beach, Florida
32250

Tel: 904.493.5500
Toll: 866.493.5500

info@saw-grass.com
www.saw-grass.com

ITEM 1

This Disclosure Brochure provides information about the qualifications and business practices of Sawgrass Asset Management, LLC, which should be considered before becoming a client. You are welcome to contact us should you have any questions about the contents of this brochure - our contact information is listed to the right. Additional information about Sawgrass Asset Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

The information contained in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator.

BROCHURE
DATED

29

MARCH 2012

MATERIAL CHANGES

SEC Rule 204-3(b)(2) allows us to provide you with a summary page of Material Changes in lieu of sending out our entire Disclosure Brochure. If you are being offered this Material Change page as a separate piece from our Disclosure Brochure and you have questions about these summary disclosures or would like a current copy of our Disclosure Brochure to review, you may contact us and a current, complete Disclosure Brochure will be sent free of charge. There have been no material changes to report since the last filing of our Disclosure Brochure dated September 2011.

SAWGRASS ASSET MANAGEMENT, L.L.C.

1579 THE GREENS WAY, SUITE 20
JACKSONVILLE BEACH, FLORIDA 32250

TEL: 904.493.5500
INFO@SAW-GRASS.COM



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BROCHURE SUPPLEMENTS

ADVISORY BUSINESS



Who We Are

Sawgrass Asset Management, LLC (hereinafter referred to as “Sawgrass”, “the Company”, “we”, “us” and “our”), is a 100% employee-owned registered investment advisor¹ that was founded in January of 1998 by a core group of investment professionals that formerly comprised the institutional investment arm of Barnett Capital Advisors.

We feel that being employee-owned plays to our strength by providing institutional clients², with a group of talented investment professionals that have learned to work together to achieve consistent, repeatable investment returns. Being employee-owned there is: **stability** in structure of each asset-class management team; **individual talent retention** that leads to increased team knowledge; **ownership of purpose** that focuses the team in their investment pursuits; and, most of all, a **vested interest in our clients’ long-term success**.

Owners

Since Sawgrass is employee-owned, no single individual has ownership control of more than 25%. The Company is a wholly-owned subsidiary of Sawgrass Asset Management, Inc. (“SAM”) and the following individuals, the core founders, are the majority shareholders who also direct our day-to-day management operations.

Name	Title	CRD#
Dean E. McQuiddy	Shareholder of SAM	4373760
Andrew M. Cantor	Shareholder of SAM & Chief Compliance Officer	4373765
Brian K. Monroe	Shareholder of SAM	2147305

Assets Under Management

As of December 31, 2011, our assets under management totaled:

Client Discretionary Managed Accounts.....	\$2,752,367,916
Client Non-Discretionary Managed Accounts.....	43,791,510

Our Mission

Our mission is to provide our clientele with the highest level of professional asset management services in a totally objective, prudent and cost-effective manner using a disciplined investment process to achieve the desired investment goal.

¹ The term “registered investment advisor” is not intended to imply that Sawgrass Asset Management, LLC has attained a certain level of skill or training. It is used strictly to reference the fact that we are “Registered” as a licensed “Investment Advisor” with the United States Securities & Exchange Commission - and “Notice Filed” with such other State Regulatory Agencies that may have limited regulatory jurisdiction over our business practices.

² A client could also be a high net worth individual and their family members, a family office, a foundation or endowment, a corporation and/or small business, a trust, a guardianship, an estate, another fiduciary or any other type of entity to which we choose to give investment advice.

What We Do

We specialize in active investment management using multiple Investment Products with different risk/reward characteristics. We can tailor portfolios that match a range of risk tolerances and time-frames. We believe that our approach can best:

- ❖ Take advantage of the changing economic environment.
- ❖ Implement the investment strategies best suited to attain the client's investment goals.
- ❖ Reduce the volatility of investment returns based on the client's risk tolerance.
- ❖ Provide liquidity and access to principal in a long-term investment.

For more information on our investment strategies, see Item 8, "Methods of Analysis, Investment Strategies and Risk of Loss" below.

Private Investment Fund

In July 2011, Sawgrass Asset Management, LLC completed a private offering of securities through a Private Placement (Rule 501 Reg. D) offering to fund Sawgrass Diversified Income Fund, LLC, a Delaware Limited Liability Company (the "Fund"). The Fund was formed for the purpose of managing a well-diversified portfolio of securities from among various asset classes including debt, equity, and preferred stock with the objective of generating income through dividends and interest payments. Sawgrass will serve as the exclusive Manager responsible for operational oversight and management of the Fund.

Our fiduciary duty binds us to an ethical standard of complete care and loyalty to our clients and to avoid circumstances that might affect, or appear to affect, this standard unless we act transparently and provide full and fair disclosure of any potential conflict. Therefore as part of our good faith efforts, we are disclosing that operating a private investment fund creates potential conflicts of interest relating to:

- ❖ Economic benefits Sawgrass can receive for owning and operating the Fund; and,
- ❖ Custody situations that can adversely affect the client unless proper safeguards are adopted.

For disclosure of our potential conflicts of interest, see "Private Investment Fund Affiliation" under Item 10, "Other Financial Industry Activities & Affiliations." For information on how operating a private fund creates a custody situation and the safeguards we have adopted to protect clients, see "Pooled Investments" under Item 15, "Custody."

FEES & COMPENSATION

ITEM 5

Investment Products

Matching a client's investment parameters with an investment strategy designed to meet their goals and objectives, risk tolerances and time frames is the focus of our Products. Managed account(s) may include a combination of the following Investment Products.

Large Cap Growth Equity

INVESTMENT OBJECTIVE - Our investment approach emphasizes growth stocks with a consistent and stable earnings pattern, accelerating earnings estimates and companies with

greater earnings potential than the market and their peer group. We combine quantitative models with bottom-up fundamental research into a consistent and structured investment discipline. We believe that in combination, these elements allow us to identify companies early in their cycle of positive earnings and estimates changes, which can offer our clients above average stock appreciation potential.

MANAGEMENT FEE

Style: Large company stocks of high quality companies with strong earnings potential
Account Minimum: \$3,000,000

Annual Fees:

Account Value	Annual Fee Rate
First \$10,000,000	0.70%
Next \$20,000,000	0.60%
Over \$30,000,000	0.50%

Key Benefits: Growth returns with risk control

Small Cap Growth Equity

INVESTMENT OBJECTIVE - The small cap portfolio process identifies domestic stocks with greater earnings potential than the market. We believe it is possible to add value over time by combining quantitative models with bottom-up fundamental research in a consistent and structured investment discipline. Our process identifies small companies with strong earnings momentum, rising earnings estimates, and reasonable valuation relative to the Russell 2000 Growth Index.

MANAGEMENT FEE

Style: Small company stocks with strong earns potential
Account Minimum: \$1,000,000

Annual Fees:

Account Value	Annual Fee Rate
First \$10,000,000	1.00%
Next \$20,000,000	0.70%
Over \$30,000,000	0.60%

Key Benefits: Growth potential with controlled risk

Core Fixed Income

INVESTMENT OBJECTIVE - The core fixed income strategy focuses primarily on controlled duration management of investment grade securities and secondarily on strategic sector valuations and specific security analysis. This portfolio has an effective duration that ranges from 4-6 years and an average maturity that ranges from 6-12 years. There currently are no sector constraints. The investable universe consists of U.S. dollar-denominated government,

corporate and mortgage-backed securities. The investment approach is managed to the Barclays Capital US Aggregate Index.

MANAGEMENT FEE

Style: Duration controlled - Investment Grade Bonds
Account Minimum: \$3,000,000

Annual Fees:

Account Value	Annual Fee Rate
First \$20,000,000	0.35%
Over \$20,000,000	0.25%

Key Benefits: Active management with risk control

Intermediate Fixed Income

INVESTMENT OBJECTIVE - The intermediate fixed income strategy focuses primarily on controlled duration management of investment grade securities and secondarily on strategic sector valuations and specific security analysis. This portfolio has an effective duration that ranges from 3-5 years and an average maturity that ranges from 4-8 years. There are currently no sector constraints. The investable universe consists of U.S. dollar-denominated government, corporate and mortgage-backed securities. The investment approach is managed to the Barclays Capital US Intermediate Government/Corporate Index.

MANAGEMENT FEE

Style: Limited Duration - Investment Grade
Account Minimum: \$3,000,000

Annual Fees:

Account Value	Annual Fee Rate
First \$20,000,000	0.35%
Over \$20,000,000	0.25%

Key Benefits: Reduced interest rate sensitivity

Short-Term Fixed Income

INVESTMENT OBJECTIVE - The short-term fixed income strategy focuses primarily on controlled duration management of investment grade securities and secondarily on strategic sector valuations and specific security analysis. This portfolio has an effective duration that ranges from 2-3 years and an average maturity that ranges from 2-4 years. There are currently no sector constraints. The investable universe consists of U.S. dollar-denominated government, high quality corporate and mortgage-backed securities. The goal of this product is to generate investment returns which exceed 1-year Treasury Bills by 100 basis points over a market cycle. The current benchmark is the Merrill Lynch 1-5 Year Gov't/Corp Index. We also manage this product to a customized short-term index when appropriate.

MANAGEMENT FEE

Style: Short Duration - Investment Grade

Account Minimum: \$3,000,000

Annual Fees:

Account Value	Annual Fee Rate
First \$20,000,000	0.25%
Next \$20,000,000	0.15%
Over \$40,000,000	0.10%

Key Benefits: Low expected interest rate sensitivity

Balanced

INVESTMENT OBJECTIVE - Our balanced portfolio is a diversified portfolio stocks and bonds structured to satisfy our clients unique investment needs. We will work with the client, or if a Retirement Plan, with the Trustees' investment committee members (consultant, attorney, etc.) to review the current investment policy, assets, liabilities and future contribution/distribution needs of the Fund. Once these factors are taken into consideration, an optimal asset allocation is developed and implemented, based on current capital market assumptions.

MANAGEMENT FEE

Style: A blend of growth equity and investment grade bonds

Account Minimum: \$3,000,000

Annual Fees:

Account Value	Annual Fee Rate
First \$20,000,000	0.65%
Over \$20,000,000	0.50%

Key Benefits: Stock and high quality fixed income

Private Investment Fund

Our annual management fee is an amount equal to 0.65% of the aggregate Net Asset Value of all units of membership interests. The management fee shall be paid quarterly (0.1625%) in arrears and shall be charged pro rata against the Net Asset Value of each Member's units of membership interests.

Protocols for the Investment Products

The following protocols establish how we handle our Investment Product accounts and what clients should expect when it comes to: (i) managing their account(s); (ii) their bill for investment services; (iv) withdrawing funds; and (v) other fees charged to your account(s).

Discretion

We accept discretionary authority to manage accounts on behalf of our clients. Customarily, this authority is granted by an Investment Management Agreement or Investment Policy Statement (IPS) that is provided at the inception of our relationship. Limitations to our

discretionary authority are generally described in the IPS. Typically, the IPS is furnished by the client or an independent third party; however, upon request, we will assist our clients in developing an IPS consistent with client circumstances.

Billing

The fees indicated above under each Product represents the annual percentage charged for portfolio management provided on an asset-based fee arrangement. Clients will be billed **quarterly (or monthly) in arrears** based on the fair market value of the assets held in their portfolio management account. For the first billing quarter, if the management account was not opened at the beginning/end of the quarter, the fee will be based upon a pro-rata calculation of the fair market value of the client's assets managed for the period.

The fee for a quarter will be one-fourth of the annual percentage (i.e., $1.00\% \div 4 = 0.25\%$) multiplied by the corresponding market value of the assets held within each tier on the last business day of the previous calendar quarter. Fee breaks will occur for the portion of assets in the client's portfolio that increase into the next indicated tier(s). **We retain discretion to negotiate the management fee** indicated under each of the Investment Products on a client-by-client basis.

Generally, we will bill the client directly our quarterly management fee. However, under certain arrangements, clients may choose to have our fees deducted from their custodial account. If we bill the client's managed account, advisory fees will be taken first from any money market funds or balances. If such assets are insufficient to satisfy payment of such fees, a portion of the account assets will be liquidated to cover the fees. Such liquidation may affect the relative balances of the account.

Account Discrepancies

To minimize the likelihood of discrepancies, we will remit invoices to clients after we have reconciled cash flow movements with custodian provided information. Any discrepancies of \$100 or more are corrected via an adjustment entry to the invoice on the next billing cycle. Certain client portfolios, due to their nature, may be subject to significant cash flows relative to the portfolio size. Such cash flows may result in quarter end balances that might not be representative of the portfolio during the billing period. In such instances, subject to consultation with our client, we may calculate fees based on an average market value during the period.

Fee Exclusions

The above fees for all our management services are exclusive of any charges imposed by the custodial firm including, but not limited to: (i) any Exchange/SEC fees; (ii) certain transfer taxes; (iii) service or account charges, including, postage/handling fees, electronic fund and wire transfer fees, auction fees, debit balances, margin interest, certain odd-lot differentials and mutual fund short-term redemption fees; and (iv) brokerage and execution costs associated with securities held in the client's managed account. There can also be other fees charged to the client's account that are unaffiliated with our management services.

In addition, all fees paid to us for monitoring services are separate from any fees and expenses charged on mutual fund shares by the investment company or by the investment advisor managing the mutual fund portfolios. These expenses generally include management fees and various fund expense, such as: 12b-1 fees. Redemption fees, account fees, purchase fees, contingent deferred sales charges, and other sales load charges may occur but are the exception within managed accounts at institutional custodians. A complete

explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. Clients are encouraged to carefully read the fund prospectus.

Termination of Investment Product Services

To terminate investment advisory services, either party (the client or Sawgrass) by written notification to the other party, may terminate the Investment Advisory Agreement at any time, provided such written notification is received at least 30 days prior to the date of termination. Such notification should include the date the termination will go into affect along with any final instructions on the account (i.e., liquidate the account, finalize all transactions and/or cease all investment activity).

In the event termination does not fall on the last/first day of a calendar quarter, we will send the client a pro-rated bill for the number of days in the quarter the account was managed. Once the termination of investment advisory services has been implemented, neither party has any obligation to the other - we no longer earn management fees or give investment advice and the client becomes responsible for making their own investment decisions.

PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

We do not publish or promote performance-based fees or fees based on a share of capital gains or capital appreciation of client assets. However, at the request of a client, we will consider a performance-based fee based on individual circumstances³. Insofar as client accounts within a specific investment discipline are managed consistently with trades allocated proportionately, we give no priority of investment opportunities to client's portfolios with performance-based fees when managed with other accounts whose fees are based on overall asset-based.

TYPES OF CLIENTS

The types of clients we offer advisory services to are described above under "Who We Are" in Item 4, the "Advisory Business" section. Our minimum account size for portfolio management is disclosed above under "Investment Products" in Item 5 above in the, "Fees & Compensation" section of this Brochure.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

Methods of Analysis

The analysis we use for our Investment Products will be a combination of analysis techniques to gathering information and to guide us in our management decisions.

³ To participate in a performance-based fee arrangement, the client must meet the minimum requirements of SEC Rule 205-3(d)(1), which are only available to the client, and even then, only if: (i) The Client fully understand the risks involved in performance-based fee management; (ii) The Client has at least \$750,000 under management with us or a net worth equal to or greater than \$1,500,000; or, (iii) The Client is a "qualified purchaser" under Section 2(a)(51)(A) of the Investment Company Act of 1940.

Quantitative Analysis

Quantitative analysis seeks to understand the behavior of a security using mathematical and statistical modeling to measure certain unique characteristics such as, for example, revenues, earnings, margins, and market share. Mathematical and statistical modeling helps us to ascertain security price and risk to ultimately help identify profitable opportunities.

Fundamental Analysis

Fundamental analysis considers: economic conditions, earnings, cash flow, book value projections, industry outlook, politics (as it relates to investments), historical data, price-earnings ratios, dividends, general level of interest rates, company management, debt ratios and tax benefits.

Technical Analysis

Technical analysis utilizes current and historical pricing information to help us identify trends in the broader domestic and foreign equity and fixed income markets, and in the underlying assets themselves. This may involve the use of various technical indicators, such as moving averages and trend-lines, among others.

Cyclical Analysis

Market cycles provide historic tried and true timing mechanisms to indicate turning points in future market prices. By tracking historic data through charts and graphs we can improve entry and exit timing strategies. Coupling cyclical analysis with technical analysis helps to ensure the most favorable buy/sell signal.

Fundamental analysis provides us with a broad long-term view of a security that begins with determining a company's value and the strength of its financials while technical analysis is short-term focusing on the statistics generated by market activity. Quantitative analysis assists us with portfolio optimization. Cyclical analysis provides us with historical data on market trends to focus our technical analysis for ideal entry/exit points.

Investment Strategies

Our general approach to portfolio management uses both quantitative and fundamental analysis rankings for all portfolio positions. These proprietary rankings form the basis for making timely purchase, hold and sell decisions.

Some of the research tools we utilize are as follows:

- ❖ **Upward Earnings Estimate Revisions** - The heart and soul of our fundamental approach is to utilize the power of earnings estimate revisions made by Wall Street security analysts who daily fine tune upward or downward their earnings expectations. The marketplace reacts to surprises or changes in expectations as stock prices reflect new information about the companies not previously known.
- ❖ **Relative Strength** - Price momentum must accompany good fundamentals so relative strength plays a very important role and typically leads us to stocks with a higher probability of outperforming the market.
- ❖ **Bottom-Up Approach** - Our investment criteria is not bound to trying to pick sectors or industries to invest in. Instead, we look at the broad universe of large and mid cap stocks whose earnings estimates and price behavior are up-trending, then consider them for inclusion in a client's portfolio. Diversification and balance are then implemented to control overall risk levels.

- ❖ **Sell Discipline** - We do not want our stocks to be exposed to a continuing negative pattern of earnings estimate reductions and erosive price action. Therefore, tactically we use trailing stock loss prices on all active positions.

We are generally fully invested in the asset-class we are hired to manage for clients. We do not engage in active market timing.

Managing Risk

Risks - Equity Investing

While many of the strategies we employ are designed to control the risk of the portfolios we manage, equity securities, by their very nature may be risky and involve loss of principal. We do not guarantee any performance results or that our clients will not incur a loss of either their original investment or any interim gains. In general, equity securities, as an asset class tends to fluctuate based on overall economic conditions and as recently demonstrated such fluctuations may, at times, be severe. For small capitalization stock investing, such volatility will generally exceed that of large capitalization stocks.

Risks - Fixed Income Investing

We employ a number of strategies designed to help control the risk of fixed income investing. However, such investing involves risks and investments may lose value over short or longer term time intervals. In particular, fixed income investments are subject to interest rate risk (the loss of value associated with a general rise in interest rates), and credit risk (the loss of value associated with declining credit conditions). Generally speaking, longer maturity fixed income securities incur higher risk and volatility than experienced by shorter maturity securities.

Regardless of how we analyze securities or the investment strategy and methodology we use to guide us in the management of our Investment Products, **investing in a security involves a risk of loss that clients should be willing and prepared to bear; and furthermore, past market performance is no guarantee that the client will see equal or better future returns on their investment.**

DISCIPLINARY INFORMATION

There are no legal or disciplinary events to report at this time that are material to a client's or prospective client's evaluation of Sawgrass' advisory business or the integrity of Sawgrass' management or for any of our employees.

OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

Financial Industry Activities

Neither Sawgrass nor any of our management persons are licensed, or are related to, or have any relationship or arrangement that is material to our advisory business or to our clients that Sawgrass or any of our management persons have with any financial industry participant and therefore no disclosure is necessary.

Additionally, we do not receive compensation directly or indirectly from other investment advisers nor have other business relationships with other investment advisers for whom we have referred our clients.

Private Investment Fund Affiliation

Sawgrass is the exclusive Manager responsible for operational oversight and management of the Sawgrass Diversified Income Fund, LLC, a Delaware Limited Liability Company (the "Fund") organized to manage a well-diversified portfolio of securities from among various asset classes including debt, equity, and preferred stock with the objective of generating income through dividends and interest payments.

Potential Conflicts of Interest

Our fiduciary duty binds us to an ethical standard of complete care and loyalty to our clients and to avoid circumstances that might affect, or appear to affect, this standard unless we act transparently and provide full and fair disclosure of any potential conflict. As the exclusive Manager to the Fund, Sawgrass and our employee-owned shareholders will receive some economic benefit from recommending clients to invest in the Fund. These benefits could be, but are not limited to, an increase in: advisory/consulting fees, salaries, and income/dividend returns should you choose to invest in the Fund. **Therefore, before accepting our recommendation to invest in this affiliated private Fund, you should consider other investment opportunities to ensure the expenses and investment returns are comparable or equivalent to other private funds.**

See "Pooled Investments" under Item 15, "Custody" for more information on how operating this Fund creates a custody situation.

Investment Limitations and General Considerations

Sawgrass, through its officers and employees, may solicit our advisory clients or other independent investors if they are considered to be: (i) an "accredited investor", as defined in Rule 501 of Regulation D under the Securities Act of 1933; (ii) a "qualified client" as defined in Rule 205-3 under the Investment Advisers Act of 1940; or (iii) a "qualified purchaser" under Section 2(a)(51) of the Investment Company Act of 1940. **The Fund is not open to the general public.**

Should we determine that one of our advisory clients fit the criteria to invest in the Fund, a Confidential Private Placement Memorandum ("Memorandum") will be provided to the client for consideration. This Memorandum discloses all possibilities for conflicts of interest and inherent risks, which are necessary for an investor to make an informed decision - **potential investors are encouraged to read this document.** In addition, all investors in the Fund are given a right to rescind their Subscription and receive a full refund of their investment within three (3) business days after entering into a Subscription Agreement.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

Code of Ethics

As a fiduciary, the Company has an affirmative duty to render continuous, unbiased investment advice, and at all times act in the best interest of our clientele. To maintain this ethical

responsibility, we have adopted a Code of Ethics that establishes the fundamental principles of conduct and professionalism expected by all personnel in discharging their duties. This Code is a value-laden guide committing such persons to uphold the highest ethical standards, rooted in the most elementary maxim. Our Code of Ethics is designed to deter inappropriate behavior and heighten awareness as to what is right, fair, just and good by promoting:

- ❖ Honest and ethical conduct.
- ❖ Full, fair and accurate disclosure.
- ❖ Compliance with applicable rules and regulations.
- ❖ Reporting of any violation of the Code.
- ❖ Accountability.

To help clients understand our ethical culture and standards, how we control sensitive information and what steps have been taken to prevent personnel from abusing their inside position, a copy of our Code of Ethics is available for review upon request.

Client Transactions

We have a fiduciary duty to ensure that your welfare is not subordinated to any interests of ours or any of our personnel. The following disclosures are internal guidelines we have adopted to assist us in protecting all of our clientele.

Participation or Interest

Other than the opportunity to invest in the Sawgrass Diversified Income Fund, LLC (the "Fund"), it is against our policies for any owners, officers, directors and employees to invest with a client or with a group of clients, or to advise a client or a group of clients to invest in a private business interest or other non-marketable investment unless prior approval has been granted by our Chief Compliance Officer, and such investment is not in violation of any SEC and/or State rules and regulations.

See "Pooled Investments" under Item 15, "Custody" for more information on how operating this Fund creates a custody situation.

Class Action Policy

The Company, as a general policy, does not elect to participate in class action lawsuits on behalf of a client. Rather, such decisions shall remain with the client or with an entity the client designates. We may assist the client in determining whether they should pursue a particular class action lawsuit by assisting with the development of an applicable cost-benefit analysis, for example. However, the final determination of whether to participate, and the completion and tracking of any such related documentation, shall generally rest with the client.

Personal Trading

Employees of ours are permitted to personally invest their own monies in securities, which may also be, from time to time, recommended to clients. Most of the time, such investment purchases are independent of, and not connected in any way to, the investment decisions made on our clients' behalf. However, there may be instances where investment purchases for clients may also be made in an employee's account. In these situations we have implemented the following guidelines in order to ensure our fiduciary integrity:

1. No employee acting as an Investment Advisor Representative (RA), or who has discretion over clients' accounts, shall buy or sell securities for their personal portfolio(s) for a 24-hour period before or after trading in client portfolios. No employee of ours shall give preference to his or her own interests over that of our clients.
2. We maintain a list of all securities holdings for all our access employees. Our Chief Compliance Officer reviews these holdings on a regular basis
3. We require that all employees act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
4. Any individual not in observance of the above may be subject to termination.

Personal trading activities are monitored by the compliance staff as directed by the Chief Compliance Officer to ensure that such activities do not impact the security of client information or create conflict of interest with the client.

BROKERAGE PRACTICES



Selecting or Recommending Broker-Dealers

In selecting brokers, we will seek best execution of transactions on our clients' behalf, which may not necessarily be based on the commission rates being the lowest. The client's investment needs, the broker-dealer's trading capabilities, investment inventory, their financial strength, and our personal experience working with that broker-dealer will be considered, among other items, before executing a trade order.

In determining best execution, we may give consideration to the ability of the broker to provide quality and appropriate research services as well as efficient trade execution. A portion of client commissions may be used to purchase some of these research services. These research services typically include research information on economic, industry and company developments, which are useful to us in our investment decision making process and may receive electronically or in hard copy. An example of such research would include: FactSet, an electronic source of detailed company financial data. In addition, the use of trading system services such as ITG® may also be acquired in this manner.

Overall, commissions paid may, at times, be higher than those obtainable from other broker-dealers where no such services are acquired. Research received may be used in servicing some or all of our clients and, in some cases, may not be of benefit for an account whose commissions might be used to acquire such service. Research services that are obtained include proprietary services provided directly by the executing broker as well as third party research. Care is taken by us to ensure all third party research (soft dollar) arrangements are in compliance with Section 28(e) of the Securities and Exchange Act of 1934.

Directed Brokerage

Some clients may instruct us to direct some or all of the commissions from their account to brokers who may provide the client services separate from those provided by us. In addition, certain other clients may restrict our use of soft dollar commissions. These arrangements and restrictions by clients can cause the commission rates to differ significantly from what the other client is paying.

Directed brokerage arrangements may impact client results in the following ways:

1. The ability for us to negotiate commissions may be more limiting than for other clients.
2. Such clients may forego benefits that might result from our ability to bunch (aggregate) orders for a block trade as we do for other clients. These benefits can include volume related trading commission discounts and execution price.
3. A potential conflict of interest could exist if a broker-dealer, which refers a client to us, is also the broker-dealer to whom the client directs trades.
4. Based on the foregoing, directed brokerage arrangements may result in clients not obtaining best execution.

Aggregating Trade Orders

Our objective in order execution is to act fairly, impartially, and to take all reasonable steps to obtain the best possible results (known as “best execution”) for our clients. To the extent possible, we aggregate trade orders and allocate trade executions across accounts within an investment discipline. This achieves more efficient and timely trade execution and helps ensure all clients are treated fairly.

In consideration of these objectives, we will take into account the unique execution factors of the buy/sell order before bunching accounts for a block trade. A few of those factors are:

- ❖ **Security Trading Volume** - Bunching orders in a block trade can secure price parity and continuity for our clients during heavy trading activity.
- ❖ **Financial Instruments** - The type of security involved as well as the complexity of order can affect our ability to achieve best execution.

REVIEW OF ACCOUNTS

Client portfolios are generally reviewed no less frequently than monthly to assure that portfolio holdings and characteristics are consistent with client objectives and investment style. Depending on the asset-class being managed, this overall review is conducted by the equity management team or fixed income management team. Each client account is assigned to a portfolio manager who has ultimate responsibility to assure that specific client policies are being followed. On a periodic basis, this process is monitored by compliance staff. On a monthly basis, client investment performance data are reviewed to confirm that results are consistent with investment style.

The frequency and nature of reports to individual clients is determined by agreement with each individual client. Generally, reports to clients include a discussion of factors affecting the financial markets, how these factors affect the investment strategy employed and a review of account performance. Statements showing portfolio holdings, valuations and transactions are provided to clients on a monthly or quarterly basis. Upon request, we will also provide such material to third parties such as consultants.

In addition, clients will receive monthly or quarterly statements from the broker-dealer where the client’s account(s) are custodied. Each statement will summarize the specific investments currently held, the value of their portfolio and account transactions.

CLIENT REFERRALS & OTHER COMPENSATION

ITEM 14

Referral Compensation

We may directly compensate persons/firms for client referrals, provided that those persons are qualified and have entered a solicitation agreement with us. Under such arrangements, if a client was referred to us by a solicitor, the solicitor will provide complete information on our relationship and the compensation that solicitor will receive should the client choose to open an account. In no case will the fee that the client would pay be higher than it would be if the client had come to us directly without the referral.

In addition, as part of our marketing efforts, we seek to establish and maintain relationships with pension consultants which advise current and prospective clients. The primary purpose of these relationships is to familiarize consulting firms with Sawgrass, our professionals, and our Investment Products and processes. As part of this relationship, we will occasionally provide entertainment in the form of meals and/or invitations to sporting events. Therefore, to minimize the potential of a conflict of interest, we have adopted an internal policy designed to limit the value of such entertainment to no more than \$250 per person. Furthermore, we do not participate in consultant-sponsored conferences.

We do not receive an economic benefit from a non-client for providing investment advice or other advisory services to our clients.

CUSTODY

ITEM 15

Account Statements

We do not take possession of or maintain custody of a client's funds or securities, but will simply monitor the holdings within their portfolio and trade your account based on our Investment Product's investment objectives. Possession and custody of your funds and/or securities shall be maintained directly with the custodian selected by the client.

However because clients have authorized us deduct our advisory fees directly from their account, we are defined as having custody. Therefore to comply with the United States Securities and Exchange Commission's Custody Rule (1940 Act Rule 206(4)-2) requirements, we have implemented the required safeguards to protect the client as well as protect our advisory practice.

- ❖ Client funds and securities will be maintained with a qualified custodian in a separate account in their name.
- ❖ The qualified custodian will send the client monthly brokerage statements summarizing the specific investments currently held in their account, the value of their portfolio, and account transactions.
- ❖ Authorization to withdraw our management fees directly from the client's account will be approved by the client prior to engaging in any portfolio management services.

Clients are encouraged to verify the transaction activities disclosed to them in their brokerage statement from the custodian. If we should elect to send the client a report on their account holdings, we urge the client to compare the financial data contained in our report with the

financial information disclosed in their account statement from the custodian to verify the accuracy and correctness of our reporting.

Pooled Investments

As previously mentioned, we serve as the exclusive Manager to the Sawgrass Diversified Income Fund (the "Fund"), private investment partnerships to manage assets. See "Private Investment Fund Affiliation" above in Item 10, "Other Financial Industry Activities & Affiliations" for disclosure on the potential conflicts of interest.

In this situation where we act as both the Manager and investment advisor to the Fund, we have legal ownership of, and access to, funds and securities and thus have custody of client assets. By virtue of our position as the Manager and investment advisor, we have authority to dispose of funds and securities in the Fund at our discretion and charge fees that a client may never be aware of; thereby, increasing the potential for misconduct and self-dealing.

Therefore to protect our clients, as well as to protect our advisory practice, we are disclosing the following safeguards for clients to verify they have been implemented and are being followed. The safeguards for pooled investment vehicles can be found in Investment Advisers Act of 1940 Rule 206(4)-2. The Fund shall:

- ❖ Require the qualified custodian to send Members of the Fund, at least quarterly, account statements identifying amount of funds and each security currently held and all Fund transactions.
- ❖ Be subject to an audit (as defined in Section 2(d) of Article 1 of Regulation S-X [17 CFS 210.1-02(d)]) at least annually.
- ❖ Ensure the independent public accountant performing the audit is subject to regular annual inspection by the Public Company Accounting Oversight Board (PCAOB), in accordance to the rules of the PCAOB.
- ❖ Distribute the audited financial statements prepared in accordance with Generally Accepted Accounting Principles to all limited partners within 120 days of the end of the fiscal year.
- ❖ Upon liquidation of all assets in the Fund, have a final audited financial statement prepared and promptly distributed to all Members of the Fund after the completion of such audit.

INVESTMENT DISCRETION

Sawgrass accepts discretionary authority to manage accounts on behalf of our clients. Customarily, this authority is granted by an Investment Management Agreement or Investment Policy Statement (IPS) that is provided at the inception of our relationship. Limitations to our discretionary authority are generally described in IPS. Typically, the IPS is furnished by the client or an independent third party; however, upon request, we will assist our clients in developing an IPS consistent with client circumstances.

VOTING CLIENT SECURITIES

Policies have been adopted which are designed to help assure that proxy votes are cast in the best interest of clients. We recognize the unique nature of voting proxies on behalf of Taft-Hartley or union pension plans and have procedures in place to provide that votes are cast in



the best interests of the participants of such plans. To assist Sawgrass in formulating and implementing an objective policy framework for voting proxies, we have engaged an outside third party vendor. We are unaware of any conflicts of interest that might arise through this process. At the inception of our relationship with clients, we provide a summary of these voting guidelines. At any time, clients may request a copy of our voting policies as well as our actual voting records.

FINANCIAL INFORMATION



We are not required to include financial information in our Disclosure Brochure since we will not take physical custody of client funds or securities or bill client accounts six (6) months or more in advance for more than \$1,200 in fees.

We are not aware of any financial conditions that are likely to impair our ability to meet our contractual commitments to you. In addition, we are not currently, nor at any time in the past ten years been the subject of a bankruptcy petition.

END OF DISCLOSURE BROCHURE

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BROCHURE SUPPLEMENT



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Chief Compliance Officer

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e-mail: cantora@saw-grass.com

Mr. Cantor is responsible for the regulatory oversight of our advisory practice to ensure we operate our practice in compliance with federal and state regulations, and all personnel are acting in your best interests in performing their duties.

Investment activities of team members are supervised by each Management Team. Any violations to our Code of Ethics or our Policies & Procedures are reported to Mr. Cantor for further evaluation.

BROCHURE SUPPLEMENT
DATED

1
JANUARY
2011

This Brochure Supplement provides information about Andrew M. Cantor that is an accompaniment to the Disclosure Brochure for our firm, Sawgrass Asset Management, LLC. You should have received both of these together as a complete disclosure packet. If you did not receive our Disclosure Brochure or if you should have questions about this Brochure Supplement for Mr. Cantor, you are welcome to contact us - our contact information is listed to the left.

Additional information about Sawgrass Asset Management, LLC and Andrew M. Cantor are also available on the SEC's website at www.adviserinfo.sec.gov.

Andrew M. Cantor, CFA

CRD#: 4373765

Year of Birth: 1949

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Education

1971 - Florida Atlantic University: Bachelor of Arts in Mathematics
1979 - University of South Carolina: Master of Arts in Economics

Licenses

Designations: **Chartered Financial Analyst (CFA) Charterholder (Charterholder since 1984)** - The CFA designation is issued by the CFA Institute. The CFA designation requires the candidate to have a bachelor's degree, 4 (four) years professional working experience in the investment field, and successfully passed the examination process. In addition, Charterholders are required to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct. More information about the CFA program is available at www.cfainstitute.org.

Business Background

01/1998 - Present.....Sawgrass Asset Management, LLC

Position: Co-Founder/Principal & Chief Compliance Officer

Mr. Cantor is a Co-Director of Fixed Income investing and has responsibility for portfolio management and analysis for client portfolios. He is a member of the Fixed Income Management Team. Prior to Sawgrass Asset Management, Mr. Cantor was with Barnett Capital Advisors, Inc. Mr. Cantor serves as the Firm's Chief Compliance Officer.

DISCIPLINARY INFORMATION

There are no legal or disciplinary events to report.

OTHER BUSINESS ACTIVITIES

Mr. Cantor is not involved in any other business activities. Full focus of his attention is directed to meeting your financial and investment needs.

ADDITIONAL COMPENSATION

In connection with his advisory services, Mr. Cantor receives no economic benefit, incentives, sales awards, prizes or bonus from any third-party organization.



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BROCHURE SUPPLEMENT
DATED

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JANUARY
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This Brochure Supplement provides information about David A. Furfine that is an accompaniment to the Disclosure Brochure for our firm, Sawgrass Asset Management, LLC. You should have received both of these together as a complete disclosure packet. If you did not receive our Disclosure Brochure or if you should have questions about this Brochure Supplement for Mr. Furfine, you are welcome to contact us - our contact information is listed to the left.

Additional information about Sawgrass Asset Management, LLC and David A. Furfine are also available on the SEC's website at www.adviserinfo.sec.gov.

David A. Furfine, CFA

CRD#: 2790329
Year of Birth: 1962

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Education

1984 - University of Pennsylvania: Bachelor of Science in Economics (Summa cum Laude)

Licenses

Designations: **Chartered Financial Analyst (CFA) Charterholder (Charterholder since 1999)** - The CFA designation is issued by the CFA Institute. The CFA designation requires the candidate to have a bachelor's degree, 4 (four) years professional working experience in the investment field, and successfully passed the examination process. In addition, Charterholders are required to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct. More information about the CFA program is available at www.cfainstitute.org.

Business Background

01/1998 - Present.....Sawgrass Asset Management, LLC
Position: Partner/Co-Director Fixed Income

Mr. Furfine has 26 years of investment management experience and has been a Partner with Sawgrass Asset Management since its founding in 1998. He serves as Co-Director of Fixed Income investing. His responsibilities include fixed income portfolio management and analysis and he supervises a portfolio manager and fixed income analyst. Mr. Furfine is a member of the Fixed Income Management Team. Prior to joining Sawgrass Asset Management, Mr. Furfine was with Barnett Capital Advisors, Inc.

DISCIPLINARY INFORMATION

There are no legal or disciplinary events to report.

OTHER BUSINESS ACTIVITIES

Mr. Furfine is not involved in any other business activities. Full focus of his attention is directed to meeting your financial and investment needs.

ADDITIONAL COMPENSATION

In connection with his advisory services, Mr. Furfine receives no economic benefit, incentives, sales awards, prizes or bonus from any third-party organization.



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Investment activities of team members are supervised by each Management Team. Any violations to our Code of Ethics or our Policies & Procedures are reported to Mr. Cantor for further evaluation.

BROCHURE SUPPLEMENT
DATED

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JANUARY
2011

This Brochure Supplement provides information about Dean E. McQuiddy that is an accompaniment to the Disclosure Brochure for our firm, Sawgrass Asset Management, LLC. You should have received both of these together as a complete disclosure packet. If you did not receive our Disclosure Brochure or if you should have questions about this Brochure Supplement for Mr. McQuiddy, you are welcome to contact us - our contact information is listed to the left.

Additional information about Sawgrass Asset Management, LLC and Dean E. McQuiddy are also available on the SEC's website at www.adviserinfo.sec.gov.

Dean E. McQuiddy, CFA

CRD#: 4373760

Year of Birth: 1961

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Education

1983 - University of Florida: Bachelor of Science in Finance

Licenses

Designations: **Chartered Financial Analyst (CFA) Charterholder (Charterholder since 1986)** - The CFA designation is issued by the CFA Institute. The CFA designation requires the candidate to have a bachelor's degree, 4 (four) years professional working experience in the investment field, and successfully passed the examination process. In addition, Charterholders are required to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct. More information about the CFA program is available at www.cfainstitute.org.

Business Background

01/1998 - Present Sawgrass Asset Management, LLC

Position: Co-Founder/Principal & Director of Equity Investments

Mr. McQuiddy's responsibilities include overall equity management with a focus on small cap investing. His duties also include formulation of investment strategies and analysis. Mr. McQuiddy serves on the Firm's management committee. Prior to Sawgrass Asset Management, Mr. McQuiddy served as equity portfolio manager for Barnett Capital Advisors, Inc.

DISCIPLINARY INFORMATION

There are no legal or disciplinary events to report.

OTHER BUSINESS ACTIVITIES

Mr. McQuiddy is not involved in any other business activities. Full focus of his attention is directed to meeting your financial and investment needs.

ADDITIONAL COMPENSATION

In connection with his advisory services, Mr. McQuiddy receives no economic benefit, incentives, sales awards, prizes or bonus from any third-party organization.



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Investment activities of team members are supervised by each Management Team. Any violations to our Code of Ethics or our Policies & Procedures are reported to Mr. Cantor for further evaluation.

BROCHURE SUPPLEMENT

DATED

1

JANUARY
2011

This Brochure Supplement provides information about Eric P. Zarkovich that is an accompaniment to the Disclosure Brochure for our firm, Sawgrass Asset Management, LLC. You should have received both of these together as a complete disclosure packet. If you did not receive our Disclosure Brochure or if you should have questions about this Brochure Supplement for Mr. Zarkovich, you are welcome to contact us - our contact information is listed to the left.

Additional information about Sawgrass Asset Management, LLC and Eric P. Zarkovich are also available on the SEC's website at www.adviserinfo.sec.gov.

Eric P. Zarkovich, CFA

CRD#: 2860112

Year of Birth: 1974

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Education

1996 - Arizona State University: Bachelor of Science in Finance

2011 - University of Pennsylvania: The Wharton School - Masters of Business Administration

Licenses

Designations: Chartered Financial Analyst (CFA) Charterholder (Charterholder since 2000) - The CFA designation is issued by the CFA Institute. The CFA designation requires the candidate to have a bachelor's degree, 4 (four) years professional working experience in the investment field, and successfully passed the examination process. In addition, Charterholders are required to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct. More information about the CFA program is available at www.cfainstitute.org.

Business Background

02/2011 - PresentSawgrass Asset Management, LLC

Position: Fixed Income Portfolio Manager

04/2008 - 01/2011Hewlett Packard

Position: Investment Manager

07/2007 - 03/2008Thinkequity Partners, LLC

Position: Vice President/Fixed Income Manager

01/2003 - 05/2007Evergreen Investment Management Co.

Position: Senior Portfolio Manager

Mr. Zarkovich has 14 years of investment management experience and has primary responsibility for fixed income analysis and portfolio management. He is a member of the Fixed Income Management Team. Prior to joining Sawgrass Asset Management, Mr. Zarkovich worked for Hewlett Packard where he assisted in the management of the Company's pension fund.

DISCIPLINARY INFORMATION

There are no legal or disciplinary events to report.

OTHER BUSINESS ACTIVITIES

Mr. Zarkovich is not involved in any other business activities. Full focus of his attention is directed to meeting your financial and investment needs.

ADDITIONAL COMPENSATION

In connection with his advisory services, Mr. Zarkovich receives no economic benefit, incentives, sales awards, prizes or bonus from any third-party organization.



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Investment activities of team members are supervised by each Management Team. Any violations to our Code of Ethics or our Policies & Procedures are reported to Mr. Cantor for further evaluation.

BROCHURE SUPPLEMENT
DATED

1
JANUARY
2011

This Brochure Supplement provides information about Gale R. (Rusty) Creighton that is an accompaniment to the Disclosure Brochure for our firm, Sawgrass Asset Management, LLC. You should have received both of these together as a complete disclosure packet. If you did not receive our Disclosure Brochure or if you should have questions about this Brochure Supplement for Mr. Creighton, you are welcome to contact us - our contact information is listed to the left.

Additional information about Sawgrass Asset Management, LLC and Gale R. (Rusty) Creighton are also available on the SEC's website at www.adviserinfo.sec.gov.

Gale R. (Rusty) Creighton, CFA

CRD#: 4335620

Year of Birth: 1957

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Education

1980 - Stetson University: Bachelor of Business Administration
1984 - University of North Florida: Masters of Business Administration

Licenses

Designations: **Chartered Financial Analyst (CFA) Charterholder (Charterholder since 1988)** - The CFA designation is issued by the CFA Institute. The CFA designation requires the candidate to have a bachelor's degree, 4 (four) years professional working experience in the investment field, and successfully passed the examination process. In addition, Charterholders are required to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct. More information about the CFA program is available at www.cfainstitute.org.

Business Background

07/2007 - PresentSawgrass Asset Management, LLC
Position: Equity Portfolio Manager
06/2001 - 07/2007St. Johns Investment Management Co.
Position: Director of Research and Portfolio Management
05/1998 - 06/2001Allen, Knight and Creighton Investment Co.
Position: Partner/Portfolio Manager

Mr. Creighton joined Sawgrass Asset Management as a large cap equity portfolio manager. He manages institutional and private client accounts and is responsible for portfolio construction and analysis.

DISCIPLINARY INFORMATION

There are no legal or disciplinary events to report.

OTHER BUSINESS ACTIVITIES

Mr. Creighton is not involved in any other business activities. Full focus of his attention is directed to meeting your financial and investment needs.

ADDITIONAL COMPENSATION

In connection with his advisory services, Mr. Creighton receives no economic benefit, incentives, sales awards, prizes or bonus from any third-party organization.



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e-mail: cantora@saw-grass.com

Mr. Cantor is responsible for the regulatory oversight of our advisory practice to ensure we operate our practice in compliance with federal and state regulations, and all personnel are acting in your best interests in performing their duties.

Investment activities of team members are supervised by each Management Team. Any violations to our Code of Ethics or our Policies & Procedures are reported to Mr. Cantor for further evaluation.

BROCHURE SUPPLEMENT

DATED

1
JANUARY
2011

This Brochure Supplement provides information about Liridon Gila that is an accompaniment to the Disclosure Brochure for our firm, Sawgrass Asset Management, LLC. You should have received both of these together as a complete disclosure packet. If you did not receive our Disclosure Brochure or if you should have questions about this Brochure Supplement for Mr. Gila, you are welcome to contact us - our contact information is listed to the left.

Additional information about Sawgrass Asset Management, LLC and Liridon Gila are also available on the SEC's website at www.adviserinfo.sec.gov.

Liridon Gila, CFA

CRD#: 5609373

Year of Birth: 1981

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Education

2004 - University of North Florida: Bachelor of Arts in Finance

2006 - University of North Florida: Masters of Business Administration

Licenses

Designations: **Chartered Financial Analyst (CFA) Charterholder (Charterholder since 2010)** - The CFA designation is issued by the CFA Institute. The CFA designation requires the candidate to have a bachelor's degree, 4 (four) years professional working experience in the investment field, and successfully passed the examination process. In addition, Charterholders are required to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct. More information about the CFA program is available at www.cfainstitute.org.

Business Background

09/2008 - PresentSawgrass Asset Management, LLC

Position: Fixed Income Analyst

10/2004 - 09/2008Fidelity National Financial

Position: Asst. Vice President/Fixed Income Analyst

As a Fixed Income Analyst Mr. Gila's responsibilities include analysis of clients' fixed income portfolios, credit research, interest rate analysis and fixed income trading. Mr. Gila is a member of the Fixed Income Management Team.

DISCIPLINARY INFORMATION

There are no legal or disciplinary events to report.

OTHER BUSINESS ACTIVITIES

Mr. Gila is not involved in any other business activities. Full focus of his attention is directed to meeting your financial and investment needs.

ADDITIONAL COMPENSATION

In connection with his advisory services, Mr. Gila receives no economic benefit, incentives, sales awards, prizes or bonus from any third-party organization.



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FORM ADV: PART 2B

BROCHURE SUPPLEMENT



Sawgrass Asset Management, LLC

1579 The Greens Way, Suite 20
Jacksonville Beach, FL 32250

CONTACT INFORMATION

Tel: 904.493.5500
Fax: 866.493.5500

www.saw-grass.com

SUPERVISION

Andrew M. Cantor
Chief Compliance Officer

Tel: 904.493.5513
e-mail: cantora@saw-grass.com

Mr. Cantor is responsible for the regulatory oversight of our advisory practice to ensure we operate our practice in compliance with federal and state regulations, and all personnel are acting in your best interests in performing their duties.

Investment activities of team members are supervised by each Management Team. Any violations to our Code of Ethics or our Policies & Procedures are reported to Mr. Cantor for further evaluation.

BROCHURE SUPPLEMENT

DATED

1
JANUARY
2011

This Brochure Supplement provides information about Martin E. LaPrade that is an accompaniment to the Disclosure Brochure for our firm, Sawgrass Asset Management, LLC. You should have received both of these together as a complete disclosure packet. If you did not receive our Disclosure Brochure or if you should have questions about this Brochure Supplement for Mr. LaPrade, you are welcome to contact us - our contact information is listed to the left.

Additional information about Sawgrass Asset Management, LLC and Martin E. LaPrade are also available on the SEC's website at www.adviserinfo.sec.gov.

Martin E. LaPrade, CFA

CRD#: 4726831

Year of Birth: 1956

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Education

1978 - Furman University: Bachelor of Science in Accounting

Licenses

Designations: **Chartered Financial Analyst (CFA) Charterholder (Charterholder since 1989)** - The CFA designation is issued by the CFA Institute. The CFA designation requires the candidate to have a bachelor's degree, 4 (four) years professional working experience in the investment field, and successfully passed the examination process. In addition, Charterholders are required to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct. More information about the CFA program is available at www.cfainstitute.org.

Business Background

01/1998 - Present.....Sawgrass Asset Management, LLC

Position: Partner/Equity Portfolio Manager

Mr. LaPrade has 28 years of investment management experience and has been with Sawgrass since its inception in 1998. He has primary responsibility for the firm's large cap equity product, including portfolio construction and analysis. He is a member of the equity research committee. Prior to Sawgrass Asset Management, Mr. LaPrade served as equity portfolio manager for Barnett Capital Advisors, Inc.

DISCIPLINARY INFORMATION

There are no legal or disciplinary events to report.

OTHER BUSINESS ACTIVITIES

Mr. LaPrade is not involved in any other business activities. Full focus of his attention is directed to meeting your financial and investment needs.

ADDITIONAL COMPENSATION

In connection with his advisory services, Mr. LaPrade receives no economic benefit, incentives, sales awards, prizes or bonus from any third-party organization.



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FORM ADV: PART 2B

BROCHURE SUPPLEMENT



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1579 The Greens Way, Suite 20
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Fax: 866.493.5500

www.saw-grass.com

SUPERVISION

Andrew M. Cantor
Chief Compliance Officer

Tel: 904.493.5513
e-mail: cantora@saw-grass.com

Mr. Cantor is responsible for the regulatory oversight of our advisory practice to ensure we operate our practice in compliance with federal and state regulations, and all personnel are acting in your best interests in performing their duties.

Investment activities of team members are supervised by each Management Team. Any violations to our Code of Ethics or our Policies & Procedures are reported to Mr. Cantor for further evaluation.

BROCHURE SUPPLEMENT
DATED

1
JANUARY
2011

This Brochure Supplement provides information about Patrick A. Riley that is an accompaniment to the Disclosure Brochure for our firm, Sawgrass Asset Management, LLC. You should have received both of these together as a complete disclosure packet. If you did not receive our Disclosure Brochure or if you should have questions about this Brochure Supplement for Mr. Riley, you are welcome to contact us - our contact information is listed to the left.

Additional information about Sawgrass Asset Management, LLC and Patrick A. Riley are also available on the SEC's website at www.adviserinfo.sec.gov.

Patrick A. Riley, CFA

CRD#: 4726836

Year of Birth: 1961

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Education

1989 - Marshall University: Bachelor of Business Administration
1989 - Auburn University: Masters of Business Administration

Licenses

Designations: Chartered Financial Analyst (CFA) Charterholder (Charterholder since 1996) - The CFA designation is issued by the CFA Institute. The CFA designation requires the candidate to have a bachelor's degree, 4 (four) years professional working experience in the investment field, and successfully passed the examination process. In addition, Charterholders are required to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct. More information about the CFA program is available at www.cfainstitute.org.

Business Background

01/1998 - Present.....Sawgrass Asset Management, LLC
Position: Partner/Equity Portfolio Manager

Mr. Riley has 20 years of investment management experience and has been with Sawgrass since its inception in 1998. He has responsibility for the equity portfolio management and analysis, principally with the Firm's Small Cap Equity products. He is a member of the equity research committee. Prior to Sawgrass Asset Management, Mr. Riley served as small cap equity manager for Barnett Capital Advisors, Inc.

DISCIPLINARY INFORMATION

There are no legal or disciplinary events to report.

OTHER BUSINESS ACTIVITIES

Mr. Riley is not involved in any other business activities. Full focus of his attention is directed to meeting your financial and investment needs.

ADDITIONAL COMPENSATION

In connection with his advisory services, Mr. Riley receives no economic benefit, incentives, sales awards, prizes or bonus from any third-party organization.



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FORM ADV: PART 2B

BROCHURE SUPPLEMENT



Sawgrass Asset Management, LLC

1579 The Greens Way, Suite 20
Jacksonville Beach, FL 32250

CONTACT INFORMATION

Tel: 904.493.5500
Fax: 866.493.5500

www.saw-grass.com

SUPERVISION

Andrew M. Cantor
Chief Compliance Officer

Tel: 904.493.5513
e-mail: cantora@saw-grass.com

Mr. Cantor is responsible for the regulatory oversight of our advisory practice to ensure we operate our practice in compliance with federal and state regulations, and all personnel are acting in your best interests in performing their duties.

Investment activities of team members are supervised by each Management Team. Any violations to our Code of Ethics or our Policies & Procedures are reported to Mr. Cantor for further evaluation.

BROCHURE SUPPLEMENT
DATED

1
JANUARY
2011

This Brochure Supplement provides information about William M. (Marc) Davis that is an accompaniment to the Disclosure Brochure for our firm, Sawgrass Asset Management, LLC. You should have received both of these together as a complete disclosure packet. If you did not receive our Disclosure Brochure or if you should have questions about this Brochure Supplement for Mr. Davis, you are welcome to contact us - our contact information is listed to the left.

Additional information about Sawgrass Asset Management, LLC and William M. (Marc) Davis are also available on the SEC's website at www.adviserinfo.sec.gov.

William M. (Marc) Davis, CFA

CRD#: 2796920

Year of Birth: 1973

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Education

1996 - Wake Forest University: Bachelor of Arts in Economics
2001 - Wake Forest University: Masters of Business Administration in Finance

Licenses

Designations: **Chartered Financial Analyst (CFA) Charterholder (Charterholder since 2002)** - The CFA designation is issued by the CFA Institute. The CFA designation requires the candidate to have a bachelor's degree, 4 (four) years professional working experience in the investment field, and successfully passed the examination process. In addition, Charterholders are required to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct. More information about the CFA program is available at www.cfainstitute.org.

Business Background

06/2001 - Present.....Sawgrass Asset Management, LLC
Position: Equity Research Analyst

Mr. Davis serves as analyst for all the equity portfolios at Sawgrass Asset Management. He is primarily responsible for quantitative and fundamental research and serves on the Equity Management Team.

DISCIPLINARY INFORMATION

There are no legal or disciplinary events to report.

OTHER BUSINESS ACTIVITIES

Mr. Davis is not involved in any other business activities. Full focus of his attention is directed to meeting your financial and investment needs.

ADDITIONAL COMPENSATION

In connection with his advisory services, Mr. Davis receives no economic benefit, incentives, sales awards, prizes or bonus from any third-party organization.



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CERTIFICATE OF LIABILITY INSURANCE

OP ID: LY

DATE (MM/DD/YYYY)

03/19/12

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

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

PRODUCER Harden & Associates, Inc. 501 Riverside Ave. Suite 1000 Jacksonville, FL 32202	904-354-3785	904-634-1302	CONTACT NAME: _____ PHONE (A/C, No, Ext): _____ E-MAIL ADDRESS: _____ PRODUCER CUSTOMER ID #: SAWGR-1	FAX (A/C, No): _____													
	INSURED Sawgrass Asset Management LLC 1579 The Greens Way #20 Jacksonville Beach, FL 32250		<table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A : Old Dominion Insurance Co</td> <td>40231</td> </tr> <tr> <td>INSURER B : St. Paul Fire and Marine Ins.</td> <td>24767</td> </tr> <tr> <td>INSURER C : Federal Insurance Company</td> <td>20281</td> </tr> <tr> <td>INSURER D :</td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </tbody> </table>		INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : Old Dominion Insurance Co	40231	INSURER B : St. Paul Fire and Marine Ins.	24767	INSURER C : Federal Insurance Company	20281	INSURER D :		INSURER E :		INSURER F :
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COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

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

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC			BPG4630B	03/17/12	03/17/13	EACH OCCURRENCE	\$ 1,000,000
			DAMAGE TO RENTED PREMISES (Ea occurrence)				\$ 500,000	
			MED EXP (Any one person)				\$ 5,000	
			PERSONAL & ADV INJURY				\$ 1,000,000	
			GENERAL AGGREGATE				\$ 2,000,000	
			PRODUCTS - COMP/OP AGG				\$ 2,000,000	
			H&NO Auto				\$ 1,000,000	
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			BPG4630B BPG4630B	03/17/12 03/17/12	03/17/13 03/17/13	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
			BODILY INJURY (Per person)				\$	
			BODILY INJURY (Per accident)				\$	
			PROPERTY DAMAGE (Per accident)				\$	
							\$	
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DEDUCTIBLE RETENTION \$ NONE			CUG4630B	03/17/12	03/17/13	EACH OCCURRENCE	\$ 2,000,000
			AGGREGATE				\$ 2,000,000	
			E&O/D&O				\$ 2.5mm XS	
			14P77240				\$ 7.5mm	
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	WCG4630B	03/17/12	03/17/13	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER	
							E.L. EACH ACCIDENT	\$ 100,000
							E.L. DISEASE - EA EMPLOYEE	\$ 100,000
C	Fiduciary Fidelity			82122851	03/17/12	03/17/13	Fidelity	19,455,040
C	Errors & Omissions			82081205	03/17/12	03/17/13	E&O/D&O	7,500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
Financial Planners

CERTIFICATE HOLDER PROOF01 Proof of Coverage Only	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE 

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WORKERS COMPENSATION AND EMPLOYERS' LIABILITY
INSURANCE POLICY - INFORMATION PAGE

INSURER:
NGM INSURANCE COMPANY
4601 TOUCHTON ROAD EAST
SUITE 3400
JACKSONVILLE, FL 32245-6000

POLICY NO: WCG4630B
RENEWAL OF: WCG4630B
NCCI Company No:
Account No: CACG4630B

ITEM 1. NAMED INSURED AND MAILING ADDRESS:
SAWGRASS ASSET MANAGEMENT LLC
1579 THE GREENS WAY STE 20
JACKSONVILLE BEACH FL
32250-1418

AGENCY NAME AND ADDRESS:
HARDEN AND ASSOCIATES-BT
501 RIVERSIDE AVE STE 1000
JACKSONVILLE, FL 32202
AGENCY PHONE NO.: (904) 354-3785
AGENCY NO.: 090502

LEGAL ENTITY: LIMITED LIABILITY COMPANY

OTHER WORKPLACES NOT SHOWN ABOVE: (See Workers Compensation Location Schedule)

ITEM 2. POLICY PERIOD: From: 03-17-2012 To: 03-17-2013

Effective 12:01 A.M. Standard Time at the Insured's mailing address.

ITEM 3. COVERAGE:

A. Workers Compensation Insurance: Part One of the policy applies to the Workers Compensation Law of the states listed here:
FL

B. Employers' Liability Insurance: Part Two of the policy applies to work in each state listed in Item 3.A. The limits of liability under Part Two are:

Bodily Injury by Accident:	\$	100,000	each accident
Bodily Injury by Disease:	\$	500,000	policy limit
Bodily Injury by Disease:	\$	100,000	each employee

C. Other States Insurance: Part Three of the policy applies to the states, if any, listed here:
all states except: ND, OH, WA, WY
and states designated in ITEM 3A of the information page.

D. This Policy includes these Endorsements and Schedules:
See Schedule of Forms and Endorsements.

ITEM 4. PREMIUM: The premium for this Policy will be determined by our Manuals of Rules, Classifications, Rates and Rating Plans. All information required on the Workers Compensation Classification Schedule is subject to verification and change by audit. Please see Classification Schedule.

Expense Constant:	200	Total Estimated	
Minimum Premium: \$	220	Annual Premium: \$	6,839
Audit Period:	ANNUAL		

Date: 01-10-2012

Countersigned by _____

Sawgrass Asset Management, LLC

FINANCIAL STATEMENTS

December 31, 2010 and 2009

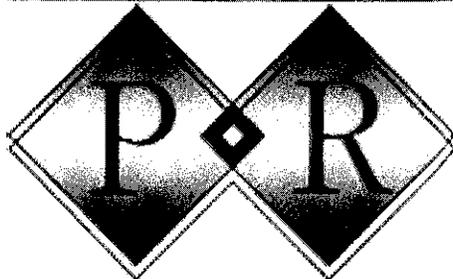
Sawgrass Asset Management, LLC
December 31, 2010 and 2009
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Statements of Operations	3
Statements of Members' Capital	4
Statements of Cash Flows	5
Notes to Financial Statements	6

Mark R. Patrick, CPA

In Historic St. Nicholas
4 Atlantic Boulevard
Jacksonville, FL 32207
www.CPAsite.com

PATRICK & ROBINSON



Adam M. Robinson, CPA

(904) 396-5400
after hours (904) 396-9510
fax (904) 396-9226
office@CPAsite.com

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Members of
Sawgrass Asset Management, LLC
Jacksonville Beach, Florida

We have reviewed the accompanying balance sheets of Sawgrass Asset Management, LLC (the "Company") as of December 31, 2010 and 2009, the related statements of operations, members' capital and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Patrick & Robinson, LLC

Patrick and Robinson, LLC
March 30, 2011

Sawgrass Asset Management, LLC
Balance Sheets
December 31, 2010 and 2009

	2010	2009
Assets		
Current assets:		
Cash & cash equivalents	\$ 124,336	\$ 6,354
Accounts receivable	2,261,454	2,396,847
Prepaid expenses	15,725	725
Total current assets	2,401,515	2,403,926
Fixed assets:		
Computer equipment and software	170,358	163,288
Furniture and fixtures	42,955	30,777
Office equipment	8,765	8,765
Leasehold improvements	107,054	103,037
	329,132	305,867
Less accumulated depreciation	286,639	253,330
Net fixed assets	42,493	52,537
Other assets:		
Deposits	12,780	12,780
Total assets	\$ 2,456,788	\$ 2,469,243
Liabilities and members' equity		
Current liabilities:		
Accounts payable	\$ 30,000	\$ 56,945
Accrued bonuses	311,108	284,196
Accrued commissions	83,386	123,575
Accrued retirement plan contributions	129,909	119,636
Stockholder loans payable	329,915	0
Amounts due to Sawgrass Asset Management, Inc.	1,087,826	3,500
Notes payable, current portion	300,000	500,000
Total liabilities	2,272,144	1,087,852
Members' equity:		
Sawgrass Asset Management, Inc., capital	140,599	1,347,731
Sawgrass Investors Group, LLC, capital	44,045	33,660
Total members' equity	184,644	1,381,391
Total liabilities and members' equity	\$ 2,456,788	\$ 2,469,243

See accompanying notes and independent accountants' review report.

Sawgrass Asset Management, LLC
Statements of Operations
For the years ended December 31, 2010 and 2009

	2010	2009
Revenue		
Investment advisory services	\$ 8,611,569	\$ 6,920,841
Total revenue	8,611,569	6,920,841
Operating expenses		
Accounting	39,903	27,272
Bonuses	291,500	541,689
Charitable contributions	25,642	14,734
Commissions	576,356	349,381
Computer expenses	59,007	51,320
Conferences and meetings	103,317	86,728
Custodial fees	18,378	17,709
Depreciation	33,309	43,606
Dues and subscriptions	11,384	13,763
Employee relations	33,383	42,529
Equipment rental	7,355	15,496
Incentive compensation	329,915	0
Insurance	371,602	343,716
Management fees	156,000	156,000
Marketing and advertising	120,870	127,943
Meals and entertainment	32,722	29,085
Office	41,493	31,164
Payroll taxes	194,639	184,248
Postage and delivery	8,331	5,915
Professional fees	33,577	17,991
Rent	157,997	165,425
Repairs and maintenance	20,749	17,606
Research and consulting	322,134	181,730
Retirement plan	295,381	272,925
Salaries	4,103,872	2,649,471
Taxes	1,524	1,527
Telephone	27,436	22,080
Transaction fees	0	4,124
Travel	130,818	135,291
Utilities	22,025	18,353
Total operating expenses	7,570,619	5,568,821
Income from operations	1,040,950	1,352,020
Other income (expense)		
Interest expense	(2,456)	(6,279)
Total other income (expense)	(2,456)	(6,279)
Net income	\$ 1,038,494	\$ 1,345,741

See accompanying notes and independent accountants' review report.

Sawgrass Asset Management, LLC
Statements of Members' Capital
For the years ended December 31, 2010 and 2009

	<u>SAM, Inc.</u>	<u>SIG, LLC</u>	<u>Total</u>
Capital account balances, January 1, 2009	\$ 914,447	\$ 20,203	\$ 934,650
Add: 2009 capital contributions	0	0	0
Deduct: 2009 capital distributions	(899,000)	0	(899,000)
Capital account balances before 2009 income distribution	15,447	20,203	35,650
Net income per 2009 statement of operations	<u>1,332,284</u>	<u>13,457</u>	<u>1,345,741</u>
Capital account balances, December 31, 2009	1,347,731	33,660	1,381,391
Add: 2010 capital contributions	0	0	0
Deduct: 2010 capital distributions	(2,235,241)	0	(2,235,241)
Capital account balances before 2010 income distribution	(887,510)	33,660	(853,850)
Net income per 2010 statement of operations	<u>1,028,109</u>	<u>10,385</u>	<u>1,038,494</u>
Capital account balances, December 31, 2010	<u>\$ 140,599</u>	<u>\$ 44,045</u>	<u>\$ 184,644</u>

See accompanying notes and independent accountants' review report.

Sawgrass Asset Management, LLC
Statements of Cash Flows
For the years ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Net income	\$ 1,038,494	\$ 1,345,741
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	33,309	43,606
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	135,393	(863,364)
Decrease (increase) in prepaid expenses	(15,000)	10,021
Decrease in accounts payable	(26,945)	(71,255)
Increase in accrued bonuses	26,912	127,196
Increase (decrease) in accrued commissions	(40,189)	60,278
Increase in accrued retirement plan contributions	10,273	10,995
Increase (decrease) in amounts due to related party	1,084,326	(500)
Net cash provided by operating activities	2,246,573	662,718
Cash flows from investing activities:		
Acquisition of fixed assets	(23,265)	(27,538)
Net cash used in investing activities	(23,265)	(27,538)
Cash flows from financing activities:		
Draws on note payable	850,000	1,475,000
Loan proceeds from shareholders	329,915	0
Payments on notes payable	(1,050,000)	(1,475,000)
Capital distributions	(2,235,241)	(899,000)
Net cash used in financing activities	(2,105,326)	(899,000)
Net increase (decrease) in cash and cash equivalents	117,982	(263,820)
Cash at beginning of year	6,354	270,174
Cash at end of year	\$ 124,336	\$ 6,354
Supplementary information:		
Cash paid for interest	\$ 2,456	\$ 6,279

See accompanying notes and independent accountants' review report.

Sawgrass Asset Management, LLC
Notes to Financial Statements
December 31, 2010 and 2009

1. Summary of Significant Accounting Policies

Business Activity

Sawgrass Asset Management, LLC (the "Company") began operations on January 15, 1998 and operates as a registered investment advisor providing investment management services to the institutional market. Clients and prospects of the Company include corporations, public funds, foundations, mutual funds and other pools of institutional assets. The Company's offices are located in Jacksonville Beach, Florida. The majority of the Company's clients are located in Florida; however, it also has relationships throughout the United States.

Formation of the Company

The Company was formed in 1998 pursuant to the Delaware Limited Liability Act by the filing of a Certificate of Formation with the Delaware Secretary of State as a Limited Liability Company ("LLC"). The Company operates under an Amended and Restated LLC Operating Agreement which was executed December 31, 2005. Members of the Company are Sawgrass Asset Management, Inc., a Florida S corporation ("SAM, Inc.") and Sawgrass Investors Group, LLC, a Florida LLC ("SIG, LLC"). According to the terms of the Sawgrass Asset Management, LLC Amended and Restated Operating Agreement, ownership interest is divided 99% SAM, Inc. and 1% SIG, LLC. Also, in accordance with the terms of the Amended and Restated Operating Agreement, SIG, LLC is the appointed manager of the Company.

Liability of Members

According to the terms of the Sawgrass Asset Management, LLC Amended and Restated Operating Agreement, the liability of a member for losses, debts and obligations of the LLC shall be limited to the capital contributions theretofore made to the LLC by such member (or its predecessor in interest) which have not been previously repaid to or withdrawn by such member (or its predecessor in interest) in accordance with the terms of the Amended and Restated Operating Agreement. No member shall have any liability to restore any negative balance in its capital account.

Cash and Cash Equivalents

The Company considers cash and cash equivalents to include checking accounts, money market accounts, and certificates of deposit maturing in three months or less.

Sawgrass Asset Management, LLC
Notes to Financial Statements
December 31, 2010 and 2009

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are carried at amounts estimated to be collectible. The Company's management periodically reviews accounts receivable and removes from active receivables those accounts considered doubtful. Collection efforts are pursued until accounts are deemed bad debts, at which time they are written off. Management believes there were no inactive or uncollectible accounts at December 31, 2010 or 2009. Trade credit is generally extended on a short-term basis; thus accounts receivable do not bear interest.

Allocations of Profits, Losses and Revenues

On December 31, 2005, the Company adopted the Sawgrass Asset Management, LLC Amended and Restated Operating Agreement which admitted SIG, LLC as a member. According to the Amended and Restated Operating Agreement, SAM, Inc. and SIG, LLC have 99% and 1% interest in the Company, respectively. As of December 31, 2005 profits and losses are allocated in proportion to these members' interest.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

The Company expenses advertising costs as they are incurred.

Compensated Absences

Employees are entitled to three weeks of paid vacation per year. The Company's policy does not permit carryover of vacation time from one calendar year to the next. Accordingly, no liability has been recorded in the accompanying financial statements. The costs of compensated absences are recognized when actually paid to employees.

Sawgrass Asset Management, LLC
Notes to Financial Statements
December 31, 2010 and 2009

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are recorded at cost. Depreciation of property and equipment is provided using the straight-line and declining balance methods at the rates based on the following estimated useful lives.

Computer equipment	3 - 7 Years
Furniture and fixtures	5 - 7 Years
Office equipment	5 - 7 Years
Leasehold improvements	7 - 10 Years

Income Taxes

For income tax purposes, the Company has elected to file tax returns as a partnership. As such, the Company is not subject to federal or state income taxation. For the years ended December 31, 2010 and 2009, pass-through income was allocated 99% to SAM, Inc. and 1% to SIG, LLC as specified by the terms and conditions of the Sawgrass Asset Management, LLC Amended and Restated Operating Agreement.

2. Concentrations of Credit Risk

The Company maintains its cash balances in a local financial institution. The balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times there were balances in the bank that were over the FDIC limit. However, at December 31, 2010 and 2009, the Company had no uninsured cash balances.

As of the balance sheet dates, the Company had outstanding unsecured accounts receivable representing amounts owed by various clients for advisory services rendered. At December 31, 2010 and 2009, receivables from one client represented 20% and 28%, respectively, of total accounts receivable.

For the year ended December 31, 2010, 20% of the Company's total revenue was derived from one client.

3. Related Party Transactions

During the years ended December 31, 2010 and 2009, SAM, Inc. provided management services to the Company. Management fees paid to SAM, Inc. for such services totaled \$156,000 for 2010 and \$156,000 for 2009.

Sawgrass Asset Management, LLC
Notes to Financial Statements
December 31, 2010 and 2009

4. Retirement Plan

The Company has a 401(k) retirement plan covering substantially all its employees. All employees meeting plan eligibility requirements are allowed to participate. Minimum mandatory Company contributions for 2010 and 2009 were 3% of eligible participants' compensation. For the years ended December 31, 2010 and 2009, the Company's contributions to the plan totaled \$295,381 and \$272,925, respectively. At December 31, 2010 and 2009 the Company had an accrued retirement plan contribution payable of \$129,909 and \$119,636, respectively.

5. Leases

On February 16, 2010, the Company extended the lease of its office space for an additional six months. Every six months the lease is automatically renewed for an additional six months unless terminated by either party. Additionally, the Company leases two copiers under operating lease agreements.

Minimum aggregate future rental payments for non-cancelable operating lease agreements for each of the next five years are as follows:

For the year ended December 31,		
2011	\$	161,344
2012		2,555
2013		2,555
2014		1,065
Thereafter		0
	\$	<u>167,519</u>

Rent expense was \$165,352 and \$180,920 for the years ended December 31, 2010 and 2009, respectively.

Sawgrass Asset Management, LLC
Notes to Financial Statements
December 31, 2010 and 2009



6. Stockholder Loans Payable

At December 31, 2010, the Company owed the stockholders of Sawgrass Asset Management, Inc. \$329,915. Interest is payable an annual rate of .32%. Repayment is to be made in one installment of principal and interest on or before April 15, 2011.

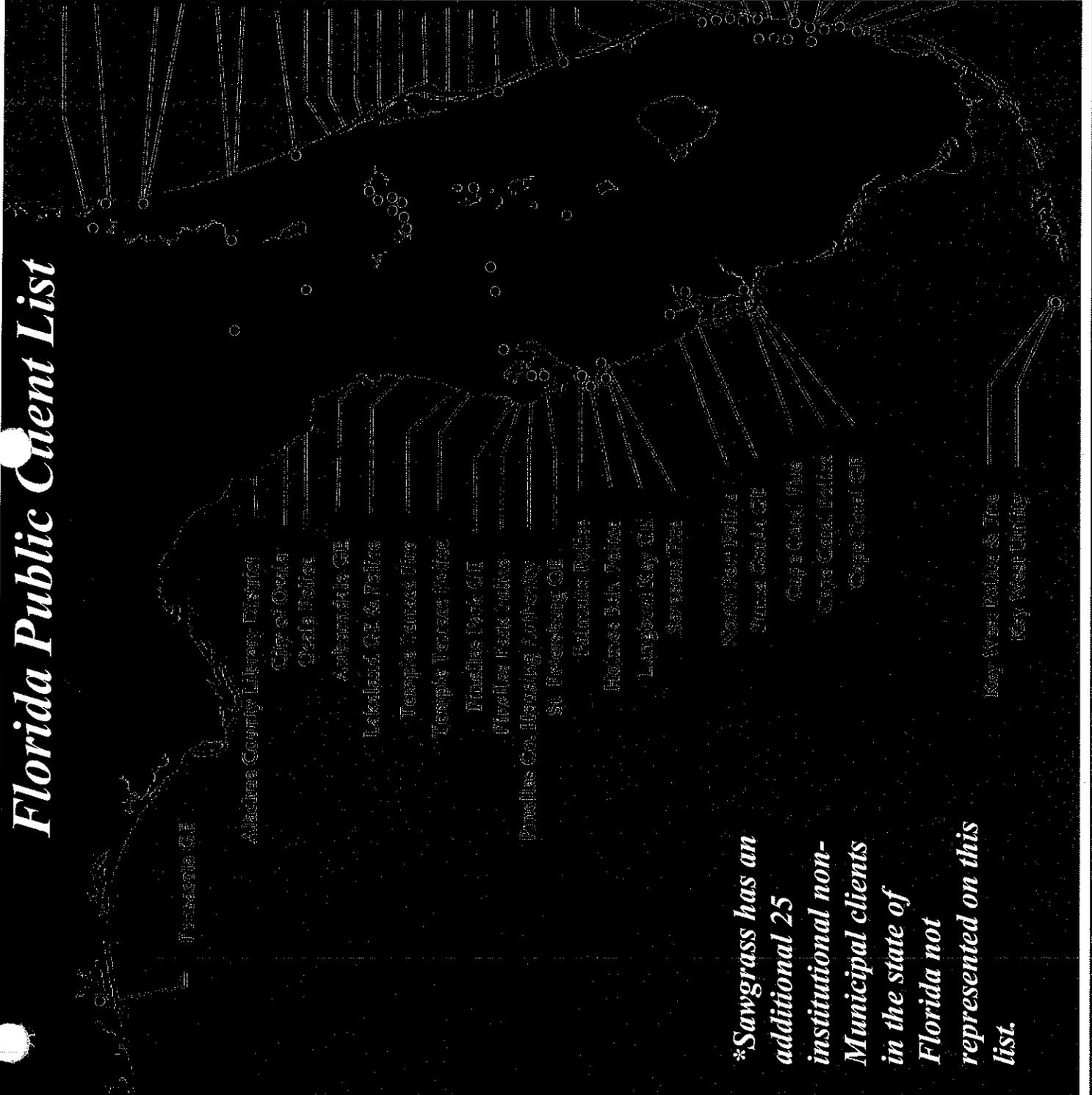
7. Note Payable

At December 31, 2010 and 2009, the Company had a \$600,000 line of credit with Jacksonville Bank with interest at prime. The line of credit is due on demand and automatically renews annually on March 30. The line of credit is secured by the Company's assets. The remaining balance is personally guaranteed by some of the stockholders of Sawgrass Asset Management, Inc. At December 31, 2010 and 2009, \$300,000 and \$500,000, respectively, were due under the line of credit. Based on market rates for similar loans, at December 31, 2010 and 2009, the fair value of the note payable approximates the carrying amount.

8. Subsequent Events

The Company has evaluated subsequent events through March 30, 2011, the date which the financial statements were available to be issued. No subsequent events that would have a material effect on the financial statements were noted.

Florida Public Client List



- City of Jacksonville
- Jacksonville Bch. GE, Fire, & Police
- St. Augustine GE
- St. Augustine Police
- Palatka Police
- Palatka Fire
- Daytona Bch Police & Fire
- Sanford Police
- Deltona Fire
- City of Altamonte Springs
- City of Casselberry
- Maitland Police & Fire
- Ocoee Police & Fire
- Winter Garden GE
- St. Cloud GE, Police & Fire
- Melbourne Fire
- Avon Park Fire
- Vero Beach Police
- St. Lucie County
- Riviera Beach Police
- Lake Worth GE & Pol.
- Delray Bch. P&F
- Boca Raton P&F
- Deerfield Bch. Fire
- Coral Springs Fire
- Tamarac Police
- Ft. Lauderdale P&F
- Sunrise Fire
- Cooper City GE, P&F
- Broward Co. #4321
- Hollywood Fire
- Hallandale P&F
- Bal Harbour Village Police



**Sawgrass has an additional 25 institutional non-Municipal clients in the state of Florida not represented on this list.*



Sawgrass Bios & Performance Disclosures

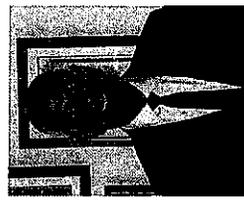


The Sawgrass Fixed Income Team



Andrew (Andy) Cantor, CFA, Principal
Co-Director of Fixed Income Investments
37 Years of Investment Experience

Mr. Cantor is a founding Principal of Sawgrass Asset Management and serves as the firm's Director of Fixed Income. He is the lead portfolio manager for the Sawgrass intermediate and broad market portfolios and serves on the firm's management committee. Prior to the formation of Sawgrass, he spent 15 years at Barnett Capital Advisors, Inc. where he was responsible for creating the institutional group's fixed income investment discipline and served as head of all taxable fixed income assets. Prior to Barnett, he worked for Gulf United Corporation, where he was responsible for economic and interest rate analysis and the management of approximately \$1.1 billion in fixed income investments. He has over 30 years of experience managing funds for pension, endowments, foundations, insurance companies, corporate reserves and individuals. Mr. Cantor received his B.S. in Mathematics from Florida Atlantic University and his M.A. in Economics from the University of South Carolina. Mr. Cantor has served as President of the Jacksonville Financial Analysts Society, holds a membership in The CFA Institute (formerly AIMR) and has earned the Chartered Financial Analyst (CFA) designation.



David Furfine, CFA, Partner
Co-Director of Fixed Income Investments
28 Years of Investment Experience

Mr. Furfine is a Partner at Sawgrass Asset Management and serves as a Fixed Income Portfolio Manager overseeing all investments in mortgage-backed securities and a variety of fixed income portfolios. His responsibilities include interest rate analysis, portfolio construction and lead portfolio management on the firm's short-term and intermediate fixed income portfolios. Mr. Furfine was formerly with Barnett Capital Advisors, Inc. where he utilized his fixed income and mortgage expertise in a similar fashion. Prior to Barnett, he served eight years with Prudential Home Mortgage Company managing all trading and hedging activities. Additionally, he managed a mortgage portfolio of over \$10 billion while at Prudential. Mr. Furfine received a B.S. in Economics summa cum laude from The Wharton School of The University of Pennsylvania. He is a member of The CFA Institute, has earned the Chartered Financial Analyst (CFA) designation and has served as President of the CFA Society of Jacksonville.



The Sawgrass Fixed Income Team



Eric Zarkovich, CFA
Fixed Income Portfolio Manager
15 Years of Investment Experience

Mr. Zarkovich serves as a Fixed Income Portfolio Manager for Sawgrass Asset Management. His responsibilities include the management of clients' fixed income portfolios, including portfolio construction, credit research and interest rate analysis. Mr. Zarkovich was formerly with Hewlett-Packard Co. where he helped manage the firm's \$30 billion of worldwide retirement plans. Prior to HP, he worked at Evergreen Investment Management Company and Oxford Life Insurance Company where he managed fixed income portfolios for insurance companies of over \$8 billion and \$800 million, respectively. Mr. Zarkovich received a B.S. in Finance from Arizona State University and a MBA from The Wharton School of The University of Pennsylvania. He has earned the Chartered Financial Analyst (CFA) designation and is a current member The CFA Institute, CFA Society of Jacksonville, and CFA Society of San Francisco.



Liridon Gila, CFA
Fixed Income Analyst
7 Years of Investment Experience

Mr. Gila is a Fixed Income Research Analyst for all of the bond portfolios at Sawgrass Asset Management. He also serves on the firm's fixed income management research committee. Mr. Gila graduated from the University of North Florida with a M.B.A. and B.A. in Finance. He has four years of previous work experience with Fidelity National Financial. Mr. Gila is a member of The CFA Institute and has earned the Chartered Financial Analyst (CFA) designation.

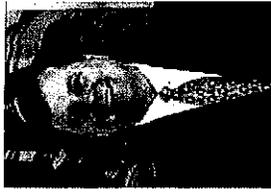


The Sawgrass Trading & Operations Team



Janet Emmick
Partner, Equity Security Trader
26 Years of Investment Experience

Ms. Emmick is a Partner and serves as an Equity Security Trader for Sawgrass Asset Management. Previously, she was the primary fixed income securities trader at Barnett Capital Advisors trading all types of fixed income securities for retail, institutional and corporate trust accounts. In addition, she was the assistant portfolio manager on a \$2 billion money market mutual fund and also managed individual fixed income portfolios with various maturity structures. Ms. Emmick is a graduate of the University of North Florida with a B.A. in Finance. Ms. Emmick holds a Series 65.



Timothy (Tim) Christiansen
Equity Security Trader
25 Years of Investment Experience

Mr. Christiansen is an Equity Trader with Sawgrass Asset Management. He has worked on Wall Street as an equity option and futures sales trader and has traded equities on the floor of the Chicago Stock Exchange. Prior to joining Sawgrass, he worked extensively with the City of Gainesville General Employees' Pension Plan and the Consolidated Police Officers' and Firefighters' Retirement Plan regarding manager searches, due diligence and strategic planning. Mr. Christiansen graduated Magna Cum Laude from Duke University and received his M.B.A. from Duke's Fuqua School of Business where he was in the top 5% of his class. Mr. Christiansen holds a Series 65.



Alicia Dator
Investment Operations/Technology Liaison
18 Years of Investment Experience

Ms. Dator serves as an Investment Operations specialist with Sawgrass Asset Management. Her responsibilities include all trade and custodian reconciliations on a daily basis. She also acts as a liaison between broker/dealers on any settlement issues. Ms. Dator has worked in the investment field for the last eight years with Barnett Capital Advisors, Inc., and most recently served as an investment associate at Colonial Asset Management. Ms. Dator holds a Series 65.

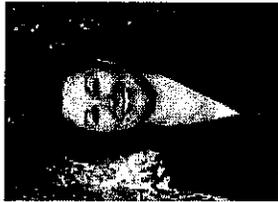


The Sawgrass Trading & Operations Team

April A. December

Investment Operations

21 Years of Investment Experience

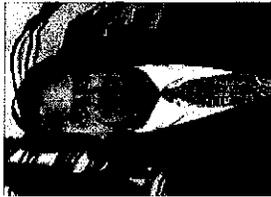


Ms. December serves as an Investment Operations specialist for Sawgrass Asset Management. Her responsibilities include all trade and custodian reconciliations on a daily basis. She also acts as a liaison between broker/dealers on any settlement issues. Ms. December has worked in the investment field for over 13 years and most recently served in trust administration and portfolio management at Wachovia Bank, N.A. Ms. December has had extensive education through the American Bankers Association, The College of Financial Planning and Cannon Financial Institute and is currently pursuing her accredited Asset Management Specialist Certification and the CFA.

Jason Bell

Investment Operations/ Technology

13 Years of Business & Technical Experience



Mr. Bell serves as an Investment Operations and Technology specialist for Sawgrass Asset Management. His responsibilities include trade and custodian reconciliations, as well as acting as a liaison between broker/dealers on any settlement issues and performing the day to day technology needs of the firm. Mr. Bell has extensive experience in the technology field, working as a technology consultant for the past 10 years. Mr. Bell is a graduate of the University of North Florida with a B.A. in Communications and Graphic Arts.

Patti Little

Investment Operations

10 Years of Business & Technical Experience



Ms. Little serves as an Investment Operations specialist for Sawgrass Asset Management. Her responsibilities include trade and custodian reconciliations, as well as acting as a liaison between broker/dealers on any settlement issues. Prior to joining Sawgrass, she had over 9 years of business and accounting experience. Ms. Little has a B.S. in Business and Accounting from Flagler College and a M.B.A. from the University of North Florida. She also holds her Certified Public Accounting degree in the State of Arizona.



Cathryn Creighton

Investment Operations

6 Years of Investment Experience

Ms. Creighton serves as an Investment Operations specialist for Sawgrass Asset Management. Her responsibilities include trade and custodian reconciliations, as well as acting as a liaison between broker/dealers on any settlement issues. Prior to joining Sawgrass, she had 6 years of investment experience with such firms as Khaner Capital Management and State Street Bank. Ms. Creighton graduated Magna Cum Laude with from Stonehill College with a B.A. in International Studies.





Sawgrass Product Performance Disclosures

Sawgrass Asset Management, LLC. (Sawgrass) has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). A firm-wide verification of Sawgrass Asset Management's claim of compliance with the Global Investment Performance Standards (GIPS®) has been conducted by Beacon Verification Services for the period March 31, 1998 to December 31, 2010.

Sawgrass is a 100 percent employee-owned Registered Investment Advisor whose primary focus is to provide institutional investment management services. All fee paying, fully discretionary, tax-exempt accounts managed by Sawgrass are included in at least one composite and do not include simulated, modeled, or back-tested performance.

Returns include cash. Gross returns do not reflect the deduction of investment advisory fees. Client returns will be reduced by these advisory fees and any other expenses it may incur in the management of its investment advisory account. Returns are net of withholding taxes on foreign dividends where applicable.

The Firm's official performance record is maintained in Advent Axis, a PC-based portfolio management and accounting system. Performance is on a trade date dollar-weighted monthly basis in U.S. dollars. The dollar-weighted monthly results are geometrically linked (time-weighted) to produce quarterly and annualized results. New accounts are added to the composite beginning with their first month of fully discretionary performance. Terminated accounts remain in composites through their last full month of discretionary performance. Significant cash out-flows, 50% or more of beginning month market value, will be removed from the account when raised and the account will remain in the composite. Prior to 12/31/2010, accounts were removed from the composite for the month in which a significant flow exceeded 30% of account value. A comprehensive list and description of the firm's composites and additional information regarding policies for calculating and reporting returns is available upon request.

Past performance does not guarantee future results. Investments are subject to risk and may lose value.

Information Specific to the Short-term Fixed Income Composite: As of 3/31/12, this composite was comprised of 12 accounts valued at \$405 million. Assets in this composite represent 13% of the firm's total assets under management. The three-year standard deviation for this product and its benchmark was 1.53% and 1.64%, respectively. This composite's creation date was 12/31/92 and its minimum account size is currently \$1 million.

The investment management fee schedule is available in Form ADV 2 as follows: 0.25% on the first \$10 million and 0.15% on the next \$20 million and 0.10% on the balance.

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Annual Total Return - Gross of Fees	8.1%	2.9%	1.8%	2.0%	4.6%	7.1%	5.9%	5.2%	3.6%	2.5%
Annual Net of Standard Fee Return	7.9%	2.7%	1.6%	1.8%	4.4%	6.9%	5.7%	5.0%	3.4%	2.3%
Merrill Lynch 1-5 Year Gov't/Corp. Index*	7.9%	3.3%	1.8%	1.4%	4.2%	7.3%	4.7%	4.9%	4.2%	3.1%
One-Year U.S. Treasury Bills	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%
Short Term Comp. Assets - Year End (MM)	\$111.6	\$53.5	\$54.3	\$118.5	\$123.7	\$178.4	\$197.0	\$226.2	\$391.4	\$427.7
Total Firm Assets - Year End (MM)	\$935.5	\$864.4	\$1,007.1	\$1,034.0	\$1,278.1	\$1,889.1	\$1,796.4	\$2,685.1	\$2,826.9	\$2,796.2
Percent of Firm's Assets	11.9%	6.2%	5.4%	11.5%	9.7%	9.4%	11.0%	8.4%	13.8%	15.3%
Number of Accounts	3	2	6	9	6	7	7	9	20	20
Dispersion - Equal-weighted Standard Deviation	0.27%	0.41%	0.03%	0.19%	0.07%	0.04%	0.24%	0.14%	0.14%	0.13%

*Prior to 6-30-96, we utilized a blended benchmark of 75% Merrill Lynch 1-5 Year Gov't/Corp Index / 25% 3-month T-Bills.

Sawgrass Product Performance Disclosures

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Sawgrass is a 100 percent employee-owned Registered Investment Advisor whose primary focus is to provide institutional investment management services. All fee paying, fully discretionary, tax-exempt accounts managed by Sawgrass are included in at least one composite and do not include simulated, modeled, or back-tested performance.

Returns include cash. Gross returns do not reflect the deduction of investment advisory fees. Client returns will be reduced by these advisory fees and any other expenses it may incur in the management of its investment advisory account. Returns are net of withholding taxes on foreign dividends where applicable.

The Firm's official performance record is maintained in Advent Axyx, a PC-based portfolio management and accounting system. Performance is on a trade date dollar-weighted monthly basis in U.S. dollars. The dollar-weighted monthly results are geometrically linked (time-weighted) to produce quarterly and annualized results. New accounts are added to the composite beginning with their first month of fully discretionary performance. Terminated accounts remain in composites through their last full month of discretionary performance. Significant cash out-flows, 50% or more of beginning month market value, will be removed from the account when raised and the account will remain in the composite. Prior to 12/31/2010, accounts were removed from the composite for the month in which a significant flow exceeded 30% of account value. A comprehensive list and description of the firm's composites and additional information regarding policies for calculating and reporting returns is available upon request.

Past performance does not guarantee future results. Investments are subject to risk and may lose value.

Information Specific to the 1-3 Year Government/Corporate Composite: As of 3/31/12, this composite was comprised of 5 accounts valued at \$186 million. Assets in this composite represent 6% of the firm's total assets under management. The three-year standard deviation for this product and its benchmark was 0.84% and 1.03%, respectively. This composite's creation date was 10/31/07 and its minimum account size is currently \$1 million.

The investment management fee schedule is available in Form ADV 2 as follows: 0.25% on the first \$10 million and 0.15% on the next \$20 million and 0.10% on the balance.

Year	10/31/2007*	2008	2009	2010	2011
Annual Total Return - Gross of Fees	1.8%	5.2%	3.7%	2.6%	1.7%
Annual Net of Standard Fee Return	1.8%	5.0%	3.5%	2.4%	1.5%
Merrill Lynch 1-3 Gov/Corp Index	1.7%	4.7%	3.8%	2.8%	1.6%
1-3 Gov/Corp Comp. Assets - Year End (MM)	\$26.3	\$36.5	\$39.4	\$72.5	\$160.4
Total Firm Assets - Year End (MM)	\$1,889.1	\$1,796.4	\$2,685.1	\$2,826.9	\$2,796.2
Percent of Firm's Assets	1.4%	0.1%	1.5%	2.6%	5.7%
Number of Accounts	1	2	2	2	4
Dispersion - Equal-weighted Standard Deviation	n/a**	n/a**	n/a**	n/a**	n/a**

*Partial year.

**When two or fewer accounts are represented for the entire year, the calculation of standard deviation as a form of dispersion is not meaningful.

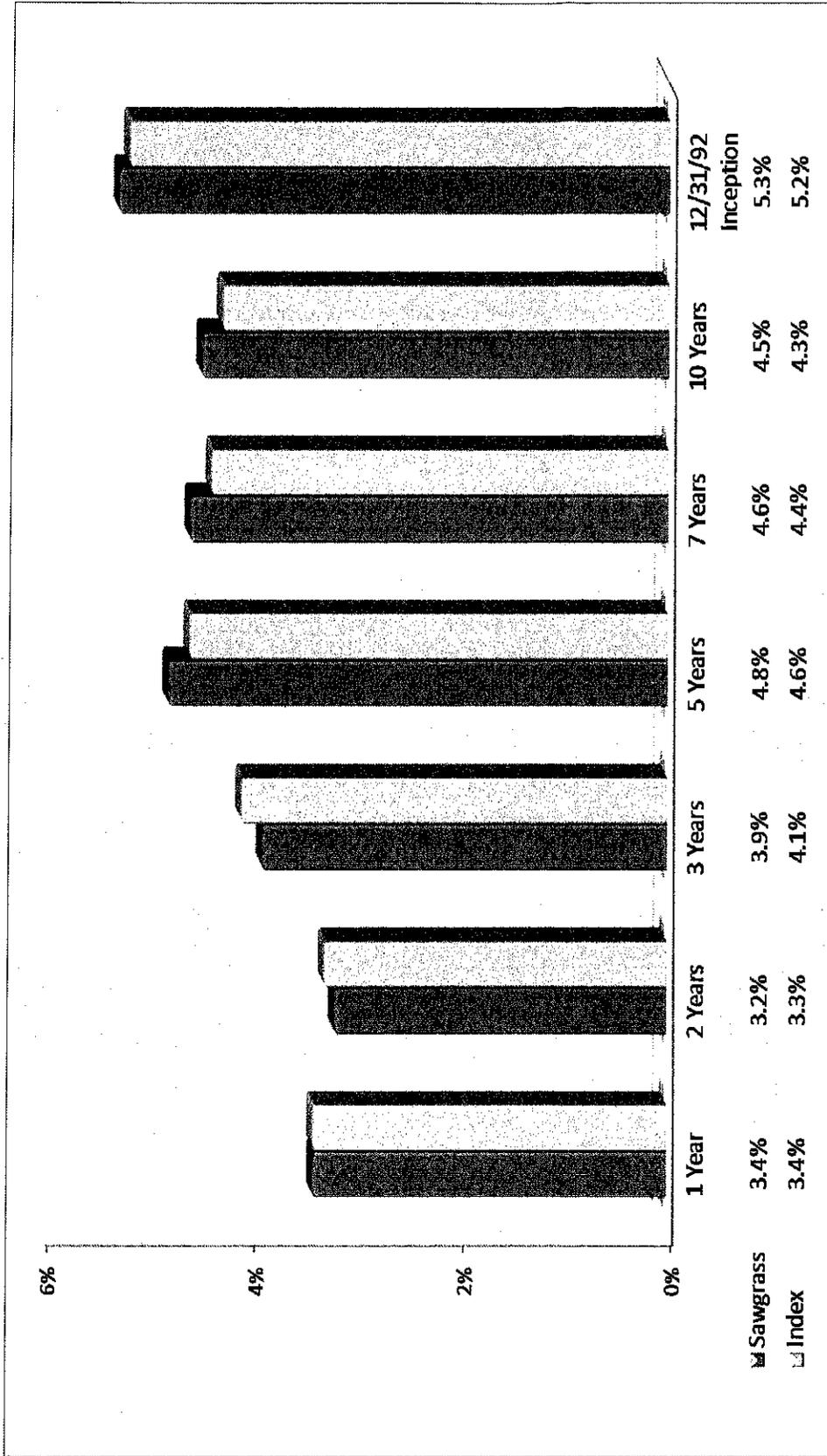




Returns as of 3/31/12

Annualized Performance

Sawgrass Short Fixed Income versus Merrill Lynch 1-5 Gov/Corp A+ Index



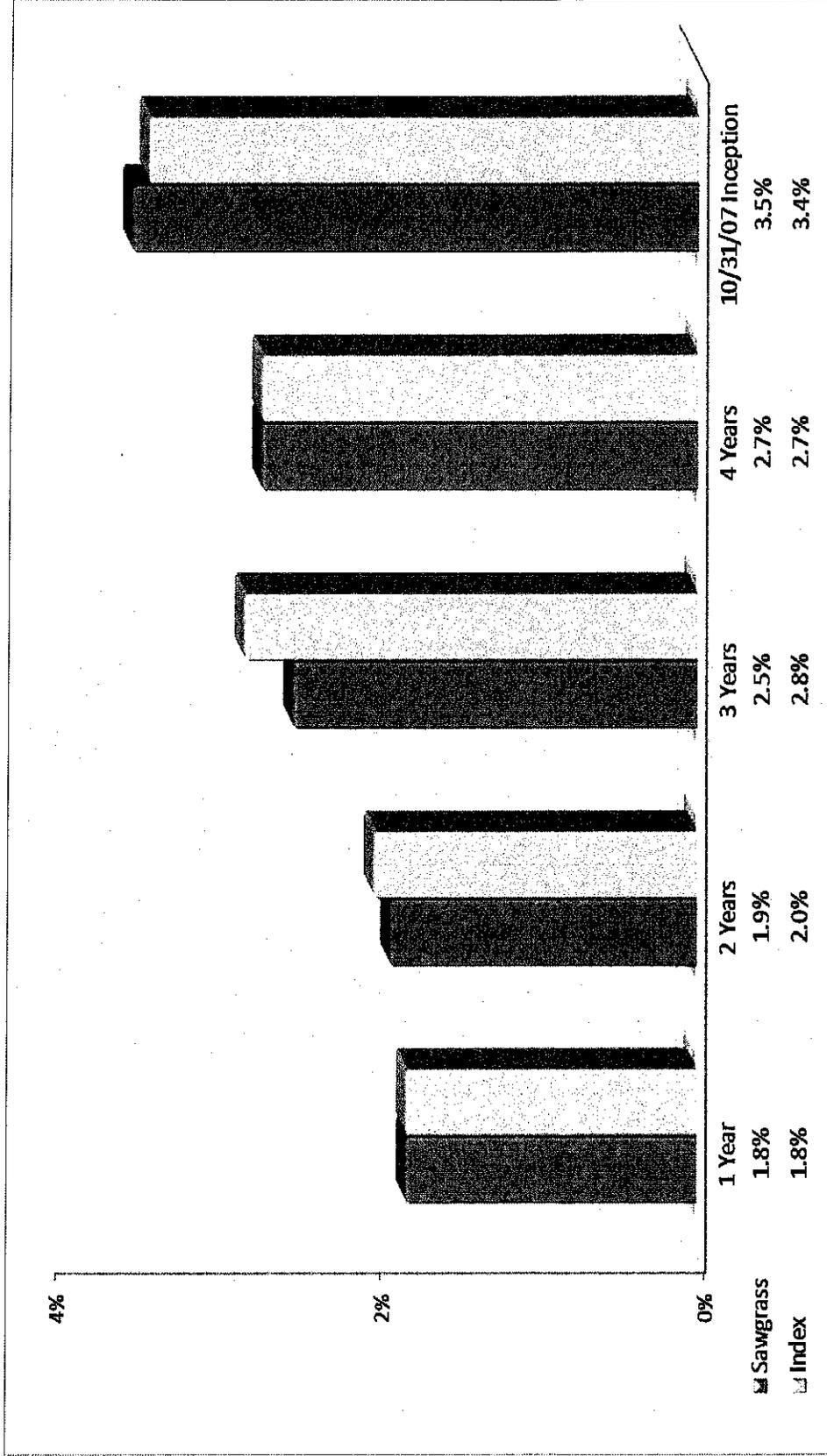




Annualized Performance

Returns as of 3/31/12

Sawgrass Short Fixed Income versus Merrill Lynch 1-3 Gov/Corp A+ Index







Portfolio Review

****SAMPLE****

Short Term Fixed Income Portfolio

March 31, 2012

Please see the last page of this statement for important information.

Sawgrass Asset Management

PORTFOLIO SUMMARY

****SAMPLE****

Short Term Fixed Income Portfolio

March 31, 2012

Security Type	Total Cost	Market Value	Pct Assets	Est. Annual Income
Fixed Income				
CORPORATE BONDS	33,982,488	34,736,514	49.5	752,219
MBS PASSTRHUS	1,144,495	1,247,106	1.8	58,211
TREASURY BONDS	13,386,009	13,351,911	19.0	125,681
AGENCY BONDS	19,967,637	20,316,201	28.9	271,740
Accrued Interest		306,273	0.4	
	68,480,629	69,958,004	99.7	1,207,851
Cash and Equiv.				
CASH AND EQUIVS.	236,314	236,314	0.3	236
	236,314	236,314	0.3	236
TOTAL PORTFOLIO	68,716,943	70,194,318	100.0	1,208,088



Sawgrass Asset Management

TWR FOR SELECTED PERIODS
ANNUALIZED
GROSS OF FEES

Short Term Fixed Income

March 31, 2012

	Quarter To Date		Year To Date		Latest 1 Year		Latest 3 Year		Latest 5 Year		Since 03-31-00	
	To Date	Year	To Date	Year	Year	Year	Year	Year	Year	Year	Year	Year
Total Account												
Account	1.12	1.12	1.12	3.46	3.97	4.85	5.14					
Blend (now ML 1-5 G/C A+)	0.41	0.41	0.41	3.25	3.93	4.50	4.92					
Equities Account	0.00	0.00	0.00	0.00	0.00	0.00	0.00					
Fixed Income Account	1.13	1.13	1.13	3.53	4.06	4.96	5.21					
ML 1-5 Gov/Corp A+	0.41	0.41	0.41	3.25	3.50	4.42	4.84					
ML 1-5 Govt/Corp	0.62	0.62	0.62	3.42	4.11	4.61	4.96					
Cash and Equiv. Account	0.00	0.00	0.00	0.01	0.04	0.98	2.07					
Other Account	0.00	0.00	0.00	0.00	0.00	0.00	0.00					

xx ML 1-5 GC A+
1-5 GC til 12-31-2009
r to 6-30-1996 index 75 ML 1-5 GC A+ 25 3 mo T-bills



Sawgrass Asset Management

TWR FOR SELECTED PERIODS

****SAMPLE****

Short Term Fixed Income Portfolio

March 31, 2012



■ Account □ Blend (now ML 1-5 G/C A+)



Sawgrass Asset Management

PORTFOLIO APPRAISAL

****SAMPLE****

Short Term Fixed Income Portfolio

March 31, 2012

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets
CORPORATE BONDS						
2,500,000	SEARIVER MARITIME INC. 0.000% Due 09-01-12	92.00	2,299,885	99.23	2,480,857	3.5
515,000	BERKSHIRE HATHAWAY INC 2.125% Due 02-11-13	102.26	526,654	101.44	522,441	0.7
1,250,000	WAL MART STORES 4.250% Due 04-15-13	104.38	1,304,740	103.84	1,298,006	1.8
580,000	DEERE JOHN CAPITAL CORP 4.900% Due 09-09-13	99.78	578,753	106.15	615,659	0.9
310,000	ALABAMA POWER CO 5.800% Due 11-15-13	99.86	309,554	107.95	334,656	0.5
550,000	CATERPILLAR INC 7.000% Due 12-15-13	99.98	549,868	110.65	608,569	0.9
655,000	CISCO SYS INC 1.625% Due 03-14-14	99.88	654,221	102.02	668,240	1.0
1,010,000	INTL BUSN MACHS CORP 1.250% Due 05-12-14	99.91	1,009,051	101.24	1,022,481	1.5
600,000	DISNEY WALT CO 0.875% Due 12-01-14	99.67	598,038	100.44	602,665	0.9
1,340,000	BLACKROCK INC 3.500% Due 12-10-14	106.53	1,427,515	107.08	1,434,812	2.0

Sawgrass Asset Management

PORTFOLIO APPRAISAL

****SAMPLE****

Short Term Fixed Income Portfolio

March 31, 2012

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets
225,000	GENERAL ELEC CAP CORP	100.85	226,919	102.15	229,828	0.3
1,055,000	2.150% Due 01-09-15 PROCTER & GAMBLE CO	104.55	1,102,981	107.32	1,132,186	1.6
80,000	3.500% Due 02-15-15 U S BANCORP	103.85	83,078	105.64	84,514	0.1
280,000	3.150% Due 03-04-15 DEERE JOHN CAPITAL CORP	99.89	279,703	106.05	296,932	0.4
765,000	2.950% Due 03-09-15 BANK OF AMERICA CORPORATION	99.82	763,601	103.58	792,359	1.1
200,000	4.500% Due 04-01-15 PROCTER & GAMBLE CO	107.28	214,560	107.44	214,889	0.3
1,370,000	3.150% Due 09-01-15 HEWLETT PACKARD CO	100.23	1,373,099	100.79	1,380,855	2.0
495,000	2.125% Due 09-13-15 BERKSHIRE HATHAWAY FIN CORP	99.78	493,911	104.26	516,100	0.7
	2.450% Due 12-15-15					



Sawgrass Asset Management

PORTFOLIO APPRAISAL

****SAMPLE****

Short Term Fixed Income Portfolio

March 31, 2012

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets
1,290,000	MERCK & CO INC MTN	99.10	1,278,421	103.79	1,338,838	1.9
550,000	2.250% Due 01-15-16 GOLDMAN SACHS GROUP INC	99.53	547,420	99.97	549,844	0.8
1,385,000	3.625% Due 02-07-16 VERIZON COMMUNICATIONS INC	99.91	1,383,810	105.78	1,465,090	2.1
870,000	3.000% Due 04-01-16 PEPSICO INC	99.91	869,191	104.56	909,699	1.3
1,150,000	2.500% Due 05-10-16 METLIFE INC	118.29	1,360,392	118.81	1,366,272	1.9
415,000	6.750% Due 06-01-16 BANK OF NEW YORK MTN BK	99.91	414,647	102.52	425,456	0.6
900,000	2.300% Due 07-28-16 BOEING CAP CORP	101.87	916,866	103.31	929,766	1.3
540,000	2.125% Due 08-15-16 INTEL CORP	99.85	539,174	103.00	556,174	0.8
580,000	1.950% Due 10-01-16 MISSISSIPPI POWER CO	101.11	586,455	103.17	598,371	0.9
1,475,000	2.350% Due 10-15-16 AT&T INC	99.99	1,474,926	99.43	1,466,628	2.1
	1.600% Due 02-15-17					



Sawgrass Asset Management

PORTFOLIO APPRAISAL

****SAMPLE****

Short Term Fixed Income Portfolio

March 31, 2012

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets
1,615,000	CITIGROUP INC FRN 2.510% Due 08-13-13	99.49	1,606,691	100.30	1,619,806	2.3
600,000	BERKSHIRE HATHAWAY INC FRN	100.00	600,000	101.34	608,014	0.9
790,000	1.203% Due 08-15-14 GOLDMAN SACHS GROUP INC FRN	95.41	753,755	93.50	738,671	1.1
1,500,000	0.961% Due 07-22-15 MORGAN STANLEY FRN	93.11	1,396,711	89.98	1,349,629	1.9
1,360,000	1.047% Due 10-15-15 STATE STREET BANK & TRUST FRN	95.96	1,305,086	95.54	1,299,368	1.9
1,370,000	0.675% Due 12-08-15 GENERAL ELEC CAP CORP FRN	93.27	1,277,799	95.75	1,311,838	1.9
1,270,000	0.782% Due 01-08-16 J P MORGAN CHASE FRN	93.49	1,187,374	92.91	1,179,986	1.7
1,440,000	0.804% Due 06-13-16 BRANCH BANKING & TRUST FRN	90.65	1,305,365	94.14	1,355,630	1.9
	0.794% Due 09-13-16					



Sawgrass Asset Management

PORTFOLIO APPRAISAL

****SAMPLE****

Short Term Fixed Income Portfolio

March 31, 2012

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets
1,540,000	WACHOVIA CORP FRN	89.76	1,382,273	92.95	1,431,384	2.0
	0.937% Due 10-15-16 Accrued Interest				198,042	0.3
			33,982,488		34,934,555	49.8
MBS PASSTHRUS						
19,185.09	FNMA PASS-THRU INT 15 YEAR Pool 455341	97.52	18,708	108.98	20,908	0.0
94,669.98	5.500% Due 02-01-14 FNMA PASS-THRU INT 15 YEAR Pool 611012	95.06	89,996	107.53	101,798	0.1
36,998.79	4.500% Due 01-01-17 FNMA PASS-THRU INT 15 YEAR Pool 625996	93.69	34,663	107.31	39,704	0.1
233,387.92	4.500% Due 01-01-17 FNMA PASS-THRU INT 15 YEAR Pool 896851	100.08	233,570	108.99	254,374	0.4
	5.500% Due 02-01-22					

Sawgrass Asset Management

PORTFOLIO APPRAISAL

****SAMPLE****

Short Term Fixed Income Portfolio

March 31, 2012

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets
556,339.97	FNMA PASS-THRU INT 15 YEAR Pool 973905	100.37	558,426	108.17	601,793	0.9
211,543.83	5.000% Due 03-01-23 FHLMC PC GOLD CASH 15 Pool J02621	98.86	209,131	108.03	228,529	0.3
	5.000% Due 10-01-20 Accrued Interest		1,144,495		4,851	0.0
					1,251,956	1.8

CASH AND EQUIVS.

Delayed Interest
Fidelity Treasury Mmkt
Fund #695

4	236,310	4	236,310	0.3
		236,314	236,314	0.3

TREASURY BONDS

510,000	UNITED STATES TREAS NTS	101.34	516,855	103.70	528,846	0.8
3,350,000	1.750% Due 07-31-15 UNITED STATES TREAS NTS	100.70	3,373,435	100.25	3,358,375	4.8
	1.000% Due 10-31-16					



Sawgrass Asset Management

PORTFOLIO APPRAISAL

****SAMPLE****

Short Term Fixed Income Portfolio

March 31, 2012

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets
2,420,000	UNITED STATES TREAS NTS	100.09	2,422,088	99.58	2,409,790	3.4
5,445,000	0.875% Due 11-30-16 UNITED STATES TREAS NTS	99.99	5,444,380	99.48	5,416,501	7.7
1,650,000	0.875% Due 12-31-16 UNITED STATES TREAS NTS	98.74	1,629,252	99.30	1,638,399	2.3
	0.875% Due 02-28-17 Accrued Interest				34,429	0.0
			13,386,009		13,386,340	19.1
AGENCY BONDS						
700,000	FEDERAL NATL MTG ASSN	98.80	691,581	101.91	713,363	1.0
1,150,000	4.375% Due 09-15-12 FEDERAL HOME LN MTG CORP	99.96	1,149,540	100.50	1,155,798	1.6
1,000,000	0.750% Due 03-28-13 FEDERAL HOME LN BKS	100.31	1,003,110	110.65	1,106,498	1.6
	5.375% Due 06-13-14					

Sawgrass Asset Management

PORTFOLIO APPRAISAL

****SAMPLE****

Short Term Fixed Income Portfolio

March 31, 2012

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets
4,110,000	FEDERAL NATL MTG ASSN MTN Callable 08/28/12 @ 100	100.00	4,110,000	100.05	4,112,150	5.9
1,000,000	0.650% Due 08-28-14 FEDERAL NATL MTG ASSN	99.34	993,412	110.30	1,103,033	1.6
2,000,000	4.625% Due 10-15-14 FEDERAL NATL MTG ASSN	100.73	2,014,560	105.47	2,109,352	3.0
1,000,000	2.625% Due 11-20-14 FEDERAL HOME LN MTG CORP Callable 02/13/14 @ 100	100.00	1,000,000	99.75	997,474	1.4
1,100,000	0.550% Due 02-13-15 FEDERAL NATL MTG ASSN	100.03	1,100,330	100.03	1,100,364	1.6
1,240,000	0.750% Due 03-27-15 FEDERAL NATL MTG ASSN MTN	100.64	1,247,911	101.18	1,254,668	1.8
1,390,000	1.375% Due 11-15-16 FEDERAL NATL MTG ASSN FRN 0.272% Due 12-20-12	100.00	1,390,000	100.08	1,391,108	2.0



Sawgrass Asset Management

PORTFOLIO APPRAISAL

****SAMPLE****

Short Term Fixed Income Portfolio

March 31, 2012

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets
700,000	FEDERAL FARM CREDIT BANK FRN	99.81	698,649	100.03	700,232	1.0
	0.276% Due 09-23-13					
520,000	FEDERAL FARM CREDIT BANK FRN	99.97	519,844	100.15	520,778	0.7
	0.419% Due 09-23-13					
1,040,000	FEDERAL FARM CREDIT BANK FRN	99.96	1,039,636	100.05	1,040,472	1.5
	0.232% Due 11-19-13					
1,390,000	FEDERAL FARM CR BKS FRN	100.00	1,390,000	100.07	1,390,987	2.0
	0.440% Due 11-28-14					
640,000	FEDERAL FARM CREDIT BANK FRN	99.86	639,091	100.18	641,183	0.9
	0.501% Due 05-25-16					
979,000	FEDERAL FARM CREDIT BANK FRN	100.10	979,972	99.97	978,740	1.4
	0.292% Due 01-17-17					
	Accrued Interest				68,951	0.1
			19,967,637		20,385,152	29.0
TOTAL PORTFOLIO			68,716,943		70,194,318	100.0



Sawgrass Asset Management
INCOME AND EXPENSES

****SAMPLE****

Short Term Fixed Income Portfolio

From 01-01-12 Through 03-31-12

<u>Ex-Date</u>	<u>Pay-Date</u>	<u>Security</u>	<u>Amount</u>
CORPORATE BONDS			
01-09-12	01-09-12	GENERAL ELEC CAP CORP FRN 0.782% Due 01-08-16	2,025
01-12-12	01-18-12	GENERAL ELEC CAP CORP 2.150% Due 01-09-15	-121
01-15-12	01-15-12	MERCK & CO INC MTN 2.250% Due 01-15-16	14,512
01-17-12	01-17-12	MORGAN STANLEY FRN 1.047% Due 10-15-15	3,385
01-23-12	01-23-12	GOLDMAN SACHS GROUP INC FRN 0.961% Due 07-22-15	1,629
01-25-12	01-30-12	METLIFE INC 2.375% Due 02-06-14	15,497
01-25-12	01-30-12	CITIGROUP INC FRN 2.510% Due 08-13-13	-7,292
01-26-12	01-31-12	METLIFE INC 6.750% Due 06-01-16	-12,937
01-26-12	01-31-12	TEXAS INSTRS INC 2.375% Due 05-16-16	6,944
01-28-12	01-28-12	BANK OF NEW YORK MTN BK 2.300% Due 07-28-16	4,772
01-30-12	02-02-12	WACHOVIA CORP 5.250% Due 08-01-14	189
01-30-12	02-02-12	WACHOVIA CORP FRN 0.937% Due 10-15-16	-641

Sawgrass Asset Management
INCOME AND EXPENSES
****SAMPLE****

Short Term Fixed Income Portfolio
From 01-01-12 Through 03-31-12

Ex-Date	Pay-Date	Security	Amount
02-01-12	02-01-12	WACHOVIA CORP	33,994
		5.250% Due 08-01-14	
02-03-12	02-08-12	CITIGROUP INC FRN	-1,318
		2.510% Due 08-13-13	
02-07-12	02-07-12	GOLDMAN SACHS GROUP INC	9,969
		3.625% Due 02-07-16	
02-08-12	02-13-12	AT&T INC	18,233
		2.500% Due 08-15-15	
02-09-12	02-14-12	AT&T INC	-66
		1.600% Due 02-15-17	
02-11-12	02-11-12	BERKSHIRE HATHAWAY INC	5,472
		2.125% Due 02-11-13	
02-13-12	02-13-12	CITIGROUP INC FRN	10,013
		2.510% Due 08-13-13	
02-15-12	02-15-12	BOEING CAP CORP	10,306
		2.125% Due 08-15-16	
02-15-12	02-15-12	PROCTER & GAMBLE CO	18,462
		3.500% Due 02-15-15	
02-15-12	02-15-12	BERKSHIRE HATHAWAY INC FRN	1,774
		1.203% Due 08-15-14	
03-01-12	03-01-12	PROCTER & GAMBLE CO	3,150
		3.150% Due 09-01-15	
03-04-12	03-04-12	U S BANCORP	1,260
		3.150% Due 03-04-15	
03-08-12	03-08-12	DEERE JOHN CAPITAL CORP	14,210
		4.900% Due 09-09-13	

Sawgrass Asset Management
INCOME AND EXPENSES
****SAMPLE****

Short Term Fixed Income Portfolio
From 01-01-12 Through 03-31-12

Ex-Date	Pay-Date	Security	Amount
03-08-12	03-08-12	STATE STREET BANK & TRUST FRN 0.675% Due 12-08-15	2,536
03-09-12	03-09-12	DEERE JOHN CAPITAL CORP 2.950% Due 03-09-15	4,130
03-13-12	03-13-12	HEWLETT PACKARD CO 2.125% Due 09-13-15	14,556
03-13-12	03-13-12	BRANCH BANKING & TRUST FRN 0.794% Due 09-13-16	3,137
03-13-12	03-13-12	J P MORGAN CHASE FRN 0.804% Due 06-13-16	2,799
03-14-12	03-14-12	CISCO SYS INC 1.625% Due 03-14-14	5,322
			<hr/>
			185,900
MBS PASSTHRUS			
01-01-12	01-01-12	FHLMC PC GOLD CASH 15 Pool J02621 5.000% Due 10-01-20	939
01-01-12	01-01-12	FNMA PASS-THRU INT 15 YEAR Pool 455341 5.500% Due 02-01-14	104
01-01-12	01-01-12	FNMA PASS-THRU INT 15 YEAR Pool 611012 4.500% Due 01-01-17	387
01-01-12	01-01-12	FNMA PASS-THRU INT 15 YEAR Pool 625996 4.500% Due 01-01-17	148
01-01-12	01-01-12	FNMA PASS-THRU INT 15 YEAR Pool 896851 5.500% Due 02-01-22	1,191



Sawgrass Asset Management
INCOME AND EXPENSES
****SAMPLE****

Short Term Fixed Income Portfolio
From 01-01-12 Through 03-31-12

Ex-Date	Pay-Date	Security	Amount
01-01-12	01-01-12	FNMA PASS-THRU INT 15 YEAR Pool 973905	2,489
		5.000% Due 03-01-23	
02-01-12	02-01-12	FHLMC PC GOLD CASH 15 Pool J02621	929
		5.000% Due 10-01-20	
02-01-12	02-01-12	FNMA PASS-THRU INT 15 YEAR Pool 455341	96
		5.500% Due 02-01-14	
02-01-12	02-01-12	FNMA PASS-THRU INT 15 YEAR Pool 611012	377
		4.500% Due 01-01-17	
02-01-12	02-01-12	FNMA PASS-THRU INT 15 YEAR Pool 625996	145
		4.500% Due 01-01-17	
02-01-12	02-01-12	FNMA PASS-THRU INT 15 YEAR Pool 896851	1,142
		5.500% Due 02-01-22	
02-01-12	02-01-12	FNMA PASS-THRU INT 15 YEAR Pool 973905	2,474
		5.000% Due 03-01-23	
03-01-12	03-01-12	FHLMC PC GOLD CASH 15 Pool J02621	920
		5.000% Due 10-01-20	
03-01-12	03-01-12	FNMA PASS-THRU INT 15 YEAR Pool 455341	92
		5.500% Due 02-01-14	
03-01-12	03-01-12	FNMA PASS-THRU INT 15 YEAR Pool 611012	366
		4.500% Due 01-01-17	
03-01-12	03-01-12	FNMA PASS-THRU INT 15 YEAR Pool 625996	141
		4.500% Due 01-01-17	
03-01-12	03-01-12	FNMA PASS-THRU INT 15 YEAR Pool 896851	1,083
		5.500% Due 02-01-22	

Sawgrass Asset Management
INCOME AND EXPENSES

****SAMPLE****

Short Term Fixed Income Portfolio

From 01-01-12 Through 03-31-12

<u>Ex-Date</u>	<u>Pay-Date</u>	<u>Security</u>	<u>Amount</u>
03-01-12	03-01-12	FNMA PASS-THRU INT 15 YEAR Pool 973905	2,450
		5.000% Due 03-01-23	
			15,475
CASH AND EQUIVS.			
01-31-12	01-31-12	Fidelity Treasury Mmkt Fund #695	6
02-29-12	02-29-12	Fidelity Treasury Mmkt Fund #695	13
03-31-12	03-31-12	Fidelity Treasury Mmkt Fund #695	4
			23
TREASURY BONDS			
01-20-12	01-23-12	UNITED STATES TREAS NTS	15,002
		2.625% Due 07-31-14	
01-20-12	01-23-12	UNITED STATES TREAS NTS	10,581
		0.625% Due 02-28-13	
01-20-12	01-23-12	UNITED STATES TREAS NTS	-3,010
		0.875% Due 12-31-16	
01-31-12	01-31-12	UNITED STATES TREAS NTS	11,025
		1.750% Due 07-31-15	
03-21-12	03-22-12	UNITED STATES TREAS NTS	2,957
		1.875% Due 06-30-15	
03-21-12	03-22-12	UNITED STATES TREAS NTS	1,839
		1.750% Due 07-31-15	



Sawgrass Asset Management
INCOME AND EXPENSES
****SAMPLE****

Short Term Fixed Income Portfolio
From 01-01-12 Through 03-31-12

<u>Ex-Date</u>	<u>Pay-Date</u>	<u>Security</u>	<u>Amount</u>
03-21-12	03-22-12	UNITED STATES TREAS NTS 0.875% Due 02-28-17	-863
			<u>37,531</u>
AGENCY BONDS			
01-19-12	01-24-12	GOLDMAN SACHS GROUP INC (FDIC GTD) 3.250% Due 06-15-12	6,337
01-19-12	01-19-12	FEDERAL FARM CREDIT BANK FRN 0.232% Due 11-19-13	246
01-20-12	01-20-12	FEDERAL NATL MTG ASSN FRN 0.272% Due 12-20-12	377
01-27-12	02-13-12	FEDERAL HOME LN MTG CORP Callable 02/13/14 @ 100 0.550% Due 02-13-15	0
02-19-12	02-19-12	FEDERAL FARM CREDIT BANK FRN 0.232% Due 11-19-13	243
02-20-12	02-20-12	FEDERAL NATL MTG ASSN FRN 0.272% Due 12-20-12	372
02-25-12	02-25-12	FEDERAL FARM CREDIT BANK FRN 0.501% Due 05-25-16	844
02-28-12	02-28-12	FEDERAL NATL MTG ASSN MTN Callable 08/28/12 @ 100 0.650% Due 08-28-14	13,283
02-28-12	02-28-12	FEDERAL FARM CR BKS FRN 0.440% Due 11-28-14	959
03-02-12	03-05-12	FEDERAL FARM CREDIT BANK FRN 0.292% Due 01-17-17	-137

Sawgrass Asset Management

INCOME AND EXPENSES

****SAMPLE****

Short Term Fixed Income Portfolio

From 01-01-12 Through 03-31-12

<u>Ex-Date</u>	<u>Pay-Date</u>	<u>Security</u>	<u>Amount</u>
03-15-12	03-15-12	FEDERAL NATL MTG ASSN 4.375% Due 09-15-12	15,312
03-17-12	03-17-12	FEDERAL FARM CREDIT BANK FRN 0.292% Due 01-17-17	233
03-19-12	03-19-12	FEDERAL FARM CREDIT BANK FRN 0.232% Due 11-19-13	197
03-20-12	03-20-12	FEDERAL NATL MTG ASSN FRN 0.272% Due 12-20-12	308
03-23-12	03-23-12	FEDERAL FARM CREDIT BANK FRN 0.276% Due 09-23-13	433
03-23-12	03-23-12	FEDERAL FARM CREDIT BANK FRN 0.419% Due 09-23-13	679
03-26-12	03-26-12	FEDERAL NATL MTG ASSN MTN Callable 3/26/12 @ 100 0.500% Due 09-26-13	2,750
03-28-12	03-29-12	FEDERAL NATL MTG ASSN 0.750% Due 03-27-15	-46
03-28-12	03-28-12	FEDERAL HOME LN MTG CORP 0.750% Due 03-28-13	4,312
NET INCOME			<u>46,705</u>
			285,634



Sawgrass Asset Management

PURCHASE AND SALE

****SAMPLE****

Short Term Fixed Income Portfolio

From 01-01-12 To 03-31-12

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
PURCHASES					
02-09-12	02-14-12	1,475,000	AT&T INC 1.600% Due 02-15-17	99.99	1,474,926
01-25-12	01-30-12	1,390,000	CITIGROUP INC FRN 2.510% Due 08-13-13	99.37	1,381,243
02-03-12	02-08-12	225,000	CITIGROUP INC FRN 2.510% Due 08-13-13	100.20	225,448
03-02-12	03-05-12	979,000	FEDERAL FARM CREDIT BANK FRN 0.292% Due 01-17-17	100.10	979,972
01-27-12	02-13-12	1,000,000	FEDERAL HOME LN MTG CORP Callable 02/13/14 @ 100	100.00	1,000,000
03-28-12	03-29-12	1,100,000	FEDERAL NATL MTG ASSN 0.550% Due 02-13-15	100.03	1,100,330
01-12-12	01-18-12	225,000	GENERAL ELEC CAP CORP 0.750% Due 03-27-15	100.85	226,919
01-26-12	01-31-12	1,150,000	METLIFE INC 2.150% Due 01-09-15	118.29	1,360,392
01-20-12	01-23-12	5,445,000	UNITED STATES TREAS NTS 6.750% Due 06-01-16	99.99	5,444,380
03-21-12	03-22-12	1,650,000	UNITED STATES TREAS NTS 0.875% Due 12-31-16	98.74	1,629,252
			0.875% Due 02-28-17		



Sawgrass Asset Management

PURCHASE AND SALE

****SAMPLE****

Short Term Fixed Income Portfolio

From 01-01-12 To 03-31-12

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
01-30-12	02-02-12	1,540,000	WACHOVIA CORP FRN 0.937% Due 10-15-16	89.76	1,382,273
					16,205,136
SALES					
02-08-12	02-13-12	1,475,000	AT&T INC 2.500% Due 08-15-15	104.84	1,546,390
03-26-12	03-26-12	1,100,000	FEDERAL NATL MTG ASSN MTN Callable 3/26/12 @ 100 0.500% Due 09-26-13	100.00	1,100,000
01-19-12	01-24-12	1,800,000	GOLDMAN SACHS GROUP INC (FDIC GTD) 3.250% Due 06-15-12	101.24	1,822,410
01-25-12	01-30-12	1,350,000	METLIFE INC 2.375% Due 02-06-14	102.71	1,386,639
01-26-12	01-31-12	1,385,000	TEXAS INSTRS INC 2.375% Due 05-16-16	105.21	1,457,200
01-20-12	01-23-12	1,195,000	UNITED STATES TREAS NTS 2.625% Due 07-31-14	105.80	1,264,362
01-20-12	01-23-12	4,250,000	UNITED STATES TREAS NTS 0.625% Due 02-28-13	100.52	4,271,900
03-21-12	03-22-12	700,000	UNITED STATES TREAS NTS 1.875% Due 06-30-15	103.86	727,041



Sawgrass Asset Management
PURCHASE AND SALE
****SAMPLE****

Short Term Fixed Income Portfolio
From 01-01-12 To 03-31-12

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
03-21-12	03-22-12	750,000	UNITED STATES TREASNTS 1.750% Due 07-31-15	103.46	775,984
01-30-12	02-02-12	1,295,000	WACHOVIA CORP 5.250% Due 08-01-14	106.96	1,385,080
					15,737,006
PRINCIPAL PAYDOWNS					
01-01-12	01-01-12	2,300.51	FHLMC PC GOLD CASH 15 Pool J02621	100.00	2,301
02-01-12	02-01-12	2,121.84	5.000% Due 10-01-20 FHLMC PC GOLD CASH 15 Pool J02621	100.00	2,122
03-01-12	03-01-12	9,307.90	5.000% Due 10-01-20 FHLMC PC GOLD CASH 15 Pool J02621	100.00	9,308
01-01-12	01-01-12	1,730.73	5.000% Due 10-01-20 FNMA PASS-THRU INT 15 YEAR Pool 455341	100.00	1,731
02-01-12	02-01-12	926.91	5.500% Due 02-01-14 FNMA PASS-THRU INT 15 YEAR Pool 455341	100.00	927
					5.500% Due 02-01-14

Sawgrass Asset Management

PURCHASE AND SALE

****SAMPLE****

Short Term Fixed Income Portfolio

From 01-01-12 To 03-31-12

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
03-01-12	03-01-12	931.80	FNMA PASS-THRU INT 15 YEAR Pool 455341	100.00	932
01-01-12	01-01-12	2,813.28	5.500% Due 02-01-14 FNMA PASS-THRU INT 15 YEAR Pool 611012	100.00	2,813
02-01-12	02-01-12	2,887.51	4.500% Due 01-01-17 FNMA PASS-THRU INT 15 YEAR Pool 611012	100.00	2,888
03-01-12	03-01-12	2,900.13	4.500% Due 01-01-17 FNMA PASS-THRU INT 15 YEAR Pool 611012	100.00	2,900
01-01-12	01-01-12	845.19	4.500% Due 01-01-17 FNMA PASS-THRU INT 15 YEAR Pool 625996	100.00	845
02-01-12	02-01-12	983.98	4.500% Due 01-01-17 FNMA PASS-THRU INT 15 YEAR Pool 625996	100.00	984
03-01-12	03-01-12	720.25	4.500% Due 01-01-17 FNMA PASS-THRU INT 15 YEAR Pool 625996	100.00	720
01-01-12	01-01-12	10,685.24	4.500% Due 01-01-17 FNMA PASS-THRU INT 15 YEAR Pool 896851	100.00	10,685
			5.500% Due 02-01-22		



Sawgrass Asset Management
PURCHASE AND SALE
****SAMPLE****

Short Term Fixed Income Portfolio
From 01-01-12 To 03-31-12

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
02-01-12	02-01-12	12,929.53	FNMA PASS-THRU INT 15 YEAR Pool 896851	100.00	12,930
03-01-12	03-01-12	2,837.77	5.500% Due 02-01-22 FNMA PASS-THRU INT 15 YEAR Pool 896851	100.00	2,838
01-01-12	01-01-12	3,684.19	5.500% Due 02-01-22 FNMA PASS-THRU INT 15 YEAR Pool 973905	100.00	3,684
02-01-12	02-01-12	5,752.97	5.000% Due 03-01-23 FNMA PASS-THRU INT 15 YEAR Pool 973905	100.00	5,753
03-01-12	03-01-12	31,675.66	5.000% Due 03-01-23 FNMA PASS-THRU INT 15 YEAR Pool 973905	100.00	31,676
			5.000% Due 03-01-23		<u>96,035</u>

Important Information

- *This statement includes information and data obtained from third party sources, which we believe to be reliable. However, we cannot guarantee the accuracy or completeness of such information.*
- *We strongly encourage you to compare this statement with that received directly from your custodian. Please refer to your custodian for official cost basis and tax reporting.*
- *Unless otherwise indicated, performance data is reported gross of investment management fees.*
- *Performance results for periods of longer than one year are annualized.*
- *Detailed information about our Firm is contained in our ADV Part 2 (Disclosure Brochure) which may be obtained by phoning us at (904)493-5500.*



Merging the Art & Science of Investing

Sawgrass Asset Management provides active growth equity and fixed income investment management services to institutional investors



Investment Review

December 31, 2011

Sample Client

Presented by:

Sawgrass Asset Management, L.L.C.
(904) 493-5500

Eric Zarkovich, CFA
Fixed Income Portfolio Manager

David A. Furfine, CFA, Partner
Co-Director of Fixed Income Investing

Cristine Turner
Marketing & Sales Associate



Mission Statement

- Preservation of Capital
- Protection of Investment Principal
- Provide Sufficient Liquidity
- Maximize Total Return while Avoiding Unreasonable Investment Risk
- Diversify Investments
- Target Merrill Lynch Gov./Corp. 1-5 Year A or Better Index

Performance

	Qtr*	3 Yrs	5 Yrs	12/31/92 Inception
Sample Treasury Reserves	0.50%	3.93%	4.94%	5.33%
ML G/C 1-5 A or Better	0.38%	3.40%	4.65%	5.23%
ML Gov/Corp 1-5	0.44%	4.05%	4.81%	5.31%
SBA Pooled Income Fund	0.09%	0.37%	1.72%	3.56%

**Unannualized*

<u>Asset Allocation</u>	Bonds	99.5%
Cash	0.5%	

Current Outlook

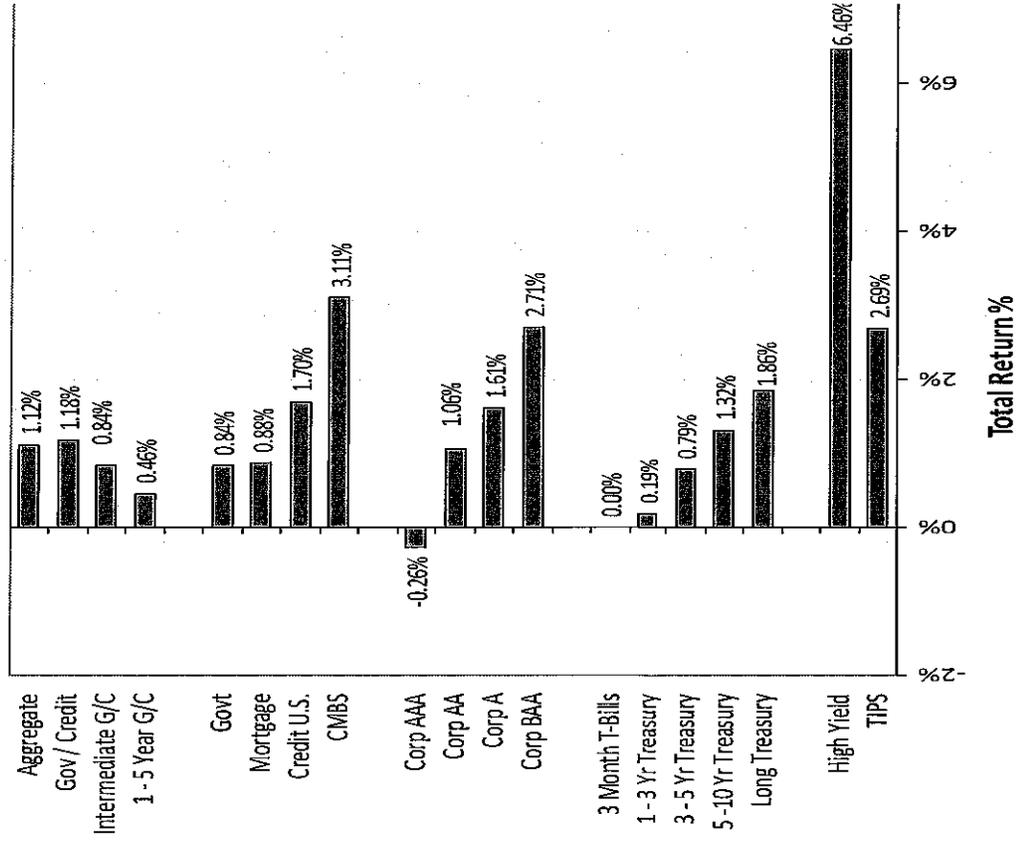
- Economy: Better?
- Employment Gains Positive but Slowing
- Fed: Operation Twist – What next?
- Interest Rates Low
 - Long term rates volatile
 - Short term rates to remain near zero until Fed signals change

What Helped/What Hurt

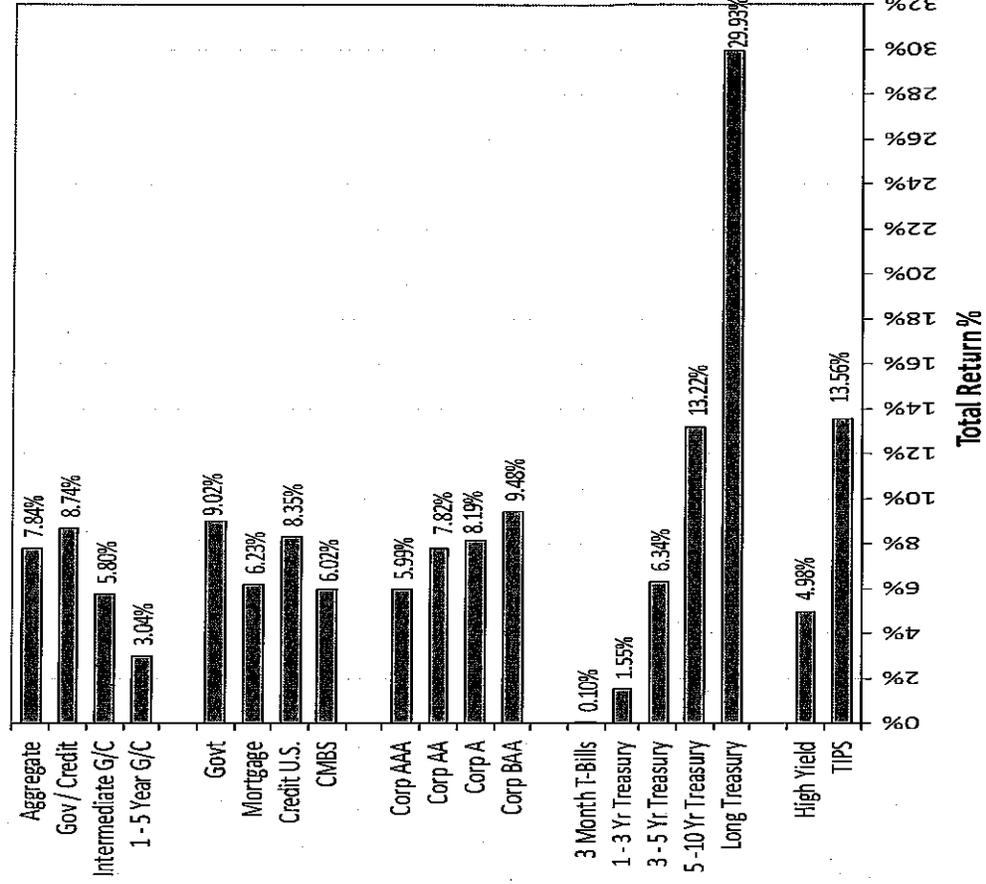
- What Helped:**
- Sector Allocation: Overweight Credit
 - Term Structure
- What Hurt:**
- Short Duration
 - Underweight High Beta Credits

Another Strong Year for Fixed Income Led by Treasuries

Quarter Ending December 31, 2011



One Year Ending December 31, 2011

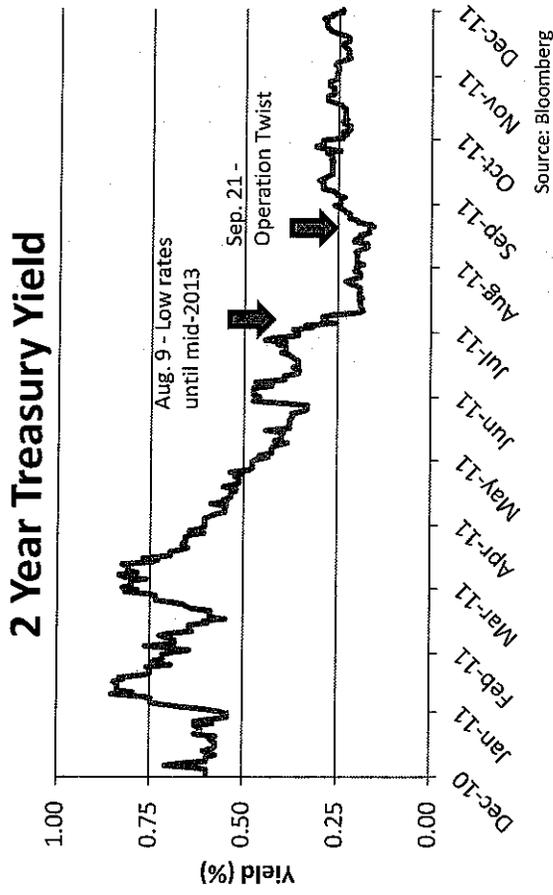


Source: Barclays Capital

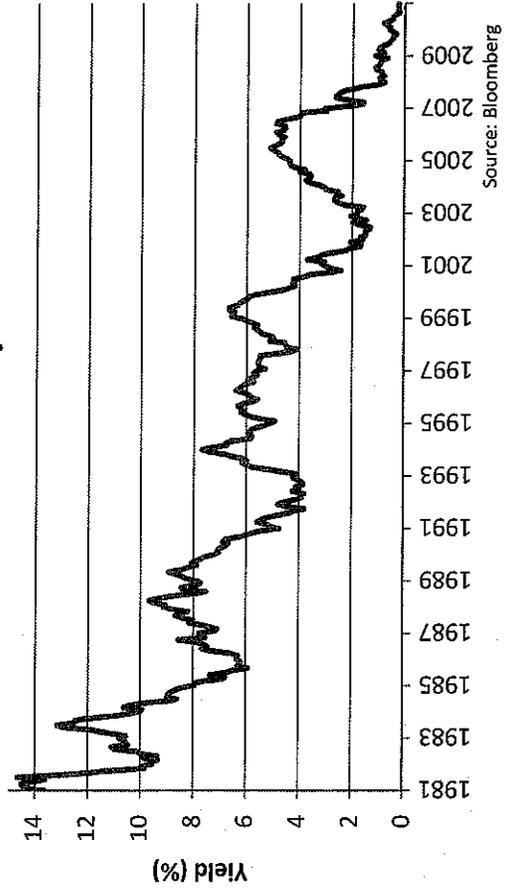


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As Yields Continued Their Multi-decade Decline



2 Year Treasury Yield



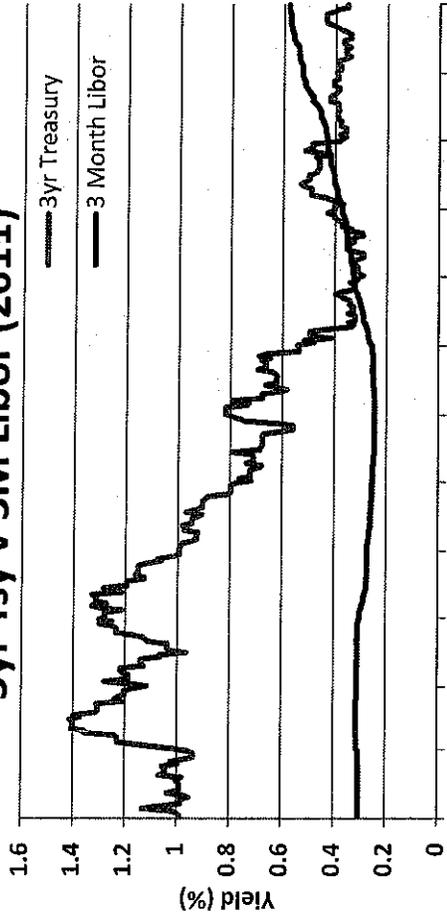
But The View Forward Is Likely Higher Rates

	Yield 12/31/11	Forecast Q4 12	Forecast Q2 13
Fed Funds Target	0.25	0.25	0.38
3-Month Libor	0.58	0.49	0.60
2-Year Treasury	0.24	0.54	0.88
10-Year Treasury	1.88	2.59	2.96
30-Year Treasury	2.89	3.65	4.00



FRNs - Interest Rate Protection and Relative Value

3yr Tsy v 3M Libor (2011)



Source: Bloomberg

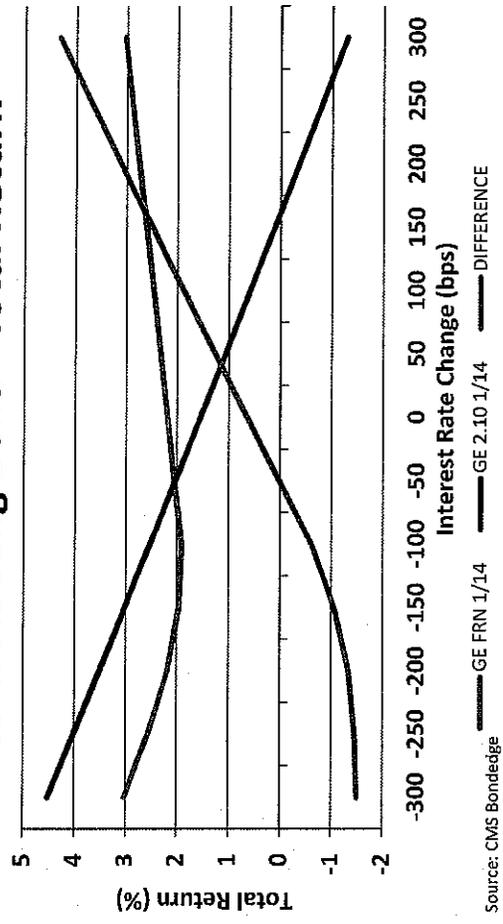
	Fixed YTM	Float YTM
1.5yr Citigroup ³	3.60%	3.52%
2yr Bank America ⁴	4.87%	5.93%
3yr Hewlett Packard ²	2.21%	2.32%

1. Assumes floating index remains constant through maturity
2. Fixed maturity = 12/9/14, Float maturity = 9/19/14
3. Fixed maturity = 8/19/13, Float maturity = 8/13/13
4. Fixed maturity = 7/15/14, Float maturity = 1/30/14

Source: Bloomberg

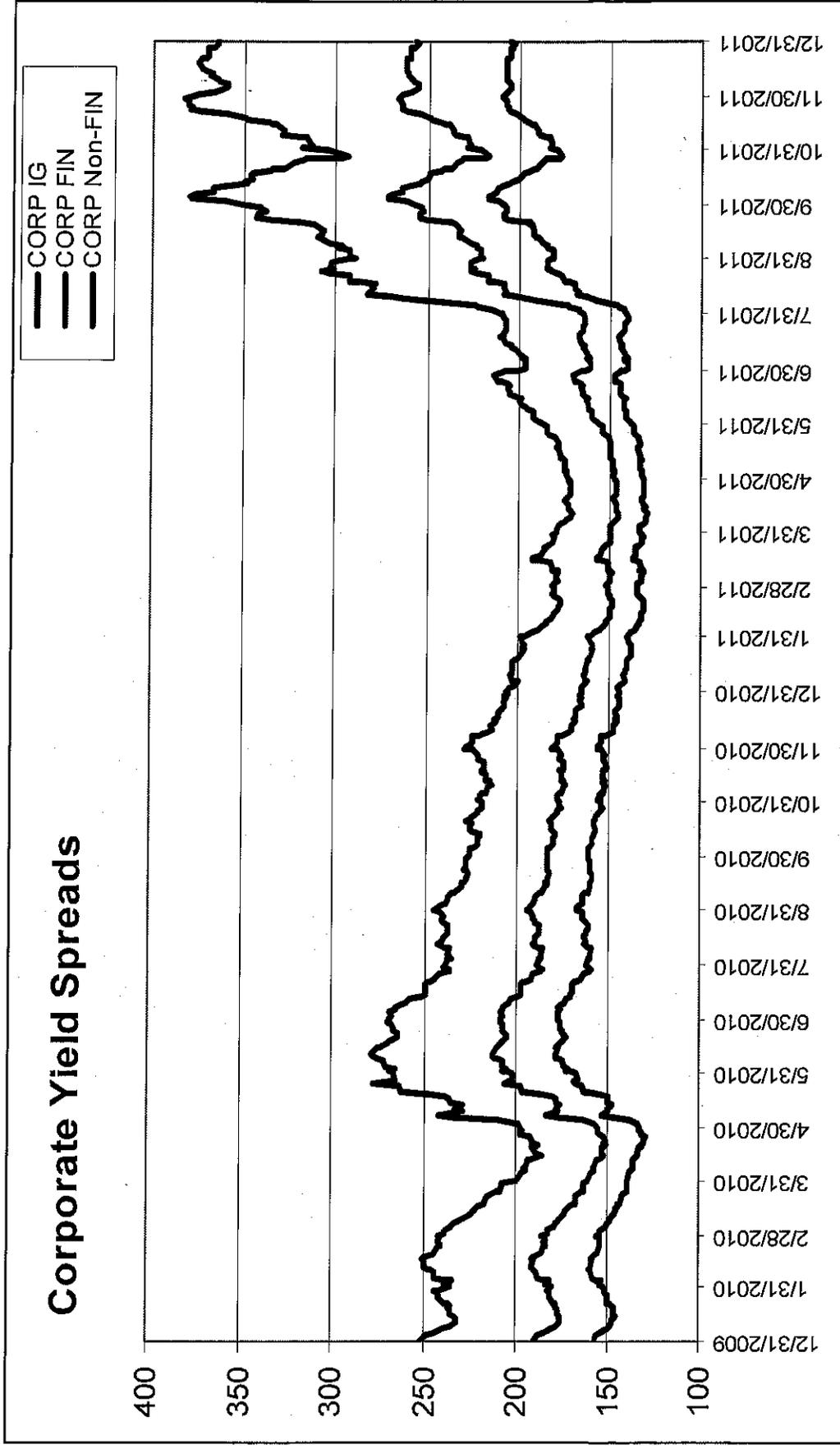
- Potential for interest rate changes is asymmetric toward higher rates
- As 3 year Treasury yields have decreased, Libor has been increasing
- Some FRNs have higher yields than fixed rate at current market rates
- In an increasing rate environment, FRNs are still likely to have a positive total rate of return while out performing fixed rate

Fixed v. Floating Bond - Total Return



Source: CMS Bondedge

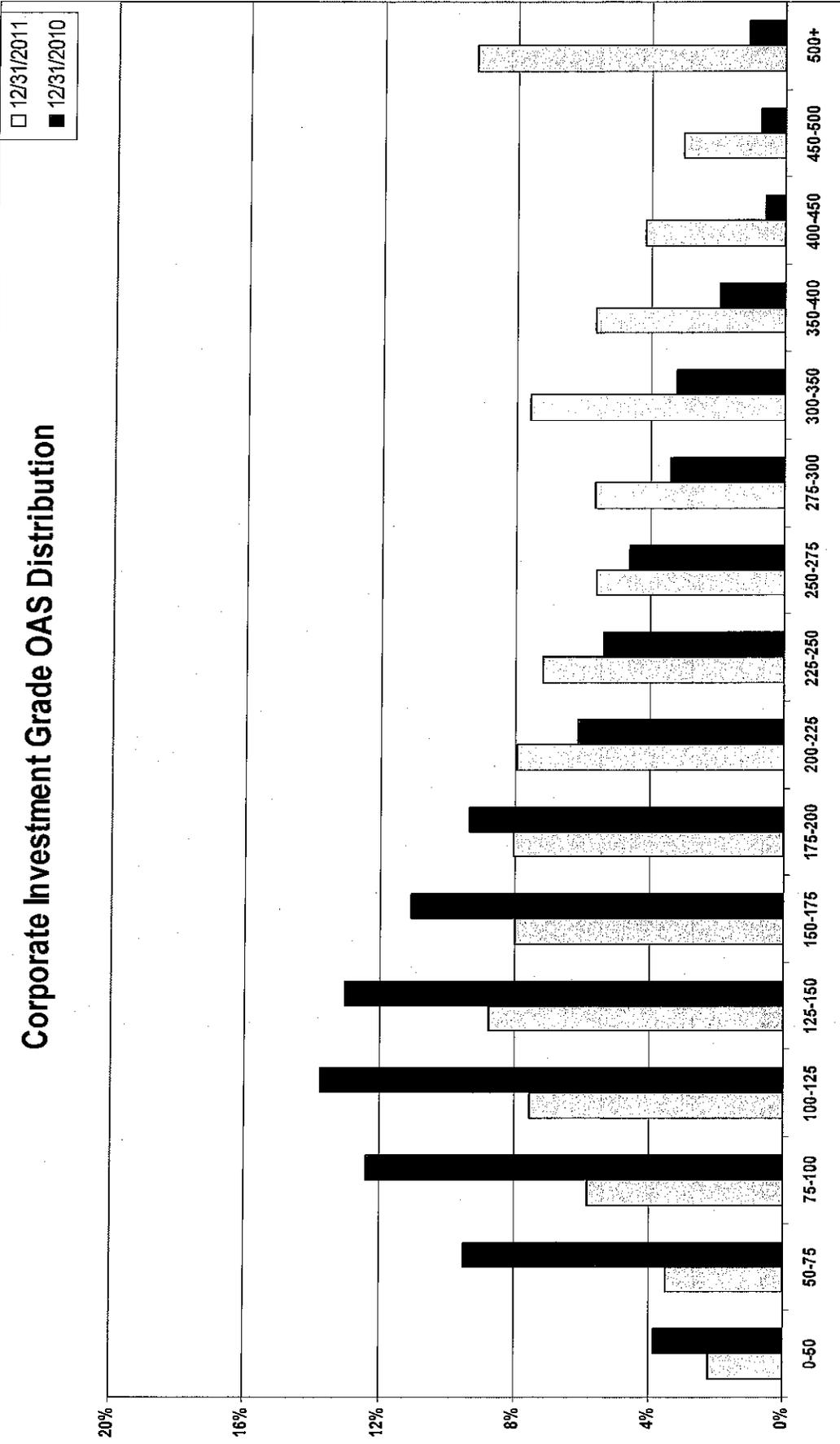
Financial Spreads Have Decoupled from IG Universe



Source: Bloomberg, Bank of America Merrill Lynch

Active Security Selection Opportunity

Corporate Investment Grade OAS Distribution



Source: Bloomberg, Bank of America Merrill Lynch



Q4 and 2011 Replay

Q4

- Defensive duration positioning hurt as Treasury yields continued to grind lower
- Overweight spread products was beneficial as our portfolios have higher yields
- Brokerage/banking names continue to be a relative drag
- Euro-crisis continues to pressure financial funding sources, especially Euro banks, driving up 6-month Libor by 25bps to 80bps...we are benefitting as we continue to increase holdings of floating rate notes

2011

- Anticipating (or forcing) the Fed was a significant market mover in 2011
 - In August, Fed explicitly stated that the low Fed Funds rate would continue through mid-2013 (2yr Treasury had rallied from 80bps to 20bps)
 - In Sept., Fed announced “Operation Twist” (30yr fell from 4.7% to 3.0% through the year)
- Long Treasury index had the largest historical 3-month return, 25%, during Q3
- Volatility was not in our favor as “risk off” occurred through the second half causing Corporates and MBS to underperform for the year

Source: Bloomberg



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ASSET MANAGEMENT, L.L.C.

12309 38-9075 Asset Management, L.L.C.

10

Portfolio Performance

(As of 12/31/11)

	Qtr*	1 Year	3 Years	5 Years	Since 6/30/03	10 Years	12/31/92 Inception
Total Account	0.50%	2.72%	3.93%	4.94%	3.91%	4.39%	5.33%
<i>Indices:</i>							
Blended Index**	0.38%	3.05%	3.94%	4.74%	3.71%	4.22%	5.24%
ML 1-5 Gov/Corp A+	0.38%	3.05%	3.40%	4.65%	3.61%	4.11%	5.23%
ML 1-5 Govt/Corp	0.44%	3.09%	4.05%	4.81%	3.75%	4.26%	5.31%
SBA Pooled Income Fund	0.09%	0.25%	0.37%	1.72%	2.25%	2.17%	3.56%

*Unannualized

**ML 1-5 Year G/C or Better as of 12/31/09; ML 1-5 Year G/C until 12/31/09; prior to 6/30/96, 75% ML 1-5 Year G/C / 25% 3-month T-Bills

Portfolio Market Values

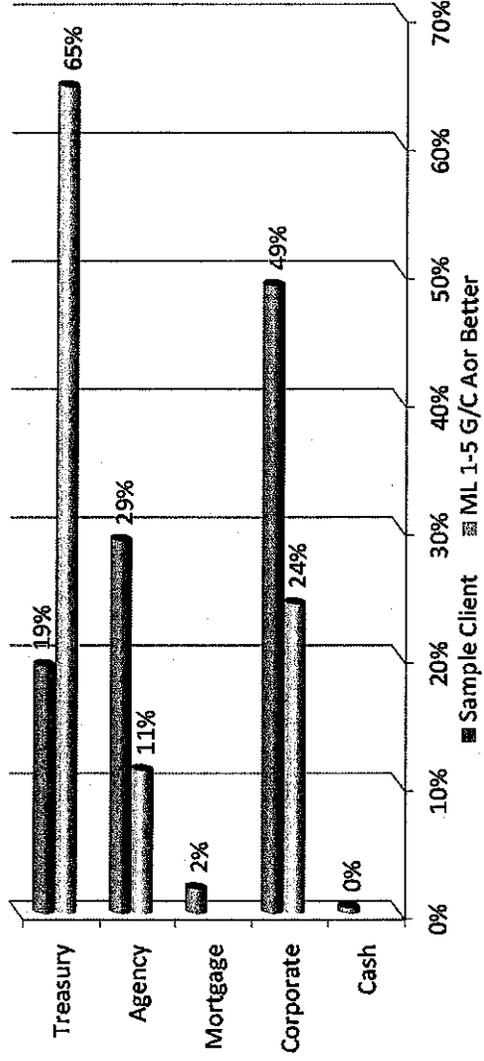
Portfolio Value on 9-30-11	\$69,073,029
Contributions	\$0
Withdrawals	\$0
Investment Gain	\$347,117
Portfolio Value on 12-31-11	\$69,420,147



Fixed Income Characteristics

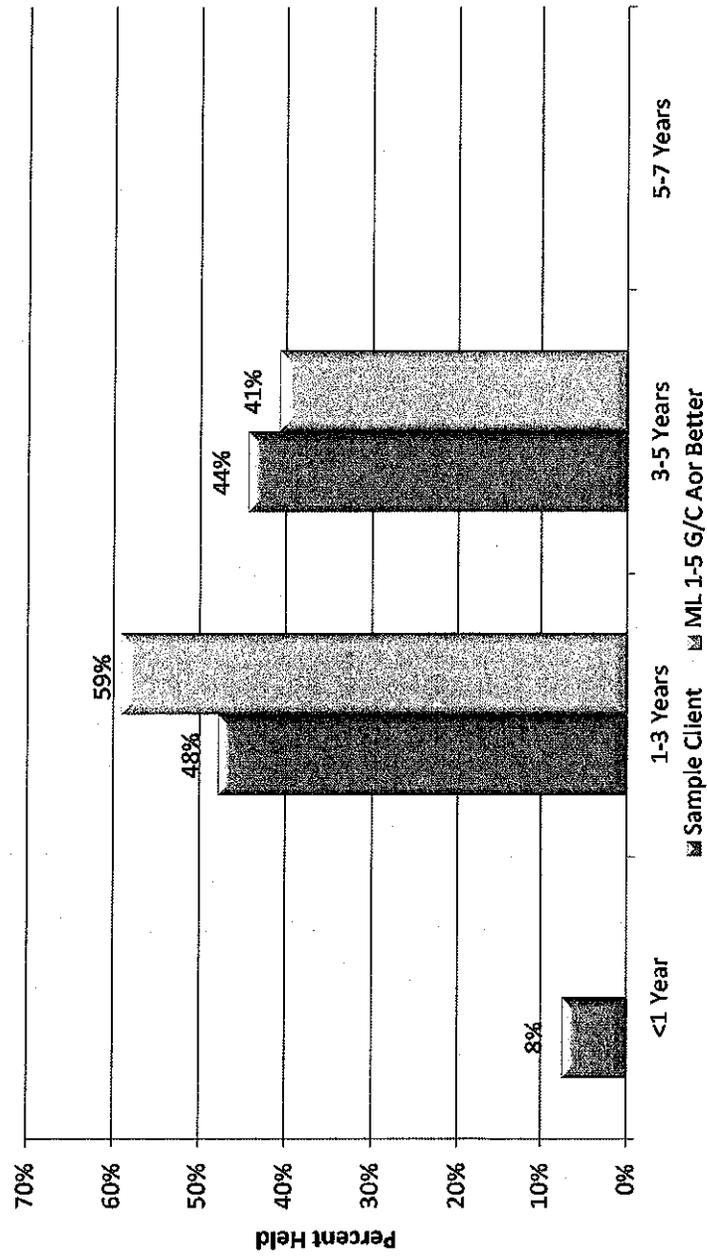
	Sample Client	Merrill Lynch 1-5 Yr. Gov/Corp A or Better
Yield to Maturity	1.31%	0.86%
Average Coupon	1.85%	2.49%
Effective Maturity (Yrs.)	2.9	2.8
Effective Duration (Yrs.)	2.2	2.6
Average Quality S&P	AA	AAA

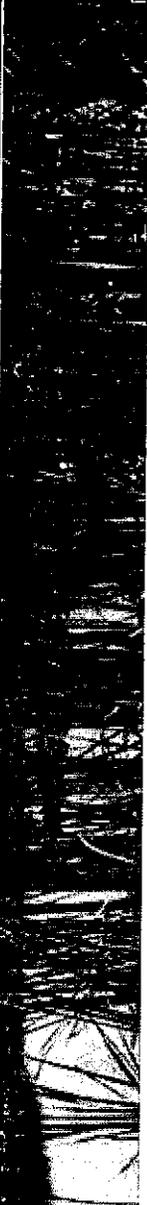
Sector Distributions





Maturity Distribution





Quality Distribution



4

Sample *TREASURY RESERVE FUND COMPLIANCE MONITOR*

MATURITY LIMITATIONS

	Policy	Current	Within Policy?
Effective maturity per security	≤7 Years	4.9 Years	Yes
Greater than three-year effective maturity	≤50%	44.0%	Yes
Portfolio Effective Maturity	≤4 Years	3.0 Years	Yes

SECTOR ALLOCATIONS

	Minimum	Maximum	Current Percentage	Within Policy?
U.S. Treasury & Federal Agencies	35%	None	49%	Yes
Corporate Debt Obligations*	None	50%	49%	Yes
Mortgage/Asset Backed Securities	None	30%	2%	Yes
Municipal Securities	None	20%	0	Yes
Certificates of Deposit	None	20%	0	Yes
Repurchase Agreements	None	25%	0	Yes
Local Gov't Surplus Funds/Trust Fund	None	50%	0	Yes
Money Market/Trust	None	30%	0%	Yes

*U.S. dollar denominated debt obligations of domestic or foreign corporations, includes Yankee notes, Euro-dollar issues, bankers acceptances and commercial paper.

Going Forward

- Corporate spreads are wide and offer relative value, our overweight to Corporates will provide significant positive benefits if:
 - Spreads tighten, resulting in corporate out performance versus Treasury
 - Spreads remain constant, our portfolio yields are 30+ bps above the index while maintaining a higher quality bias
 - Spread distribution narrows, providing opportunities for our relative value selection process to add alpha
- Interest rate risk is asymmetric for higher rates, our defensive duration and barbelled curve positioning will provide positive benefits if:
 - Interest rates rise, shorter portfolio duration will outperform and
 - FRNs will continue to provide positive returns with higher coupon rates
 - Yield curve remains steep, our longer securities will roll down, i.e. a 5-year becomes a 4-year maturity, providing excess returns





Portfolio Holdings

<u>Quantity</u>	<u>Security</u>	<u>Unit Cost</u>	<u>Total Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Pct. Assets</u>
CORPORATE BONDS						
2,500,000	SEARIVER MARITIME INC. 0.000% Due 09-01-12	\$92.00	\$2,299,886	\$99.29	\$2,482,200	3.6
515,000	BERKSHIRE HATHAWAY INC 2.125% Due 02-11-13	\$102.26	\$526,654	\$101.69	\$523,727	0.8
1,250,000	WAL MART STORES 4.250% Due 04-15-13	\$104.38	\$1,304,740	\$104.86	\$1,310,725	1.9
580,000	DEERE JOHN CAPITAL CORP 4.900% Due 09-09-13	\$99.78	\$578,753	\$106.69	\$618,794	0.9
310,000	ALABAMA POWER CO 5.800% Due 11-15-13	\$99.86	\$309,554	\$108.94	\$337,702	0.5
550,000	CATERPILLAR INC 7.000% Due 12-15-13	\$99.98	\$549,868	\$111.39	\$612,670	0.9
1,350,000	METLIFE INC 2.375% Due 02-06-14	\$100.69	\$1,359,259	\$101.40	\$1,368,837	2.0
655,000	CISCO SYS INC 1.625% Due 03-14-14	\$99.88	\$654,221	\$101.87	\$667,276	1.0
1,010,000	INTL BUSN MACHS CORP 1.250% Due 05-12-14	\$99.91	\$1,009,051	\$101.14	\$1,021,483	1.5
1,295,000	WACHOVIA CORP 5.250% Due 08-01-14	\$108.55	\$1,405,735	\$105.48	\$1,365,931	2.0
600,000	BERKSHIRE HATHAWAY INC Floating Rate 1.157% Due 08-15-14	\$100.00	\$600,000	\$100.22	\$601,343	0.9
600,000	DISNEY WALT CO 0.875% Due 12-01-14	\$99.67	\$598,038	\$100.47	\$602,809	0.9
1,340,000	BLACKROCK INC 3.500% Due 12-10-14	\$106.53	\$1,427,515	\$106.78	\$1,430,887	2.1
1,055,000	PROCTER & GAMBLE CO 3.500% Due 02-15-15	\$104.55	\$1,102,981	\$107.68	\$1,136,062	1.6
80,000	U S BANCORP 3.150% Due 03-04-15	\$103.85	\$83,078	\$104.52	\$83,616	0.1



<u>Quantity</u>	<u>Security</u>	<u>Unit Cost</u>	<u>Total Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Pct. Assets</u>
	CORPORATE BONDS (Cont.)					
280,000	DEERE JOHN CAPITAL CORP 2.950% Due 03-09-15	\$99.89	\$279,703	\$105.35	\$294,992	0.4
765,000	BANK OF AMERICA CORPORATION 4.500% Due 04-01-15	\$99.82	\$763,601	\$96.50	\$738,214	1.1
790,000	GOLDMAN SACHS GROUP INC Floating Rate 0.816% Due 07-22-15	\$95.41	\$753,755	\$87.52	\$691,440	1.0
1,475,000	AT&T INC 2.500% Due 08-15-15	\$99.87	\$1,473,083	\$103.55	\$1,527,318	2.2
200,000	PROCTER & GAMBLE CO 3.150% Due 09-01-15	\$107.28	\$214,560	\$107.37	\$214,750	0.3
1,370,000	HEWLETT PACKARD CO 2.125% Due 09-13-15	\$100.23	\$1,373,099	\$98.24	\$1,345,884	1.9
1,500,000	MORGAN STANLEY Floating Rate 0.883% Due 10-15-15	\$93.11	\$1,396,711	\$84.07	\$1,261,005	1.8
1,360,000	STATE STREET BANK & TRUST Floating Rate 0.738% Due 12-08-15	\$95.96	\$1,305,086	\$94.80	\$1,289,329	1.9
495,000	BERKSHIRE HATHAWAY FIN CORP 2.450% Due 12-15-15	\$99.78	\$493,911	\$103.68	\$513,192	0.7
1,370,000	GENERAL ELEC CAP CORP Floating Rate 0.591% Due 01-08-16	\$93.27	\$1,277,799	\$92.61	\$1,268,764	1.8
1,290,000	MERCK & CO INC MTN 2.250% Due 01-15-16	\$99.10	\$1,278,421	\$103.77	\$1,338,588	1.9
550,000	GOLDMAN SACHS GROUP INC 3.625% Due 02-07-16	\$99.53	\$547,421	\$96.62	\$531,423	0.8
1,385,000	VERIZON COMMUNICATIONS INC 3.000% Due 04-01-16	\$99.91	\$1,383,810	\$104.72	\$1,450,358	2.1
870,000	PEPSICO INC 2.500% Due 05-10-16	\$99.91	\$869,191	\$104.03	\$905,077	1.3
1,385,000	TEXAS INSTRS INC 2.375% Due 05-16-16	\$99.93	\$1,384,008	\$104.17	\$1,442,714	2.1

Sample Treasury Fund



<u>Quantity</u>	<u>Security</u>	<u>Unit Cost</u>	<u>Total Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Pct. Assets</u>
CORPORATE BONDS (Cont.)						
1,270,000	J P MORGAN CHASE Floating Rate 0.872% Due 06-13-16	\$93.49	\$1,187,374	\$89.50	\$1,136,609	1.6
415,000	BANK OF NEW YORK MTN BK 2.300% Due 07-28-16	\$99.91	\$414,647	\$100.31	\$416,287	0.6
900,000	BOEING CAP CORP 2.125% Due 08-15-16	\$101.87	\$916,866	\$102.15	\$919,393	1.3
1,440,000	BRANCH BANKING & TRUST FRN 0.862% Due 09-13-16	\$90.65	\$1,305,365	\$90.09	\$1,297,276	1.9
540,000	INTEL CORP 1.950% Due 10-01-16	\$99.85	\$539,174	\$102.80	\$555,129	0.8
580,000	MISSISSIPPI POWER CO 2.350% Due 10-15-16	\$101.11	\$586,455	\$101.41	\$588,195	0.8
	Accrued Interest				\$194,198	0.3
			\$33,553,372		\$34,084,195	49.1
MBS PASSTRUS						
22,775	FNMA PASS-THRU INT 15 YEAR Pool 455341 5.500% Due 02-01-14	\$97.52	\$22,209	\$108.57	\$24,727	0.0
103,271	FNMA PASS-THRU INT 15 YEAR Pool 611012 4.500% Due 01-01-17	\$95.06	\$98,172	\$107.07	\$110,577	0.2
39,548	FNMA PASS-THRU INT 15 YEAR Pool 625996 4.500% Due 01-01-17	\$93.69	\$37,052	\$106.86	\$42,260	0.1
225,274	FHLMC PC GOLD CASH 15 Pool J02621 5.000% Due 10-01-20	\$98.86	\$222,705	\$107.79	\$242,823	0.3
259,840	FNMA PASS-THRU INT 15 YEAR Pool 896851 5.500% Due 02-01-22	\$100.08	\$260,043	\$108.58	\$282,140	0.4
597,453	FNMA PASS-THRU INT 15 YEAR Pool 973905 5.000% Due 03-01-23	\$100.37	\$599,693	\$107.63	\$643,062	0.9
	Accrued Interest				\$5,259	0.0
			\$1,239,874		\$1,350,848	1.9



<u>Quantity</u>	<u>Security</u>	<u>Unit Cost</u>	<u>Total Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Pct. Assets</u>
CASH AND EQUIVS.						
	Delayed Interest	\$6	\$6		\$6	0.0
	Fidelity Treasury Mmkt Fund #695	\$322,769	\$322,769		\$322,769	0.5
		\$322,775	\$322,775		\$322,775	0.5
TREASURY BONDS						
4,250,000	UNITED STATES TREAS NTS	\$99.79	\$4,241,077	\$100.52	\$4,272,079	6.2
	0.625% Due 02-28-13					
1,195,000	UNITED STATES TREAS NTS	\$99.34	\$1,187,122	\$105.87	\$1,265,113	1.8
	2.625% Due 07-31-14					
700,000	UNITED STATES TREAS NTS	\$100.39	\$702,764	\$104.78	\$733,468	1.1
	1.875% Due 06-30-15					
1,260,000	UNITED STATES TREAS NTS	\$101.34	\$1,276,935	\$104.37	\$1,315,125	1.9
	1.750% Due 07-31-15					
3,350,000	UNITED STATES TREAS NTS	\$100.70	\$3,373,435	\$100.97	\$3,382,455	4.9
	1.000% Due 10-31-16					
2,420,000	UNITED STATES TREAS NTS	\$100.09	\$2,422,088	\$100.30	\$2,427,373	3.5
	0.875% Due 11-30-16					
	Accrued Interest				\$38,520	0.1
			\$13,203,421		\$13,434,133	19.4
AGENCY BONDS						
1,800,000	GOLDMAN SACHS GROUP INC (FDIC GTD)	\$100.94	\$1,816,884	\$101.42	\$1,825,600	2.6
	3.250% Due 06-15-12					
700,000	FEDERAL NATL MTG ASSN	\$98.80	\$691,581	\$102.91	\$720,404	1.0
	4.375% Due 09-15-12					
1,390,000	FEDERAL NATL MTG ASSN Floating Rate	\$100.00	\$1,390,000	\$100.11	\$1,391,593	2.0
	0.315% Due 12-20-12					
1,150,000	FEDERAL HOME LN MTG CORP	\$99.96	\$1,149,540	\$100.56	\$1,156,408	1.7
	0.750% Due 03-28-13					



<u>Quantity</u>	<u>Security</u>	<u>Unit Cost</u>	<u>Total Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Pct. Assets</u>
AGENCY BONDS (Cont.)						
700,000	FEDERAL FARM CR BKS 0.200% Due 09-23-13	\$99.81	\$698,649	\$99.91	\$699,338	1.0
520,000	FEDERAL FARM CR BKS Floating Rate 0.516% Due 09-23-13	\$99.97	\$519,844	\$100.13	\$520,701	0.8
1,100,000	FEDERAL NATL MTG ASSN MTN 0.500% Due 09-26-13	\$100.00	\$1,100,000	\$99.81	\$1,097,952	1.6
1,040,000	FEDERAL FARM CR BKS Floating Rate 0.275% Due 11-19-13	\$99.96	\$1,039,636	\$100.08	\$1,040,870	1.5
1,000,000	FEDERAL HOME LN BKS 5.375% Due 06-13-14	\$100.31	\$1,003,110	\$111.62	\$1,116,246	1.6
4,110,000	FEDERAL NATL MTG ASSN MTN Callable 08/28/12 @ 0.650% Due 08-28-14	\$100.00	\$4,110,000	\$99.89	\$4,105,306	5.9
1,000,000	FEDERAL NATL MTG ASSN 4.625% Due 10-15-14	\$99.34	\$993,412	\$111.11	\$1,111,141	1.6
2,000,000	FEDERAL NATL MTG ASSN 2.625% Due 11-20-14	\$100.73	\$2,014,560	\$105.80	\$2,116,048	3.0
1,390,000	FEDERAL FARM CR BKS - FLOATING RATE 0.380% Due 11-28-14	\$100.00	\$1,390,000	\$99.90	\$1,388,549	2.0
640,000	FEDERAL FARM CR BKS Floating Rate 0.516% Due 05-25-16	\$99.86	\$639,091	\$100.22	\$641,435	0.9
1,240,000	FEDERAL NATL MTG ASSN MTN 1.375% Due 11-15-16	\$100.64	\$1,247,911	\$100.88	\$1,250,952	1.8
	Accrued Interest				\$45,653	0.1
TOTAL PORTFOLIO			\$19,804,219		\$20,228,195	29.1
			\$68,123,660		\$69,420,147	100.0



Protecting Florida's Investments Act Compliance

October 2011

Re: Protecting Florida's Investments Act

This notification is intended to inform you of Sawgrass Asset Management's understanding of and compliance with the Protecting Florida's Investments Act (PFIA). As you may know, the Florida State Board of Administration has issued a guidance regarding some prohibited investments for municipal plans in Florida.

We have reviewed the information from the September 20, 2011 Board of Administration quarterly report and can verify that we hold no securities in your portfolio(s) that are identified on the list of scrutinized companies and any of the other companies on watch regarding the PFIA.

We will continue to monitor this list and notify you should we have any questions regarding our ability to comply. Given the nature of this list, we believe it is unlikely that we would have any problems.

Please contact us if you have any questions regarding the PFIA or your investment with Sawgrass Asset Management.

Best Regards,

Sawgrass Asset Management Team



City of Fort Lauderdale • Procurement Services Division
100 N. Andrews Avenue, 619 • Fort Lauderdale, Florida 33301
954-828-5933 Fax 954-828-5576
www.fortlauderdale.gov/purchasing

EXHIBIT C

August 15, 2012

Sawgrass Asset Management, LLC
1579 The Green Way, Suite 20
Jacksonville Beach, FL 32250

RE: RFP #125-10899 Investment Management Services

Dear Proposer:

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

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

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

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

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

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

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

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



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100 N. Andrews Avenue, 619 • Fort Lauderdale, Florida 33301
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COST PROPOSAL PAGE

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

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

(In basis points)

\$1.00 to \$25,000,000	<u>0.58333 monthly</u>	(7 bps annually)
Over \$25,000,000 up to \$50,000,000	<u>0.58333 monthly</u>	(7 bps annually)
Over \$50,000,000 up to \$100,000,000	<u>0.5 monthly</u>	(6 bps annually)
Over \$100,000,000 up to \$150,000,000	<u>0.5 monthly</u>	(6 bps annually)
Over \$150,000,000	<u>0.5 monthly</u>	(6 bps annually)

PLEASE SIGN BELOW:

Contractor/Proposer/ Bidder Company Name: Sawgrass Asset Management, L.L.C.

Authorized Company Person's Signature: _____

Authorized Company Person's Title Partner

Date: August 16, 2012



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EXHIBIT D

June 4, 2012

Sawgrass Asset Management, LLC
1579 The Green Way, Suite 20
Jacksonville Beach, FL 32250

RE: RFP #125-10899 Investment Management Services

Dear Proposer:

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

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

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

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

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

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

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

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



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COST PROPOSAL PAGE

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

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

	(In basis points)	
\$1.00 to \$25,000,000	<u>0.58333 monthly</u>	(7 bps annually)
Over \$25,000,000 up to \$50,000,000	<u>0.58333 monthly</u>	(7 bps annually)
Over \$50,000,000 up to \$100,000,000	<u>0.5 monthly</u>	(6 bps annually)
Over \$100,000,000 up to \$150,000,000	<u>0.5 monthly</u>	(6 bps annually)
Over \$150,000,000	<u>0.5 monthly</u>	(6 bps annually)



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QUESTIONNAIRE

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

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

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

Yes, we will manage a customized separate account in accordance with the City's investment policy.

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

Sawgrass Asset Management will manage a separate account, held at the custodian of your choice, with your securities selected in accordance with your IPS.

3. Does your firm consider itself and those who will be working with us to be fiduciaries of our investment funds? If not, why not?

Yes, Sawgrass would be a fiduciary of your investment funds.

4. If your firm provides other financial services (banking, insurance, broker/dealer, etc) under what circumstances might we not get best execution for our trades?

Sawgrass Asset Management's sole line of business is investment management and we seek best execution for each and every trade we make for the benefit of your account.



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

Based upon your current cash flow needs and our understanding of your goals for safety, liquidity and yield, Sawgrass Asset Management would recommend the City of Ft. Lauderdale utilize portfolios that invest in high quality bonds that have an average duration of less than three years, consistent with your current investment policy. We have a great amount of experience managing municipal portfolios with investment policies similar to yours.

Our only additional suggestion would be to increase the limit of corporate bonds from a maximum of 25 percent to a maximum of 50 percent. This offers the opportunity for a higher return with better downside protection with minimal additional risk.

PLEASE SIGN BELOW:

Contractor/Proposer/ Bidder Company Name: Sawgrass Asset Management, L.L.C.

Authorized Company Person's Signature:

Authorized Company Person's Title:

Partner

Date:

June 7, 2012