

**AGREEMENT FOR  
INVESTMENT MANAGEMENT SERVICES**

**THIS AGREEMENT**, made this 22<sup>nd</sup> day of October 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 Garcia Hamilton & Associates, L.P., a Delaware limited partnership authorized to transact business in the State of Florida, ("Contractor" or "Company"), whose address and phone number are 5 Houston Center, 1401 McKinney, Suite 1600, Houston, TX, 77010, Phone: 713-853-2322, Fax: 713-853-2308, 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 16, 2012 ("Exhibit C")
- (4) The Contractor's First Best & Final, dated June 11, 2012 ("Exhibit D")

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

- A. First, specific direction from the City Manager (or designee)
- B. Second, this Agreement dated Oct. 22<sup>nd</sup>, 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

ATTEST:

CONTRACTOR

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

By: New Southwest GP Holdings, Inc., a  
Delaware corporation authorized to transact  
business in the State of Florida  
General Partner

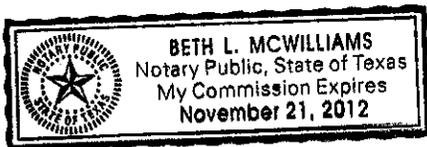
By: [Signature]  
Gilbert A. Garcia  
President

(CORPORATE SEAL)

STATE OF TEXAS :  
COUNTY OF HARRIS :

The foregoing instrument was acknowledged before me this 17<sup>th</sup> day of October, 2012, by Gilbert A. Garcia as president for New Southwest GP Holdings, Inc., a Delaware corporation authorized to transact business in the State of Florida, as General Partner for Garcia Hamilton & Associates, L.P., a Delaware limited partnership authorized to transact business in the State of Florida.

(SEAL)



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

Beth L. McWilliams  
(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**

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**

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 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).

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

14. **SUBSTITUTION OF PERSONNEL**

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

15. **INSURANCE**

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

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

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

**Workers' Compensation and Employers' Liability Insurance**

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

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

**Commercial General Liability Insurance**

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

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

This coverage must include, but not limited to:

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

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

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

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

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

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

19. PUBLIC ENTITY CRIMES

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

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

20. CANADIAN COMPANIES

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

21. LOBBYING ACTIVITIES

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

22. BID TABULATIONS/INTENT TO AWARD

(Notice of Intent to Award Contract/Bid, resulting from the City's Formal solicitation process, requiring City Commission action, may be found at [http://www.fortlauderdale.gov/purchasing/notices\\_of\\_intent.htm](http://www.fortlauderdale.gov/purchasing/notices_of_intent.htm). Tabulations of receipt of those parties responding to a formal solicitation may be found at

## PART IV - TECHNICAL SPECIFICATIONS/SCOPE OF SERVICES

### SECTION I - PURPOSE

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

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

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

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

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

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

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

---

**PART VII – PROPOSAL SUMMARY REQUIREMENTS**

**PROPOSAL SUMMARY REQUIREMENTS TO BE COMPLETED AND SUBMITTED AS FOLLOWS:**

**SUBMISSION REQUIREMENTS:**

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

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

	Short-Term Funds	Medium-Term Funds	Long-Term Funds
Government Institutions			
Other Institutions			
Total			

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	_____	_____

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

Fixed Income Performance

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

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

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

6. Accounting and Reporting

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

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

**PART VIII - PROPOSAL PAGES - TECHNICAL PROPOSAL**

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

- Tab 1: Bid/Proposal Signature page (signed by a representative who is authorized to contractually bind the Contractor). A copy of your Corporate By-Laws, or a letter signed by a corporate officer should be included, if proposal is signed by other than the President, Vice President or Treasurer.
- Tab 2: Non-Collusion Statement
- Tab 3: Letter of Interest, The letter of interest may contain any other information not in the proposal but should not exceed two (2) pages.
- Tab 4: Statement of Proposed Services. Proposals should respond to scope of work. They should be no longer than twelve (12) pages (single sided), and be comprised of three general components: (a) an assessment of capability and approach to perform the scope of service; (b) identification of Proposer's distinctive competence, staff qualifications assigned to this account with their experience and skills they bring to this assignment, along with resume of experience and qualifications;
- Tab 5: Business Licenses. Evidence that your firm and/or persons performing the work are licensed to do business in the State of Florida, or Certificate of Good Standing from the State in which you are corporately registered.
- Tab 6: Evidence of Insurance. Certificate of Insurance showing coverage, forms, limits. Actual insurance certificates will be required from recommended contractor, prior to award.
- Tab 7: List of five current and past clients/references for whom you have provided similar services in the last three years; Provide agency name, address, telephone number, contact person, and date service was provided. Be prepared to provide, upon request, evidence of work product, ability to meet schedules, cooperation, and responsiveness. Attach additional sheets if necessary.
- Tab 8: **PART VII - Proposal Summary Requirements (Provide answers to all questions in this section of the RFP, including the fees in basis points).**
- Tab 9: SSAE 16, SOC 2, Type I report with their proposal. Awarded contractor will be required to provide an SSAE 16, SOC 2, Type II report annually during the term of this contract. If the Contractor cannot provide the SSAE 16, SOC 2, Type I report at the time of proposal submittal, a current SOC 3 report will be accepted.
- Tab 10: Any additional attachments to your proposal.

WHITE, which includes persons whose origins are Anglo-Saxon and Europeans and persons of Indo-European decent including Pakistani and East Indian.

HISPANIC, which includes persons of Mexican, Puerto Rican, Cuban, Central and South American, or other Spanish culture or origin, regardless of race.

NATIVE AMERICAN, which includes persons whose origins are American Indians, Eskimos, Aleuts, or Native Hawaiians.

ASIAN AMERICAN, which includes persons having origin in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands.

#### 1.10 MINORITY-WOMEN BUSINESS ENTERPRISE PARTICIPATION

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

#### 1.11 SCRUTINIZED COMPANIES

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

The Contractor certifies that it is not on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List as provided in section 287.135, Florida Statutes (2011), as may be amended or revised. The City may terminate this Contract at the City's option if the Contractor is found to have submitted a false certification as provided under subsection (5) of section 287.135, Florida Statutes (2011), as may be amended or revised, or been placed on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List.

### Part II. DEFINITIONS/ORDER OF PRECEDENCE:

**2.01 BIDDING DEFINITIONS** The City will use the following definitions in 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.

### ART III. BIDDING AND AWARD PROCEDURES:

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

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

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

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

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

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

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

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

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

#### PART IV BONDS AND INSURANCE

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

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

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

The Contractor shall provide to the Procurement Services Division original certificates of coverage and receive notification of approval of those certificates by the City's Risk Manager prior to engaging in any activities under this contract. The 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.

#### ART V PURCHASE ORDER AND CONTRACT TERMS:

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

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

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

2. The City requires the Contractor to continue to provide the items and services at the firm fixed (non-adjusted) cost until the termination of the contract term then in effect.
3. If the City, in its interest and in its sole opinion, determines that the Contractor in a capricious manner attempted to use this section of the contract to relieve themselves of a legitimate obligation under the contract, and no unusual circumstances had occurred, the City reserves the right to take any and all action under law or equity. Such action shall include, but not be limited to, declaring the Contractor in default and disqualifying him for receiving any business from the City for a stated period of time.

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

- 5.17 ELIGIBILITY:** If applicable, the Contractor must first register with the Department of State of the State of Florida, in accordance with Florida State Statutes, prior to entering into a contract with the City.
- 5.18 PATENTS AND ROYALTIES:** The Contractor, without exception, shall indemnify and save harmless the City and its employees from liability of any nature and kind, including cost and expenses for or on account of any copyrighted, patented or un-patented invention, process, or article manufactured or used in the performance of the contract, including its use by the City. If the Contractor uses any design, device, or materials covered by letters, patent or copyright, it is mutually agreed and understood without exception that the bid prices shall include all royalties or costs arising from the use of such design, device, or materials in any way involved in the work.
- 5.19 ASSIGNMENT:** Contractor shall not transfer or assign the performance required by this ITB without the prior written consent of the City. Any award issued pursuant to this ITB, and the monies, which may become due hereunder, are not assignable except with the prior written approval of the City Commission or the City Manager or City Manager's designee, depending on original award approval.
- 5.20 LITIGATION VENUE:** The parties waive the privilege of venue and agree that all litigation between them in the state courts shall take place in Broward County, Florida and that all litigation between them in the federal courts shall take place in the Southern District in and for the State of Florida.

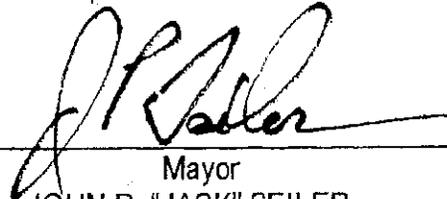
RESOLUTION NO. 11-314

PAGE 2

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

Table of Contents

	<b>Page</b>
I. PURPOSE	3
II. SCOPE	3
III. INVESTMENT OBJECTIVES	3
<hr/>	
IV. DELEGATION OF AUTHORITY	4
V. STANDARDS OF PRUDENCE	4
VI. ETHICS AND CONFLICTS OF INTEREST	4
VII. INTERNAL CONTROLS AND INVESTMENT PROCEDURES	5
VIII. CONTINUING EDUCATION	5
IX. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS	5
X. MATURITY AND LIQUIDITY REQUIREMENTS	6
XI. COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS	6
XII. AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION	7
XIII. DERIVATIVES AND REVERSE REPURCHASE AGREEMENTS	13
XIV. PERFORMANCE MEASUREMENTS	13
XV. REPORTING	14
XVI. THIRD-PARTY CUSTODIAL AGREEMENTS	14
XVII. INVESTMENT POLICY ADOPTION	15

ATTACHMENT A: Glossary of Cash and Investment Management Terms

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

#### **IV. DELEGATION OF AUTHORITY**

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

#### **V. STANDARDS OF PRUDENCE**

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

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

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

#### **VI. ETHICS AND CONFLICTS OF INTEREST**

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

## X. MATURITY AND LIQUIDITY REQUIREMENTS

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

### A. Maturity Guidelines

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

### B. Liquidity Requirements

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

## XI. COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS

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

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

- A. Telerate Information System
- B. Bloomberg Information Systems
- C. Wall Street Journal or a comparable nationally recognized financial publication providing daily market pricing
- D. Daily market pricing provided by the City's custodian or their correspondent institutions.

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

Examples of when this method may be used include:

- A. Time constraints due to unusual circumstances preclude the use of the competitive bidding process
- B. No active market exists for the issue being traded due to the age or depth of the issue
- C. A security is unique to a single dealer, for example, a private placement

2. Portfolio Composition  
A maximum of 100% of available funds may be invested in the United States Government Securities with the exception that Treasury Strips are limited to 10% of available funds.
3. Maturity Limitations  
The maximum length to maturity of any direct investment in the United States Government Securities is ten (10) years from the date of purchase.

---

C. United States Government Agencies

1. Purchase Authorization  
Investment in bonds, debentures, notes or callables issued or guaranteed by the United States Governments agencies, provided such obligations are backed by the full faith and credit of the United States Government. Such securities will include, but not be limited to the following:
  - United States Export-Import Bank
    - Direct obligations or fully guaranteed certificates of beneficial ownership
  - Farmer Home Administration
    - Certificates of beneficial ownership
  - Federal Financing Bank
    - Discount notes, notes and bonds
  - Federal Housing Administration Debentures
  - Government National Mortgage Association (GNMA)
    - GNMA guaranteed mortgage-backed bonds
    - GNMA guaranteed pass-through obligations
  - General Services Administration
  - United States Maritime Administration Guaranteed
    - Title XI Financing
  - New Communities Debentures
    - United States Government guaranteed debentures
  - United States Public Housing Notes and Bonds
    - United States Government guaranteed public housing notes and bonds
  - United States Department of Housing and Urban Development
    - Project notes and local authority bonds
2. Portfolio Composition  
A maximum of 100% of available funds may be invested in United States Government agencies.
3. Limits on Individual Issuers  
A maximum of 25% of available funds may be invested in individual United States Government agencies.
4. Maturity Limitations  
The maximum length to maturity for an investment in any United States Government agency security is ten (10) years from the date of purchase.

- b. A third party custodian with whom the City has a current custodial agreement shall hold the collateral for all repurchase agreements with a term longer than one (1) business day. A clearly marked receipt that shows evidence of ownership must be supplied to the Treasurer and retained.
  - c. Securities authorized for collateral must have maturities less than ten (10) years and with market value for the principal and accrued interest of 102 percent of the value and for the term of the repurchase agreement. ~~Immaterial short-term deviations from 102 percent requirement are permissible only upon the approval of the Treasurer.~~
  - d. The overnight sweep arrangement shall adhere to the agreement between the City and the City's depository bank.
2. **Portfolio Composition**  
A maximum of 20% of available funds may be invested in repurchase agreements excluding one (1) business day agreements and overnight sweep agreements.
  3. **Limits on Individual Issuers**  
A maximum of 10% of available funds may be invested with any one institution excluding one (1) business day agreements and overnight sweep agreements.
  4. **Maturity Limitations**  
The maximum length to maturity of any repurchase agreement is 90 days from the date of purchase.
- G. **Commercial Paper**
1. **Purchase Authorization**  
Investment in commercial paper of any United States company that is rated, at the time 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

K. City of Fort Lauderdale Debt Obligations

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

L. Registered Investment Companies (Money Market Mutual Funds)

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

M. Intergovernmental Investment Pool

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

## XV. REPORTING

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

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

B. Annual Investment Report

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

C. Monitoring and Compliance

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

## XVI. THIRD-PARTY CUSTODIAL AGREEMENTS

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

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

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

## ATTACHMENT A

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

**Agency.** See "Federal Agency Securities."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. **Control of collusion** - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. **Separation of transaction authority from accounting and record keeping** - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. **Custodial safekeeping** - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
4. **Avoidance of physical delivery securities** - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. **Clear delegation of authority to subordinate staff members** - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. **Written confirmation of transactions for investments and wire transfers** - Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
7. **Development of a wire transfer agreement with the lead bank and third-party custodian** - The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

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

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

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

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

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

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

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

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

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

**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."

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).

**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."

**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:

\_\_\_\_\_



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](mailto:purchase@fortlauderdale.gov)

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.



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](mailto:purchase@fortlauderdale.gov)

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

**25. LOCAL BUSINESS PREFERENCE**

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

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

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

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

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

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

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

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

RFP NO. 125-10899

TITLE: Investment Management Services

EXHIBIT "B"
LOCAL BUSINESS PREFERENCE CERTIFICATION STATEMENT

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

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

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

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

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

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

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

ROPOSER'S COMPANY:

AUTHORIZED COMPANY PERSON:

STATE OF
COUNTY OF

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

EAL)
Notary Public, State of
(Signature of Notary taking Acknowledgment)
Name of Notary Typed, Printed or Stamped
My Commission Expires:
Commission Number

Commerical paper - market value - \$0.00, % of portfolio - 0.00%, maximum % authorized - 25%.  
 Unsettled Activity Cash - market value \$7,182.70, % of portfolio - 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 responsible 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 Statutes. Also, the addition of fuel hedging for an energy price risk management program. The primary goal of the program is to minimize the variability in the city's budget due to fluctuations in the price of fuel rather than speculative investment. This program is in the process of being finalized.  
**(Answered: Apr 5, 2012 3:09:07 PM EDT)**

**Question 15**

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

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

**Answer**

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

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

**Question 16**

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

**Answer**

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

**Question 17**

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

**Answer**

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

**Question 18**

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

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

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

#### Question 24

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

#### Answer

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

#### Question 25

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

The Contractor shall provide a current SSAE 16, SOC 2, Type I report with their proposal. Awarded contractor will be required to provide an SSAE 16, SOC 2, Type II report annually during the term of this contract. If the Contractor cannot provide the SSAE 16, SOC 2, Type I report at the time of proposal submittal, a current SOC 3 report will be accepted. Will our vendor SSAE 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 incumbant manager was invited to rebid) following a termed contract? (Submitted: Apr 6, 2012 12:44:35 PM EDT)

#### Answer

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

#### Question 27

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

#### Answer

- SEE ADDENDUM NO 2 ATTACHED DATED APRIL 9, 2012

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

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

&The Contractor shall provide a current SSAE 16, SOC 2, Type 1 report with their proposal. Awarded contractor will be



---

**U.S. FIXED INCOME**

**CITY OF FORT LAUDERDALE, FL**

**PROCUREMENT SERVICES DIVISION**

***RFP 125-10899, Investment Management Services***

---

**April 23, 2012**

## INDEX

Tab 1	Bid/Proposal Signature Page
Tab 2	Non-Collusion Statement
Tab 3	Letter of Interest
Tab 4	Statement of Proposed Services
Tab 5	Business Licenses
Tab 6	Evidence of Insurance
Tab 7	List of References
Tab 8	Proposal
Tab 9	SSAE 16 SOC 2, Type 1
Tab 10	Addendums
Tab 11	ADV Part 2A
	ADV Part 2B
	Methods & Formulas
	Sample Monthly Fixed Income Client Book
	Sample Quarterly Fixed Income Client Book
	Index Comparisons

**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: Beth L. McWilliams 4/19/2012  
(signature) (date)

Name (printed) Beth McWilliams Title: Chief Compliance Officer

Company: (Legal Registration): Garcia Hamilton & Associates, L.P.

**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: 5 Houston Center, 1401 McKinney, Suite 1600

City Houston State: Texas Zip 77010

TelephoneNo. (713)853-2322 FAXNo. (713)853-2308 Email: bmcwilliams@garciahamiltonassociates.com

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

Payment Terms (section 1.04): None Total Bid Discount (section 1.05): None

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

**Note: Garcia Hamilton & Associates is more than 51% owned by minority and women partners.**

**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 X

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

Variances:

**NON-COLLUSION STATEMENT:**

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

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

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

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

3.3. City employees may not contract with the City through any corporation or business entity in which they or their immediate family members hold a controlling financial interest (e.g. ownership of five (5) percent or more).

3.4. Immediate family members (spouse, parents and children) are also prohibited from contracting with the City subject to the same general rules.

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

**NAME**

**RELATIONSHIPS**

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

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

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

# GH&A

GARCIA HAMILTON & ASSOCIATES, L.P.

---

5 HOUSTON CENTER  
1401 MCKINNEY, SUITE 1600  
HOUSTON, TX 77010  
TEL: (713) 853-2322  
FAX: (713) 853-2308

WWW.GARCIAHAMILTONASSOCIATES.COM

April 20, 2012

**VIA –FedEx**

City of Fort Lauderdale  
Procurement Services Division, Room 619  
City Hall  
100 North Andrews Avenue  
Fort Lauderdale, Florida 33301

**RE: The City of Fort Lauderdale**

To Whom It May Concern:

We truly appreciate the opportunity to present the Garcia Hamilton & Associates, L.P. Fixed Income Short Duration Opportunistic Strategy in the enclosed completed Request for Proposals. Garcia Hamilton & Associates, L.P. is a limited partnership and presently has over \$2.9 billion under assets. As of June 30, 2010 we became 100% employee-owned. If the City of Fort Lauderdale is seeking a high-quality fixed income manager with very competitive returns, our Fixed Income Short Duration Opportunistic Strategy would be an excellent fit. In addition, GH&A has had a relationship with the City of Fort Lauderdale General Employees' since 1988.

Garcia Hamilton & Associates has a long and distinguished history in building meaningful relationships with clients. Our partnership perspective uniquely positions us to understand the depths of your specific investment requirements, and as a result structure investment solutions to address those requirements. This is the basis on which the Firm was established and one of the ways we have consistently differentiated ourselves from our competitors.

We appreciate your consideration of our firm and look forward to the opportunity to participate in the next stage of the search process. If you have any questions or require additional information, please do not hesitate to contact me or Janna Hamilton at 713-853-2322.

Sincerely,



Gilbert Garcia, CFA  
Managing Partner





**U.S. FIXED INCOME**

**CITY OF FORT LAUDERDALE, FL**

**PROCUREMENT SERVICES DIVISION**

***STATEMENT OF PROPOSED SERVICES***

***RFP 125-10899, Investment Management Services***

---

**April 23, 2012**

# STATEMENT OF PROPOSED SERVICES

## **MWBE Certifications**

In October 2009, GH&A successfully met the established requirements of the State of Texas Historically Underutilized Business Program to be recognized as a HUB. In addition, in February 2011, we were certified as a HUB firm with the Statewide Uniform Certification (SWUC) Program in North Carolina.

The firm qualified due to ownership breakdown. GH&A is 75% owned by ethnic minority and women partners. Gilbert Garcia, Managing Partner owns 45% with the remaining 30% held by Janna Hamilton and Beth McWilliams.

## **Assessment of Capability and Approach to Perform the Scope of Service**

For more than 20 years, GH&A has been involved in the daily management of portfolios through our qualitative and quantitative components including our proprietary models, the placing of all orders for the purchase and sale of securities, settlements of these transactions, reconciliation of transactions with custodial statements, reporting and the availability of conference calls and meeting with all clients and consultants.

## **Procedures**

GH&A is responsible for ensuring that client accounts are managed consistently with clients' investment objectives, needs and circumstances, as communicated to GH&A. Whenever possible, Account Administration will obtain written documentation outlining the investment guidelines, policy and objectives for all client accounts. Account Administration is responsible for ensuring that all relevant Portfolio Managers, Traders and Analyst receive a copy of this documentation, including updates. The Analysts are responsible for maintaining the updated documentation regarding client restrictions and guidelines for trading purposes.

## **Resources**

Continuous daily communication occurs between the investment team members. More specifically, valuable information sharing occurs regularly between the entire GH&A Investment Group (i.e. Fixed Income Team and Equity Team). Our *total firm integration* of fixed income and equity professionals gives the Fixed Income Portfolio Management Team additional insight into corporate credits not found in fixed income only firms. As a result of all GH&A investment professionals being physically located at the sole office of GH&A in Houston, TX, continuous daily communication between the team members is maintained with ease.

## **Philosophy and Process**

Since GH&A's inception, the firm has followed a consistent fixed income investment philosophy that focuses on the preservation of principal while maintaining high current income. Our goal is to outperform our benchmark indices net of fees with higher credit quality, lower risk and less volatility.

GH&A's fixed income strategies employ a top-down approach. Our primary strategy to achieve our objective of outperforming the benchmark is through controlled interest rate anticipation and active sector rotation. Our broad fundamental analysis of duration, yield curve, and sectors results in a defined set of parameters for the individual issues that fit our target portfolios.

## **Distinctive Competence**

We believe that we have several unique resources and competitive advantages versus our competition.

*First*, our investment team is fully integrated. Thus, our fixed income portfolios benefit from our equity expertise. This is something that many bond-only firms lack.

*Second*, we have a dedicated quantitative strategist. His model work is an excellent check and balance to the investment process.

*Third*, our high quality philosophy prevents the firm from taking unnecessary or unquantifiable risk. This is particularly clear in today's current volatile environment.

*Fourth*, our flexibility allows us to exploit market inefficiencies that exist in smaller markets.

*Lastly*, our proprietary systems allow us to monitor our performance, yield curve exposure, sector exposure and sector duration contribution exposure for every client on a daily basis.

### **Professional Staff**

The firm's investment team includes eleven professionals: five portfolio managers, five analysts and one quantitative strategist. The investment team is fully integrated thus, our fixed income portfolios benefit from our equity expertise.

The firm's fixed income investment team consists of 8 investment professionals with Gilbert A. Garcia, Managing Partner being the final decision-maker for portfolio purchases and sales. The members of fixed income investment team collectively have over 120 years of industry experience and over 40 years of experience with the firm. The team includes two MBAs and one MS in Finance. Five individuals also hold the Chartered Financial Analyst (CFA) designation.

Gilbert A. Garcia, our Managing Partner and Fixed Income Portfolio Manager will be the key person assigned to coordinate the firm's services to the Fayetteville Firemen's Pension and Relief Board account. Mr. Garcia had been with the firm since 2002. However, he has had over twenty years experience in investments. He has managed many government portfolios with GH&A as well as with his former employers, Smith Graham & Co., Cisneros Asset Management Company and Salomon Brothers.



**GILBERT ANDREW GARCIA, CFA**  
**Managing Partner**

Phone: 713-853-2323

Fax: 713-853-2300

Email: [GGarcia@GarciaHamiltonAssociates.com](mailto:GGarcia@GarciaHamiltonAssociates.com)

Year Hired: 2002

Investment Experience: 26 years

Role: Final decision-maker for fixed income portfolios.

Mr. Garcia received a B.A. in Economics from Yale University. After graduating in 1985, he joined Salomon Brothers in New York City where he became a Vice-President specializing in mortgage-backed securities. In 1990, Mr. Garcia joined former Mayor Henry Cisneros and Criterion Investment Management Company to build Cisneros Asset Management Company ultimately becoming its President.

In 1996, Mr. Garcia joined Smith Graham & Company and soon after he became the firm's CIO. In 2002, he joined Garcia Hamilton & Associates, L.P. and is the firm's Managing Partner.

Mr. Garcia has been involved in numerous community organizations having served as Treasurer of the Board of Directors for Sponsors for Educational Opportunity (SEO), Secretary of the Houston Downtown Management District, member of the Yale Club of Houston Board of Directors and a member of the Board of Trustees of the Houston Municipal Employees Pension System. He currently serves as Chairman of the Metropolitan Transit Authority of Harris County. In addition, he is a Class X graduate of Leadership Houston. Mr. Garcia is married with four children and enjoys martial arts and coaching youth soccer.



**NANCY RODRIGUEZ**  
**Fixed Income Portfolio Manager**

Phone: 713-853-2305  
Fax: 713-853-2300  
Email: NRod@GarciaHamiltonAssociates.com  
Year Hired: 1998  
Investment Experience: 24 years  
Role: Research, Analysis, and Trading

Ms. Rodriguez received a B.S. in Biology from the University of Houston in 1987. After graduating, she joined the investment firm Daniel Breen & Co., L.P., Houston, Texas where she worked from 1987 to 1998. During this time, she worked with equity and fixed income securities and held several positions including Trader's Assistant, Research Assistant and Portfolio Administrator. She has over 20 years experience in the investment industry. Ms. Rodriguez joined Garcia Hamilton & Associates L.P. in 1998.



**JEFFREY D. DETWILER, CFA, AAMS**  
**Fixed Income Portfolio Manager**

Phone: 713-853-2346  
Fax: 713-853-2300  
Email: JDetwiler@GarciaHamiltonAssociates.com  
Year Hired: 2007  
Investment Experience: 15 years  
Role: Research, Analysis, Client Service and Trading

Mr. Detwiler received a B.S. in Finance from University of South Florida in 2000 and a M.S. in Finance from University of Houston's Bauer School of Business along with a Graduate Certificate in Financial Services Management in 2007. He began his career in finance in 1996 as a financial planner and has

worked at Franklin Templeton Investments in St. Petersburg, FL as well as INVESCO Funds Group in Denver, CO. In 2003, Mr. Detwiler joined AIM Distributors, Inc. where he worked with a broad range of asset classes in the Financial Dealer Division. From 2006 through 2007, he worked for the Cougar Investment Fund, LLC as an Analyst and a Portfolio Manager. Mr. Detwiler joined Garcia Hamilton & Associates L.P. in 2007.

Mr. Detwiler is a Chartered Financial Analyst (CFA) charterholder and is a member of the CFA Institute and the Houston Society of Financial Analysts. Mr. Detwiler has also attained the Accredited Asset Management Specialist (AAMS) designation awarded by the College for Financial Planning.



**JOHN A. LOHMAN, CFA**  
**Portfolio Manager/Quantitative Strategist**

Phone: 713-853-2341

Fax: 713-853-2300

Email: JLohman@GarciaHamiltonAssociates.com

Year Hired: 1995

Investment Experience: 18 years

Role: Economic Research, Maintaining and Creating Proprietary Models

Mr. Lohman received a B.B.A. in Economics and Finance Summa Cum Laude from Loyola University in 1991 and a M.B.A. Dean's Scholar from the University of Texas at Austin in 1995. Prior to enrolling in the Masters program in 1993, he was a market maker in options on the American Stock Exchange. Mr. Lohman joined Garcia Hamilton & Associates L.P. in 1995.

Mr. Lohman is a Chartered Financial Analyst and a member of the CFA Institute and the Houston Society of Financial Analysts. He is a member of the Beta Gamma Sigma and Alpha Sigma Nu honor societies, and served as an advisor to the UT MBA Investment Fund L.L.C. In addition, Mr. Lohman received the Bank of Louisiana Award for Outstanding Economics Graduate and was recognized for Most Outstanding Contribution to the Loyola Journal of Economics.



**DANIEL J. KALLUS, CFA/CIC**  
**Partner/Equity Portfolio Manager/Fixed Income Credit Analyst**

Phone: 713-853-2313

Fax: 713-853-2300

Email: Daniel@GarciaHamiltonAssociates.com

Year Hired: 1997

Investment Experience: 20 years  
Role: Corporate Credit Research

Mr. Kallus received a B.B.A. Summa Cum Laude in Finance from the University of Houston in 1993 and a M.B.A. from the University of Houston in 1997. From 1991 to 1993, Mr. Kallus held the position of Analyst/Equity Trader at Shell Pension Trust. He was a Systems Specialist at American Capital Management and Research from 1993 to 1994. Prior to joining Garcia Hamilton & Associates L.P., he was an Investment Consulting Analyst in Smith Barney's Managed Money Division in Houston. Mr. Kallus joined the firm in 1997 as a portfolio manager and was elevated to Director of Equities in 2008.

Mr. Kallus is a Chartered Financial Analyst, a Chartered Investment Counselor, and a member of the CFA Institute and the Houston Society of Financial Analysts. He received the Financial Executive Institute's Outstanding Student Award for 1992, as well as the Houston Society of Financial Analysts' Outstanding Student Award for the same year.



**MATTHEW J. WELLS, CFA**  
**Investment Analyst**

Phone: 713-853-2332  
Fax: 713-853-2300  
Email: MWells@GarciaHamiltonAssociates.com  
Year Hired: 2008  
Investment Experience: 11 years  
Role: Research, Analysis, Client Service and Trading

Mr. Wells received a B.B.A. in Finance and International Business from Baylor University in 2000. He began his career in finance with AIM Investments training individuals on mutual fund trade execution and the use of mutual fund attribution for application to clients' asset allocations. From 2001 to 2004, Matthew was a Portfolio Analyst at JPMorgan Private Bank where he was an integral part of portfolio management including conducting investment reviews, monitoring portfolios and working closely with a team of portfolio managers in the asset allocation and investment selection for foundation, endowment and private client accounts. Prior to joining Garcia Hamilton & Associates L.P. he was a Vice President Client Manager in the Houston office of US Trust Bank of America Private Wealth Management. In this role, he developed solutions to address client's individual needs in several areas including risk management and customized credit. Mr. Wells joined the firm in 2008.

Mr. Wells has obtained the Chartered Financial Analyst (CFA) designation. He is a member of the CFA Institute, the Houston Society of Financial Analysts, the Houston Golf Association, where he is actively involved in First Tee of Houston and Habitat for Humanity.



**KAREN TASS**  
**Fixed Income Analyst**

Phone: 713-853-2343  
Fax: 713-853-2300  
Email: KarenTass@GarciaHamiltonAssociates.com  
Year Hired: 2010  
Investment Experience: 2 years  
Role: Research

Ms. Tass received a B.A. in International Studies with a minor in Business from Texas A&M University in 2002. She graduated in August 2010 with a M.B.A. in Finance from University of Houston's Bauer School of Business along with a Graduate Certificate in Financial Services Management. She began her career in finance in 2009 as an Analyst for the Cougar Investment Fund, LLC and in January of 2010 she was promoted as the Fund's Portfolio Manager. Ms. Tass joined Garcia Hamilton & Associates L.P. in June of 2010 as a Fixed Income Analyst.

Ms. Tass is a Level III Chartered Financial Analyst (CFA) candidate. She is a member of the National Association of Women MBAs and is a Winner of the 2010 Investment Research Challenge in Texas.



**Benjamin D. Monkiewicz**  
**Junior Analyst**

Phone: 713-853-2325  
Fax: 713-853-2300  
Email: bmonkiewicz@GarciaHamiltonAssociates.com  
Year Hired: 2010  
Investment Experience: 1 year  
Role: Research

Mr. Monkiewicz received a B.A. Degree in Marketing from Sam Houston State University in Fall of 2010. He began his career in finance in 2010 as a Summer Intern for Garcia Hamilton & Associates. Mr. Monkiewicz joined Garcia Hamilton & Associates L.P. in December of 2010 as a Marketing Analyst. Mr. Monkiewicz is a member of the Sigma Chi Fraternity and the Order of Omega Honor Society where he has held the position of treasurer to both organizations. He has plans on acquiring an M.B.A in Finance as well as the CFA designation in the near future.

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 its 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) Garcia Hamilton & Associates, L.P. 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: Garcia Hamilton & Associates, L.P.

AUTHORIZED COMPANY PERSON: Gilbert A. Garcia

NAME

SIGNATURE

DATE

Handwritten signature and date 4/19/2012

STATE OF Texas
COUNTY OF Harris

The foregoing instrument was acknowledged before me this 19th day of April, 2012, by Gilbert A. Garcia and Ruby Dang as Managing Partner and Investment Analyst respectively, of Garcia Hamilton & Associates, L.P. They are personally known to me or have produced as identification.

(SEAL)

Handwritten signature of Beth L. McWilliams
Notary Public, State of Texas
(Signature of Notary taking Acknowledgment)



Beth McWilliams
Name of Notary Typed, Printed or Stamped

My Commission Expires: November 21, 2012

00826909-0
Commission Number







# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
09/28/2011

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).

<b>PRODUCER</b> Willis of Massachusetts, Inc. 26 Century Blvd. P. O. Box 305191 Nashville, TN 37230-5191	<b>CONTACT NAME:</b> PHONE (A/C NO, EXT): 877-945-7378	FAX (A/C NO): 888-467-2378	
	<b>E-MAIL ADDRESS:</b> certificates@willis.com		
<b>INSURED</b> Garcia Hamilton & Associates, L.P. Five Houston Center 1401 McKinney Street, Suite 1600 Houston, TX 77010	<b>INSURER(S) AFFORDING COVERAGE</b>		<b>NAIC#</b>
	<b>INSURER A:</b> Great American Insurance Company		16691-915
	<b>INSURER B:</b>		
	<b>INSURER C:</b>		
	<b>INSURER D:</b>		
<b>INSURER E:</b>			
<b>INSURER F:</b>			

**COVERAGES**                      **CERTIFICATE NUMBER:** 16659622                      **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	ADD'L INSRD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED      RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						WC STATU-TORY LIMITS      OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Crime			CRP150063402	8/23/2011	8/23/2012	\$3,000,000 Limit

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

### CERTIFICATE HOLDER

### CANCELLATION

For Information  
:

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



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
09/09/2011

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).

<b>PRODUCER</b> Willis of Massachusetts, Inc. 26 Century Blvd. P. O. Box 305191 Nashville, TN 37230-5191	<b>CONTACT NAME:</b> PHONE (A/C, NO, EXT): 877-945-7378 FAX (A/C, NO): 888-467-2378 E-MAIL ADDRESS: certificates@willis.com
	INSURER(S) AFFORDING COVERAGE INSURER A: Hartford Accident and Indemnity Company NAIC# 22357-001 INSURER B: Twin City Fire Insurance Company 29459-001 INSURER C: INSURER D: INSURER E: INSURER F:
<b>INSURED</b> Garcia Hamilton & Associates, L.P. Attn: Beth McWilliams 1401 McKinney St. Suite 1600 Houston, TX 77010	

**COVERAGES**

CERTIFICATE NUMBER: 16498553

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	ADD'L SUBR INSRD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	Y	08SBAUR4455	8/26/2011	8/26/2012	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
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		08SBAUR4455	8/26/2011	8/26/2012	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 <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 10,000		08SBAUR4455	8/26/2011	8/26/2012	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y/N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	08WBCRI7547	2/20/2011	2/20/2012	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 500,000 E.L. DISEASE - EA EMPLOYEE \$ 500,000 E.L. DISEASE - POLICY LIMIT \$ 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach Acord 101, Additional Remarks Schedule, If more space is required)  
 For Reference Only

**CERTIFICATE HOLDER****CANCELLATION**

Garcia Hamilton & Associates L.P.  
 Attn: Beth McWilliams  
 1401 McKinney St, Suite 1600  
 Houston, TX 77010

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

*M. McWilliams*



**U.S. FIXED INCOME**

**CITY OF FORT LAUDERDALE, FL**

**PROCUREMENT SERVICES DIVISION**

***References***

***RFP 125-10899, Investment Management Services***

---

**April 23, 2012**

## REFERENCES

*City of Fort Lauderdale, General Employees*  
Fixed Income Intermediate Aggregate  
Quality Growth Equity  
Inception date: 12/1987  
AUM as of 03/31/2012 \$41 million / \$67 million  
David Desmond  
316 NE 4<sup>th</sup> Street, Suite 2  
Fort Lauderdale, FL 33301  
(954) 828-5171

*Town of Davie Police Pension Plan*  
Balanced – QGE /Aggregate  
Inception date: 5/1995  
AUM as of 03/31/2012 \$33 million  
Edward Taylor  
111 NW 133<sup>rd</sup> Avenue  
Sunrise, FL 33323-2902  
(954) 914-4706

*City of Winston Salem, North Carolina*  
Fixed Income – Short Duration  
Fixed Income – Short Duration Opportunistic  
Inception date: 01/1994  
AUM as of 03/31/2012 \$28 million / \$28 million  
Tim Bauer  
P.O. Box 2511  
Winston Salem, NC 27102  
(336) 747-6902

*United Methodist Foundation*  
Fixed Income – Intermediate  
Inception date: 07/1998  
AUM as of 03/31/2012 - \$19 million  
Lynn James  
700 Waterfield Ridge Place  
Garner, NC 27605  
(919) 836-0029

*City Of Hollywood Police Pension Fund*  
Fixed Income Intermediate Aggregate  
Quality Growth Equity  
Inception date: 02/2000  
Inception date: 11/2011  
AUM as of 03/31/2012 \$25 million / \$11 million  
David Williams  
4205 Hollywood Blvd., Suite 4  
Hollywood, FL 33021  
954-967-4395

**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

Garcia Hamilton & Associates, LP

B. Principal Address

1401 McKinney Street, Suite 1600  
Houston, Texas 77010

C. Telephone Numbers - Principal and Fax

713-853-2322 (Principal) 713-853-2300 (Fax)

D. Email Address (es)

[ruby@garciahiltonassociates.com](mailto:ruby@garciahiltonassociates.com)  
[sroberts@garciahiltonassocites.com](mailto:sroberts@garciahiltonassocites.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.

Garcia Hamilton & Associates, L.P. (GH&A) was founded in 1988 and offers high quality *fixed income, growth equity, and balanced* strategies for both institutional and individual investors. Its diversified client base includes public funds, universities and endowments, Taft-Hartley plans, religious organizations and corporations. The firm is a limited partnership with current assets under management of approximately \$2.9 billion. The Firm purchased the remaining AMG interest (25%) on June 30, 2010 and is now 100% employee owned by six internal partners with approximately 75% owned by ethnic minority and women partners. In addition, the firm effected a name change from Davis Hamilton Jackson & Associates to Garcia Hamilton & Associates, L.P. (GH&A) that was fully implemented January 1, 2011.

The Securities and Exchange Commission is the only regulatory body GH&A reports to.

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

GH&A does not have a parent firm or any affiliations or subsidiaries.

Historically the firm has not utilized soft-dollars arrangements in its fixed income management. The firm had used soft dollar arrangements for the equity strategy but discontinued the use in 2008.

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

GH&A has a diversified client base including separately managed accounts for public funds, universities and endowments, Taft-Hartley plans, religious organizations and corporations.

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

GH&A does not 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.

Garcia Hamilton & Associates, L.P. (formerly Davis Hamilton Jackson & Associates, L.P.) was registered with the Securities and Exchange Commission effective December 31, 1998 as successor entity to Davis Hamilton Jackson & Associates, Inc., whose original registration was July 5, 1988.

**Please refer to Tab 11 – GH&A ADV Part 2A & 2B**

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

GH&A has not been involved in any SEC, NASD or any other regulatory censure or litigation 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.

<u>Type</u>	<u>Insurance Carrier</u>	<u>Coverage Amount</u>
Errors & Omissions	Executive Risk Indemnity	\$5mm
Fiduciary Liability	Provided Under E&O Policy	Provided under E&O Policy
Fidelity Bonding	Great American Insurance Co.	\$3mm

**Please to Tab 6 - GH&A Certificate of Insurances.pdf**

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

As a privately held company, GH&A does not publish its financial statements.

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

Yes, the firm adheres 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.

Garcia Hamilton & Associates (GH&A) has been managing assets for public and private sector clients since its inception in 1988. Furthermore, assets from public fund clients have represented approximately, two-thirds of firm's total assets under management. Thus, GH&A is very knowledgeable in guidelines/requirements needed for managing public fund accounts. As of March 31, 2012, GH&A had \$2.0 billion in assets (84 accounts) from public funds.

As it relates to Florida, the firm is extremely active in the state's pension community and regularly sponsors the Florida Public Pension Trustees Association (FPPTA). The firm manages assets for 55 Florida public pension clients including the City of Fort Lauderdale General Employees', Hollywood Firefighters and the City of West Palm Beach General Employees'.

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

As previously mentioned, GH&A has managed fixed income investment portfolios for bonds since its inception. The firm's investment management philosophy and process has been consistent throughout this time period. The philosophy focuses on the preservation of principal while maintaining high current income. Our goal is to outperform our benchmark indices net of fees with higher credit quality, lower risk and less volatility.

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	\$72 million	\$1,447 million	\$13 million
Other Institutions	\$117 million	\$573 million	\$0
Total	\$189 million	\$2,020 million	\$13 million

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

Generally our clients have retained a consultant to assist with the development of investment policies and portfolio management guidelines; however we are willing to work with the client to develop policies and guidelines that meet their specific needs.

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?

GH&A does not 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.)

*City of Fort Lauderdale, General Employees*  
Fixed Income Intermediate Aggregate  
Quality Growth Equity  
Inception date: 12/1987  
AUM as of 03/31/2012 \$41 million / \$67 million  
David Desmond  
316 NE 4<sup>th</sup> Street, Suite 2  
Fort Lauderdale, FL 33301  
(954) 828-5171

*Town of Davie Police Pension Plan*  
Balanced – QGE /Aggregate  
Inception date: 5/1995  
AUM as of 03/31/2012 \$33 million  
Edward Taylor  
111 NW 133<sup>rd</sup> Avenue  
Sunrise, FL 33323-2902  
(954) 914-4706

*City of Winston Salem, North Carolina*  
Fixed Income – Short Duration  
Fixed Income – Short Duration Opportunistic  
Inception date: 01/1994  
AUM as of 03/31/2012 \$28 million / \$28 million  
Tim Bauer  
P.O. Box 2511  
Winston Salem, NC 27102  
(336) 747-6902

*United Methodist Foundation*  
Fixed Income – Intermediate  
Inception date: 07/1998  
AUM as of 03/31/2012 - \$19 million  
Lynn James  
700 Waterfield Ridge Place  
Garner, NC 27605  
(919) 836-0029

*City Of Hollywood Police Pension Fund*  
Fixed Income Intermediate Aggregate  
Quality Growth Equity  
Inception date: 02/2000  
Inception date: 11/2011  
AUM as of 03/31/2012 \$25 million / \$11 million  
David Williams  
4205 Hollywood Blvd., Suite 4

Hollywood, FL 33021  
954-967-4395

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.

Name	Title	Education	Role at Firm	Total Inv. Exp. (years)	Tenure with Firm (years)
Gilbert A. Garcia*	Managing Partner	BA, CFA	Director of Fixed Income Investments	26	9
Nancy Rodriguez	Fixed Income Portfolio Manager	BS	Research, Analyst, Trading	24	13
Jeffrey D. Detwiler	Fixed Income Portfolio Manager	BS, AAMS, CFA	Research, Analysis, Client Service and Trading	15	4
John A. Lohman	Portfolio Manager/ Quantitative Strategist	BBA, MBA, CFA	Research, Maintaining and Creating Proprietary Models	18	16
Daniel J. Kallus	Partner/ Equity Portfolio Manager/ Fixed Income Credit Analyst	BBA, MBA, CFA	Corporate Credit Research	20	14
Matthew J. Wells	Investment Analyst	BBA, CFA	Research, Analysis, Client Service and Trading	11	3
Karen H. Tass	Fixed Income Analyst	MBA	Research	2	1
Benjamin D. Monkiewicz	Junior Analyst	BA	Research	1	1
Janna Hamilton	Partner	BA	Marketing/Client Service	31	17
Regina Perkins	Operations Manager		Settlements/Reconciliation	9	9

\*Primary Contact at GH&A

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.



**GILBERT ANDREW GARCIA, CFA**  
**Managing Partner**

Phone: 713-853-2323

Fax: 713-853-2300

Email: GGarcia@GarciaHamiltonAssociates.com

Year Hired: 2002

Investment Experience: 26 years

Role: Final decision-maker for fixed income portfolios.

Mr. Garcia received a B.A. in Economics from Yale University. After graduating in 1985, he joined Salomon Brothers in New York City where he became a Vice-President specializing in mortgage-backed securities. In 1990, Mr. Garcia joined former Mayor Henry Cisneros and Criterion Investment Management Company to build Cisneros Asset Management Company ultimately becoming its President. In 1996, Mr. Garcia joined Smith Graham & Company and soon after he became the firm's CIO. In 2002, he joined Garcia Hamilton & Associates, L.P. and is the firm's Managing Partner.

Mr. Garcia has been involved in numerous community organizations having served as Treasurer of the Board of Directors for Sponsors for Educational Opportunity (SEO), Secretary of the Houston Downtown Management District, member of the Yale Club of Houston Board of Directors and a member of the Board of Trustees of the Houston Municipal Employees Pension System. He currently serves as Chairman of the Metropolitan Transit Authority of Harris County. In addition, he is a Class X graduate of Leadership Houston. Mr. Garcia is married with four children and enjoys martial arts and coaching youth soccer.



**NANCY RODRIGUEZ**  
**Fixed Income Portfolio Manager**

Phone: 713-853-2305

Fax: 713-853-2300

Email: NRod@GarciaHamiltonAssociates.com

Year Hired: 1998

Investment Experience: 24 years

Role: Research, Analysis, and Trading

Ms. Rodriguez received a B.S. in Biology from the University of Houston in 1987. After graduating, she joined the investment firm Daniel Breen & Co., L.P., Houston, Texas where she worked from 1987 to 1998. During this time, she worked with equity and fixed income

securities and held several positions including Trader's Assistant, Research Assistant and Portfolio Administrator. She has over 20 years experience in the investment industry. Ms. Rodriguez joined Garcia Hamilton & Associates L.P. in 1998.



**JEFFREY D. DETWILER, CFA, AAMS**  
**Fixed Income Portfolio Manager**

Phone: 713-853-2346

Fax: 713-853-2300

Email: JDetwiler@GarciaHamiltonAssociates.com

Year Hired: 2007

Investment Experience: 15 years

Role: Research, Analysis, Client Service and Trading

Mr. Detwiler received a B.S. in Finance from University of South Florida in 2000 and a M.S. in Finance from University of Houston's Bauer School of Business along with a Graduate Certificate in Financial Services Management in 2007. He began his career in finance in 1996 as a financial planner and has worked at Franklin Templeton Investments in St. Petersburg, FL as well as INVESCO Funds Group in Denver, CO. In 2003, Mr. Detwiler joined AIM Distributors, Inc. where he worked with a broad range of asset classes in the Financial Dealer Division. From 2006 through 2007, he worked for the Cougar Investment Fund, LLC as an Analyst and a Portfolio Manager. Mr. Detwiler joined Garcia Hamilton & Associates L.P. in 2007.

Mr. Detwiler is a Chartered Financial Analyst (CFA) charterholder and is a member of the CFA Institute and the Houston Society of Financial Analysts. Mr. Detwiler has also attained the Accredited Asset Management Specialist (AAMS) designation awarded by the College for Financial Planning.



**JOHN A. LOHMAN, CFA**  
**Portfolio Manager/Quantitative Strategist**

Phone: 713-853-2341

Fax: 713-853-2300

Email: JLohman@GarciaHamiltonAssociates.com

Year Hired: 1995

Investment Experience: 18 years

Role: Economic Research, Maintaining and Creating Proprietary Models

Mr. Lohman received a B.B.A. in Economics and Finance Summa Cum Laude from Loyola University in 1991 and a M.B.A. Dean's Scholar from the University of Texas at Austin in 1995. Prior to enrolling in the Masters program in 1993, he was a market maker in options on the American Stock Exchange. Mr. Lohman joined Garcia Hamilton & Associates L.P. in 1995.

Mr. Lohman is a Chartered Financial Analyst and a member of the CFA Institute and the Houston Society of Financial Analysts. He is a member of the Beta Gamma Sigma and Alpha Sigma Nu honor societies, and served as an advisor to the UT MBA Investment Fund L.L.C. In addition, Mr. Lohman received the Bank of Louisiana Award for Outstanding Economics Graduate and was recognized for Most Outstanding Contribution to the Loyola Journal of Economics.



**DANIEL J. KALLUS, CFA/CIC**  
**Partner/Equity Portfolio Manager/Fixed Income Credit Analyst**

Phone: 713-853-2313

Fax: 713-853-2300

Email: Daniel@GarciaHamiltonAssociates.com

Year Hired: 1997

Investment Experience: 20 years

Role: Corporate Credit Research

Mr. Kallus received a B.B.A. Summa Cum Laude in Finance from the University of Houston in 1993 and a M.B.A. from the University of Houston in 1997. From 1991 to 1993, Mr. Kallus held the position of Analyst/Equity Trader at Shell Pension Trust. He was a Systems Specialist at American Capital Management and Research from 1993 to 1994. Prior to joining Garcia Hamilton & Associates L.P., he was an Investment Consulting Analyst in Smith Barney's Managed Money Division in Houston. Mr. Kallus joined the firm in 1997 as a portfolio manager and was elevated to Director of Equities in 2008.

Mr. Kallus is a Chartered Financial Analyst, a Chartered Investment Counselor, and a member of the CFA Institute and the Houston Society of Financial Analysts. He received the Financial Executive Institute's Outstanding Student Award for 1992, as well as the Houston Society of Financial Analysts' Outstanding Student Award for the same year.

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

All employees, from our managing partner to administration, work closely together to ensure that information is communicated in an efficient and timely manner.

The entire GH&A Investment Group formally meets once a week, at a minimum, to primarily discuss the five key market factors (i.e. sentiment, monetary, economic, valuation & inflation)

that surround our investment process. During this meeting, the group also discusses topics such as macroeconomic conditions, market trends, market outlook, headline news, portfolio performance, individual securities, etc. An additional key component of this weekly meeting is the review and discussion of target portfolio characteristics.

Continuous daily communication occurs between the investment team members. More specifically, valuable information sharing occurs regularly between the entire GH&A Investment Group (i.e. Fixed Income Team and Equity Team). Our *total firm integration* of fixed income and equity professionals gives the Fixed Income Portfolio Management Team additional insight into corporate credits not found in fixed income only firms. As a result of all GH&A investment professionals being physically located at the sole office of GH&A in Houston, TX, continuous daily communication between the team members is maintained with ease.

We are members of FPPTA (Florida Public Pension Trustees Association), TEXPERS (Texas Association of Public Employee Retirement Systems) and IPPFA (Illinois Public Pension Fund Association). These associations provide the highest quality education and services to its participating retirement systems and affiliate members.

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

At GH&A, all fixed income products are managed by the same investment team with Gilbert A. Garcia being the final decision maker. This eliminates the risk of portfolio dispersion due to differences in portfolio manager's decisions. Therefore, return differences between portfolios in the same strategy are due mainly to the idiosyncratic differences in guidelines between them as well as the timing of any unrealized cash flows.

As of March 31, 2012, the fixed income team, which consists of 9 team members, managed a total of 101 accounts.

4. Investment Management Approach and Discipline

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

Since GH&A's inception, the firm has followed a consistent fixed income investment philosophy that focuses on the preservation of principal while maintaining high current income. Our goal is to outperform our benchmark net of fees with higher credit quality, lower risk and less volatility.

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

**Investment Strategy**

Our goal is to outperform our benchmark indices net of fees with higher credit quality, lower risk and less volatility than the index.

**Portfolio Construction**

GH&A's fixed income strategies employ a top-down approach. Our primary strategy to achieve our objective of outperforming the benchmark is through controlled interest rate anticipation and active sector rotation. Our broad fundamental analysis of duration, yield curve, and sectors results in a defined set of parameters for the individual issues that fit our target portfolios.

#### **Initial universe/benchmark**

The universe from which we select securities is comprised of U.S. Treasuries, federal agency securities, mortgage-backed securities, and high quality corporate bonds. In the case of corporate bonds, we typically invest in issues that are in the index and have a minimum issue size of \$1 billion with a quality rating of A or better and a maturity of 10 years or less. With mortgage-backed securities, we invest in agency guaranteed 15 year MBS and do not purchase any illiquid mortgage derivatives. We do not use any leverage. In constructing our portfolios, we set target portfolio ranges for duration, yield curve, sector allocation, and sector duration contribution.

#### **Liquidity criteria**

We invest in highly liquid securities such as treasuries, agencies, agency mortgage-backed securities, and high quality corporate bonds with a minimum deal size of \$1 billion. By investing in shorter duration liquid securities, we are able to remain fully invested while retaining the flexibility of easily selling a security to raise cash without significantly impacting the portfolio. In the unlikely event that a security held in the portfolio becomes illiquid, we are covered by a large number of dealers, including large national players as well as small regional firms, which enable us to go to multiple sources for bids.

#### **Credit research**

To monitor credit risk, we constantly review all corporate credits and check for potential changes in the outlook by the major rating agencies. GH&A's comprehensive integration of fixed income and equity professionals gives the Fixed Income Investment Team additional insight into corporate credits not generally found in fixed income only firms. GH&A uses data from external sources in both the qualitative and quantitative components of the firm's investment process. Our equity team monitors corporate fundamentals, earnings releases, and other factors that can impact the stock's performance. This analysis is provided to the Fixed Income team on an ongoing basis as it may impact the debt of the subject company.

#### **Sector Selection**

As a result of our top-down approach, sector and security weightings are more a by-product of our target portfolio composition rather than a driving force in portfolio construction. Typically, no single position is over 5% of the portfolio market value, excluding Treasuries and Agencies. With corporate bonds, we normally limit any issuer to less than 3% of the portfolio market value.

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

Our goal is to outperform our benchmark indices net of fees with higher credit quality, lower risk and less volatility. We are able to outperform the benchmark through sector rotation, yield curve management, and limited interest rate anticipation.

It is our objective to outperform our benchmark indices net of fees by utilizing a high quality, low turnover strategy. Below is a representative of the relative importance for alpha generation.

Duration exposure	15%
Yield curve positioning	40%
Sector selection	40%
Issue selection	5%

We have several unique resources and competitive advantages versus our competition. First, our investment team is fully integrated. Thus, our fixed income portfolios benefit from our equity expertise. This is something that many bond-only firms lack. Second, we have a dedicated quantitative strategist. His model work is an excellent check and balance to the investment process. Third, our high quality philosophy prevents the firm from taking unnecessary or unquantifiable risk. This is particularly advantageous in the current volatile environment. Fourth, our flexibility allows us to exploit market inefficiencies that exist in smaller markets. Lastly, our proprietary systems allow us to monitor our performance, yield curve exposure, sector exposure and sector duration contribution exposure for every client on a daily basis.

- 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.

The three primary sources of data and/or analyses upon which the GH&A Fixed Income Investment Management team relies are:

1. From Axys, we generate a daily trade (Exhibit 1) report which compares our accounts to their relative benchmarks. We compare their durations, sector exposures and cash levels. We also use Axys to monitor our portfolios' yield curve risk by stratifying our portfolios versus their benchmark indices into different duration buckets on a daily basis (Exhibit 2). In addition, we have developed a proprietary risk control that monitors the actual duration contribution of all sectors (spread duration) for all client portfolios versus their index (Exhibit 3) which is run daily. Thus, we focus on the differences between our portfolio and their benchmark indices. We also run a proprietary total return risk control that incorporates bullish and bearish outlooks and the effects on the securities we hold in the portfolios.
2. We use Bloomberg to run an analysis on all securities with embedded options to get their daily effective durations. Then, we incorporate the information into Axys. To monitor our credit risk, we constantly review all corporate credits and check for potential changes in outlook by the major rating services.
3. We will actively manage and rotate among sectors. As for duration, we feel that the market presents no more than one to two opportunities a year to take duration risk within a more disciplined framework. In addition, we manage our duration exposure within a +/- 10% band around the benchmark index.

*\*We use the Axys system from Advent Software's Axys for portfolio accounting. We have*

*used portfolio accounting software from Advent since the firm's inception.*

The Firm's fixed income portfolio managers, quantitative strategist, and analysts all perform research for this product. These individuals spend their time on relative value analysis as well as maintenance of the data for the firm's risk control models such as duration buckets, duration contribution and option adjusted analysis. About 30-50% of their time is spent on pure research while the balance is spent on trading and portfolio maintenance.

GH&A's total firm investment integration of fixed income and equity professionals gives the Fixed Income Investment Team additional insight into corporate credits not generally found in fixed income only firms. GH&A uses data from external sources in both the qualitative and quantitative components of the firm's investment process. We utilize reports and data from proprietary models along with Advent Software's Axys product and Bloomberg.

The team uses qualitative and quantitative components for its investment process.

*The qualitative component* of our investment process revolves around five key factors: sentiment, monetary, economic, valuation, and inflation.

- We use *sentiment* as a contra-indicator for interest rate movements over a short time horizon.
- We follow Federal Reserve *monetary* policy to help us anticipate future trends in the shape of the yield curve and future movements of interest rates.
- We use *economic* statistics to look for "surprises" between market expectations of economic data versus actual reported data.
- *Valuation* is a long-term factor that helps us estimate a fair value for treasuries based on historic relationships between inflation, real interest rates and economic growth.
- We use *inflation* and inflation expectations to provide some insight into the future direction of rates.

*The quantitative component* centers around two proprietary models that give us an objective view on the above key factors. The models assist us in anticipating major turns in economic activity and are significant inputs into the construction of our target portfolio.

- 1) The first model is our *liquidity model*. It is primarily composed of variables that measure monetary liquidity in the domestic economy and assists us in determining the pace of economic expansion.
- 2) The second model is our *spread model* which is used to aid in determining whether to overweight or underweight spread product. This model utilizes variables that relate to the direction of spreads for non-treasury securities relative to Treasuries.

These two models are constantly monitored, with an emphasis on potential changes in correlations among macroeconomic variables and asset prices.

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

Due to our high quality style of management, credit research is a secondary benefit to the firm. Thus, to monitor credit risk, we constantly review all corporate credits and check for

potential changes in the outlook by the major rating agencies. GH&A's comprehensive integration of fixed income and equity professionals gives the Fixed Income Investment Team additional insight into corporate credits not generally found in fixed income only firms. GH&A uses data from external sources in both the qualitative and quantitative components of the firm's investment process, with 90% being internally generated. Our equity team monitors corporate fundamentals, earnings releases, and other factors that can impact the stock's performance. This analysis is provided to the Fixed Income team on an ongoing basis as it may impact the debt of the subject company.

The 10% external research comes from Bloomberg, Wall Street research and other economic services we subscribe to.

- 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.

In order to increase yield without unduly sacrificing safety and liquidity, we would recommend increasing the exposure limits to high quality corporate bonds and agency guaranteed mortgage-backed securities. Within the corporate sector, there are bonds, particularly financials, trading at attractive yield spreads above Treasuries. By purchasing large liquid deals from issuers rated A-or-better, the portfolio could increase its overall yield while maintaining liquidity and a high credit quality profile. Agency MBS also offers attractive risk return characteristics as it trades at healthy spreads above Treasuries, but has the backing of a government agency.

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

Since GH&A's inception, the firm has followed a consistent fixed income investment philosophy that focuses on the preservation of principal while maintaining high current income. Our goal is to outperform our benchmark indices net of fees with higher credit quality, lower risk and less volatility.

## 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	<u>6</u>	<u>\$144,557</u>
Public	<u>84</u>	<u>\$1,901,076</u>
Taft-Hartley	<u>9</u>	<u>\$229,769</u>
Endowment	<u>2</u>	<u>\$10,606</u>
Foundation	<u>7</u>	<u>\$71,095</u>
Other	<u>22</u>	<u>\$439,428</u>
Total Tax-Exempt	<u>                    </u>	<u>                    </u>
Taxable Assets		
Personal Trusts	<u>                    </u>	<u>                    </u>

Commingled		
Other	<u>16</u>	<u>\$67,778</u>
Total Taxable	<u>16</u>	<u>\$67,778</u>
Mutual Funds		
Equity	<u>1</u>	<u>\$28,706</u>
Fixed Income	<u></u>	<u></u>
Money Market	<u></u>	<u></u>
Total Mutual Funds	<u>1</u>	<u>\$28,706</u>
Overall Total	<u>147</u>	<u>\$2,893,015</u>

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

ACCOUNTS GAINED

	2007	2008	2009	2010	2011
PUBLIC	3	8	7	10	13
ERISA			1	1	1
TAFF-HARTLEY			1	1	2
ENDOWMENT					
FOUNDATION					
OTHER		1	6	5	6
TOTAL	3	9	15	17	22

ACCOUNTS LOST

	2007	2008	2009	2010	2011
PUBLIC	2		1		1
ERISA					
TAFF-HARTLEY	1			1	
ENDOWMENT					
FOUNDATION					
OTHER	2			1	
TOTAL	5	0	1	2	1

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.

We understand that this mandate is a short duration mandate that does allow corporate bonds. However, our longest short duration composite is a government-only composite. Thus, we are providing information on it because it has almost nine years of performance history. As you can see, despite the limited set of eligible securities, we have met our objective of outperforming the benchmark index net of fees.

We are also sending information on our Short Duration Opportunistic composite which allows for investment grade corporate bonds in a very controlled fashion. The history is more limited at almost

three years. As above, the performance demonstrates that we have met our objective of outperforming the benchmark index net of fees.

**Fixed Income Performance  
For Short Duration Opportunistic Strategy**

YEAR ENDING	RETURN %	# OF ACCOUNTS	Market Value (\$)
2007	N/A	N/A	N/A
2008	N/A	N/A	N/A
2009	N/A	N/A	N/A
2010	3.16	1	72 m
2011	2.45	1	74 m
Annualized 3 year thru 12/31	N/A	N/A	N/A
Annualized 5 year thru 12/31	N/A	N/A	N/A
1 <sup>st</sup> Q 2011	0.93	1	74 m
2nd Q 2011	0.87	1	74 m
3rd Q 2011	-0.12	1	74 m
4th Q 2011	0.75	1	74 m
1 <sup>st</sup> Q 2012	1.81	1	75 m

**Fixed Income Performance  
For Short Duration Strategy**

YEAR ENDING	RETURN %	# OF ACCOUNTS	Market Value (\$)
2007	7.07	1	47 m
2008	7.28	1	50 m
2009	2.33	1	51 m
2010	2.84	1	56 m
2011	3.25	1	56 m
Annualized 3 year thru 12/31	2.81	1	56 m
Annualized 5 year thru 12/31	4.53	1	56 m
1 <sup>st</sup> Q 2011	0.65	1	56 m
2nd Q 2011	1.26	1	56 m
3rd Q 2011	0.61	1	57 m

4th Q 2011	0.70	1	56 m
1 <sup>st</sup> Q 2012	0.40	1	56 m

Fixed Income Performance  
For Intermediate Government Credit Strategy

YEAR ENDING	RETURN %	# OF ACCOUNTS	Market Value (\$)
2007	8.25	18	346 m
2008	5.41	21	362 m
2009	10.87	24	466 m
2010	7.32	27	569 m
2011	3.66	30	631 m
Annualized 3 year thru 12/31	8.52	30	631 m
Annualized 5 year thru 12/31	8.00	30	631 m
1 <sup>st</sup> Q 2011	0.93	28	537 m
2nd Q 2011	1.79	29	585 m
3rd Q 2011	-0.44	30	624 m
4th Q 2011	1.35	30	631 m
1 <sup>st</sup> Q 2012			
1 <sup>st</sup> Q 2012	3.27	31	658 m

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

Garcia Hamilton & Associates, L.P. (GH&A) has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). The firm's effective date of compliance with the GIPS standards is January 1, 1993. GH&A has chosen not to claim compliance prior to January 1, 1993 as some of the Firm's composites' performance was calculated using an equal-weighted methodology prior to that date.

The purpose and scope of GIPS verification is to confirm that the firm has complied with the Standards on a firm-wide basis and such verification may not be applied to individual composites. GH&A has been verified for the periods January 1, 1993 through June 30, 2011 by Ashland Partners & Company LLP.

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

The average size of the five largest fixed income accounts under current active management is

\$98 million.

6. Accounting and Reporting

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

GH&A uses Axys from Advent Software for portfolio management. All reports generated are in compliance 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.

Preliminary reports are available two to three days after month end and final reports are available after the account has been reconciled with the custodian, which is on average *fourteen days* after month or quarter end.

Our standard quarterly reporting package includes a Performance Report, Portfolio Summary, Portfolio Appraisal and market comments at a minimum. Examples of other standard reports requested by our clients include Purchase and Sale Report, Income and Expense Report, and Interest Accruals Report. In addition, every four to six weeks, we provide all our clients with a current market strategy commentary written by a senior investment professional. Standard Monthly and Quarterly reports include security description, quantity, unit and market price, market values and performance returns. In addition, we can run reports to show duration and duration contribution by sector.

GH&A has the ability to create a variety of custom and ad hoc reports to meet a client's unique reporting requirements in a timely manner using in-house resources at no cost to the client. If a report request were to require substantial external programming, timing and costs would be reviewed with the client prior to project inception.

**Please refer to Tab 11 - Methods and Formulas**

**Please refer to Tab 11 – Monthly Sample Reports and Quarterly Sample Reports**

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

We are including the performance for our Fixed Income-Short Opportunistic composite which has interest rate exposure of approximately 2 years and can invest in corporate bonds. This composite most closely matches the style of portfolio we would manage based on the guidelines for sector weightings and interest rate exposure. Because this composite has a limited history, we are also including performance history for two other composites with longer track records. To illustrate our longer-term performance managing a short duration portfolio, we have included our Fixed Income-Short Government composite; however, this is a government-only composite and does not have exposure to the corporate

bond sector. To illustrate our longer-term performance utilizing corporate bonds in our portfolios, we have included our Fixed Income-Intermediate Government/Credit composite; however, this composite has greater interest rate exposure.

**Please refer to Tab 11 – Index Comparison**

- 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?

Please see our response to question nine. We would be happy to visit with the staff to discuss benchmarks in further detail if necessary.

**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**

\_\_\_\_\_

\_\_\_\_\_

**Please refer to Tab 10 - Addendum No. 2 for updated fee schedule.**

**8. Other**

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

Advent Software's AXYS (portfolio management), Moxy (trading module), Bloomberg and Tradeweb (online trading network) are critical to the daily investment process. The firm recognizes the importance of a consistent and reliable data backup program. The MOXY/SQL database is backed up daily using Backup Exec for local, disk-to-disk backups in addition to offsite backups handled through IT services vendor, SynchroNet.

- B. What makes your firm unique?

We have several unique resources and competitive advantages versus our competition. First, our investment team is fully integrated. Thus, our fixed income portfolios benefit from our equity expertise. This is something that many bond-only firms lack. Second, we have a dedicated quantitative strategist. His model work is an excellent check and balance to the investment process. Third, our high quality philosophy prevents the firm from taking unnecessary or unquantifiable risk. This is particularly advantageous in the current volatile environment. Fourth, our flexibility allows us to exploit market inefficiencies that exist in

smaller markets. Fifth, our proprietary systems allow us to monitor our performance, yield curve exposure, sector exposure and sector duration contribution exposure for every client on a daily basis. Lastly, we are 100% employee owned. This allows the entrepreneurial spirit to emanate through the firm.

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

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

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

We would recommend a portfolio benchmarked against the 1-3 Year Government/Credit Index. This benchmark has a duration (interest rate exposure) that is within your parameters and is approximately 2 years. In addition, your guidelines allow for a corporate bond allocation up to 25%. This is similar to the index corporate bond allocation of 18%. For comparison purposes, the attached report illustrates that the 1-3 Year Government/Credit Index compares favorably on a risk adjusted basis versus a government index with similar interest rate exposure. Please note, given the current attractiveness of spread product, we would be at the max exposure allowed by the guidelines in corporate bonds (25%) and agency mortgage-backed securities (20%).

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? \_\_\_\_\_



**U.S. FIXED INCOME**

**CITY OF FORT LAUDERDALE, FL**

**PROCUREMENT SERVICES DIVISION**

***RFP 125-10899, Investment Management Services***

**SSAE 16, SOC 2, Type 2 Report**

---

**April 23, 2012**

SSAE 16, SOC 2, Type 2 Report

Garcia Hamilton & Associates understands that if awarded the City of Fort Lauderdale, Fl contract, it will be required to provide an SSAE 16, SOC 2, Type 2 report annually during the term of the contract.



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](mailto:purchase@fortlauderdale.gov)

## ADDENDUM NO. 1

RFP 125-10899  
INVESTMENT MANAGEMENT SERVICES

**ISSUED: April 6, 2012**

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

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

All other terms, conditions, and specifications remain unchanged.

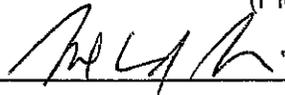
**This Addendum No. 1 should be submitted with your RFP Response.**

Michael Walker, CPPB  
Procurement and Contracts Manager

Company

Name: Garcia Hamilton & Associates, L.P.

(Please print)

Proposer's  
Signature: 

Date: April 19, 2012



## **ADDENDUM NO. 2**

### **RFP 125-10899 INVESTMENT MANAGEMENT SERVICES**

---

**ISSUED: April 9, 2012**

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

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

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

**And shall be replaced with the following SSAE 16 requirements:**

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



**The following 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

30  
 \_\_\_\_\_  
 20  
 \_\_\_\_\_  
 14  
 \_\_\_\_\_  
 10  
 \_\_\_\_\_  
 6  
 \_\_\_\_\_



**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](mailto:purchase@fortlauderdale.gov)

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

Page 4 of 4

-----All other terms, conditions, and specifications remain unchanged.-----

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

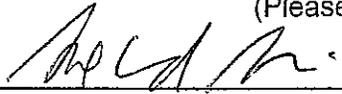
Michael Walker, CPPB  
Procurement and Contracts Manager

Company

Name: Garcia Hamilton & Associates, L.P.

(Please print)

Proposer's

Signature: 

Date: April 19, 2012

# GH&A

## GARCIA HAMILTON & ASSOCIATES, L.P.

ADV Part 2A – Firm Brochure

Item 1: Cover Page

### Garcia Hamilton & Associates, L.P.

Five Houston Center  
1401 McKinney Street, Suite 1600  
Houston, Texas 77010

Telephone: 713.853.2322 / Fax: 713.853.2300  
Email: [BMcWilliams@GarciaHamiltonAssociates.com](mailto:BMcWilliams@GarciaHamiltonAssociates.com)  
Web Address: [www.GarciaHamiltonAssociates.com](http://www.GarciaHamiltonAssociates.com)

**December 31, 2011**

This brochure provides information about the qualifications and business practices of Garcia Hamilton & Associates, L.P. If you have any questions about the contents of this brochure, please contact us at 713.853.2322 and/or [BMcWilliams@GarciaHamiltonAssociates.com](mailto:BMcWilliams@GarciaHamiltonAssociates.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Garcia Hamilton & Associates, L.P., is a registered investment adviser. Registration as an Investment Adviser does not imply a certain level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Garcia Hamilton & Associates, L.P. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The Firm's CRD number is 108017.

## Item 2: Material Changes

---

### *Annual Update*

---

On July 28, 2010, the United State Securities and Exchange Commission [SEC] published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated December 31, 2011 is an updated document prepared according to the SEC’s new requirements and rules.

### *Material Changes since the Last Update Dated: December 31, 2010*

---

1. This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

There were no material changes since our last delivery or posting of ADV Part 2A.

2. We may, at any time, update this Brochure and either send you a copy or offer to send you a copy (either by electronic means (email) or in hard copy form).

### *Full Brochure Available*

---

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Beth McWilliams, Chief Compliance Officer at 713.853.2314 or [BMcWilliams@GarciaHamiltonAssociates.com](mailto:BMcWilliams@GarciaHamiltonAssociates.com). Our Brochure is also available on our web site [www.GarciaHamiltonAssociates.com](http://www.GarciaHamiltonAssociates.com) free of charge.

Additional information about Garcia Hamilton & Associates, L.P. is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Garcia Hamilton & Associates, L.P. who are registered, or are required to be registered, as investment adviser representatives of Garcia Hamilton & Associates, L.P.

**Item 3: Table of Contents**

Item 1: Cover Page .....	1
Item 2: Material Changes .....	2
<i>Annual Update</i> .....	2
<i>Material Changes since the Last Update Dated: December 31, 2010</i> .....	2
<i>Full Brochure Available</i> .....	2
Item 3: Table of Contents .....	3
Item 4: Advisory Business.....	5
<i>Firm Description</i> .....	5
<i>Principal Owners</i> .....	5
<i>Types of Advisory Services</i> .....	5
<b><i>IMS - Separate Account Portfolio Management</i></b> .....	5
<i>Tailored Relationships</i> .....	5
<i>Types of Investments</i> .....	5
<b><i>IMS - Mutual Fund Portfolio Management (Sub-Adviser)</i></b> .....	6
<i>Tailored Relationships</i> .....	6
<i>Types of Investments</i> .....	6
<b><i>IMS - Model Portfolio Management (Sub-Adviser)</i></b> .....	6
<i>Tailored Relationships</i> .....	7
<i>Types of Investments</i> .....	7
<b><i>Amount of Managed Assets</i></b> .....	7
Item 5: Fees & Compensation.....	8
<i>Description</i> .....	8
<b><i>IMS - Separate Account Portfolio Management Fees</i></b> .....	8
<i>Account Management Fee Calculations</i> .....	8
<i>Limited Negotiability of Advisory Fees</i> .....	8
<b><i>IMS - Mutual Fund Portfolio Management (Sub-Adviser) Fees</i></b> .....	9
<i>Account Management Fee Calculations</i> .....	9
<i>Limited Negotiability of Advisory Fees</i> .....	9
<b><i>IMS - Model Portfolio Management (Sub-Adviser) Fees</i></b> .....	9
<i>Account Management Fee Calculations</i> .....	9
<i>Limited Negotiability of Advisory Fees</i> .....	9
<b><i>General Information</i></b> .....	9
Item 6: Performance-Based Fees and Side-By-Side Management.....	13
<i>Performance-Based Fees</i> .....	13
<i>Side-by-Side Management</i> .....	13
Item 7: Types of Clients .....	14
<i>Description</i> .....	14
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	15
<i>Methods of Analysis</i> .....	15
<i>Investment Strategies</i> .....	15
<i>Risks of Loss</i> .....	16
Item 9: Disciplinary Information.....	17
<i>Legal and Disciplinary</i> .....	17
Item 10: Other Financial Industry Activities and Affiliations.....	18
<i>Financial Industry Activities</i> .....	18
<i>Affiliations</i> .....	18
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	19
<i>Code of Ethics</i> .....	19

*Participation or Interest in Client Transactions* ..... 19

*Personal Trading*..... 20

Item 12: Brokerage Practices..... 21

*Research and Other Soft Dollar Benefits* ..... 21

*Selecting Brokerage Firms* ..... 21

*Best Execution* ..... 21

*Directed Brokerage* ..... 22

*Trade Aggregation* ..... 23

*Step-outs* ..... 23

*Wrap Fee Accounts* ..... 24

Item 13: Review of Accounts ..... 25

*Periodic Reviews* ..... 25

*Review Triggers (non-periodic)* ..... 25

*Reports* ..... 25

*Client Reporting* ..... 25

Item 14: Client Referrals and Other Compensation ..... 26

*Incoming Referrals* ..... 26

*Referrals Out* ..... 26

*Other Compensation*..... 26

*Gifts and Business Entertainment* ..... 26

Item 15: Custody ..... 27

*Account Statements*..... 27

Item 16: Investment Discretion ..... 28

*Discretionary Authority for Trading* ..... 28

*Trade Errors*..... 28

Item 17: Voting Client Securities ..... 29

*Proxy Votes* ..... 29

*Conflicts of Interest* ..... 29

*Proxy/Shareblocking* ..... 30

*How to Obtain Voting Information* ..... 30

Item 18: Financial Information..... 31

*Financial Condition* ..... 31

*Business Continuity Plan*..... 31

*Information Security Program* ..... 32

*Privacy Notice* ..... 32

#### Item 4: Advisory Business

---

##### *Firm Description*

---

Garcia Hamilton & Associates, L.P. (“GH&A” or the “Firm”) is a Houston, Texas based investment management company that was founded in 1988. The Firm is a 100% employee-owned limited partnership.

##### *Principal Owners*

---

The Firm is owned by six employee partners with ethnic minority and female partners representing 75% of Firm ownership. Listed below are the Firm’s principal partners (i.e., those individuals controlling 25% or more of the partnership).

Gilbert Andrew Garcia, Managing Partner

##### *Types of Advisory Services*

---

Garcia Hamilton & Associates, L.P. provides continuous and regular investment management services with respect to client accounts.

The Firm offers the following Investment Management Services (“IMS”):

- Separate Account Portfolio Management
- Mutual Fund Portfolio Management (Sub-Adviser)
- Model Portfolio Management (Sub-Adviser)

##### *IMS - Separate Account Portfolio Management*

---

Separate Account Portfolio Management provides continuous investment management services of client funds in separate account portfolios. We manage these advisory accounts in a discretionary manner taking into account individual client needs, if any, set forth in the client’s Investment Management Agreement or other written investment policy or guidelines provided by the client. Investment teams and individual portfolio managers often manage multiple accounts, including wrap fee and non-wrap fee accounts, according to the same or a similar investment strategy.

##### *Tailored Relationships*

---

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. GH&A will discuss with client or client’s representative any guideline or policy that may limit management of the funds in line with the strategy selected by the client.

##### *Types of Investments*

---

The Firm’s investment strategies incorporate domestic, high-quality fixed income and equity securities in single asset class or balanced portfolios and will generally include the following securities:

- United States government securities
- Corporate debt securities (rated at a minimum of single A or better )
- Exchange-listed securities

- Securities traded over-the-counter
- Agency debentures
- Agency Mortgage-backed securities

Other securities on which Garcia Hamilton & Associates may provide Investment Management Services include:

- Foreign issuers with American Depository Receipts
- Mutual fund shares
- Exchange traded funds

As noted above, GH&A utilizes high quality securities in its investment strategies. However, because some types of investments may involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

### ***IMS - Mutual Fund Portfolio Management (Sub-Adviser)***

---

Mutual Fund Portfolio Management provides continuous investment management services as a sub-adviser to mutual funds sponsored by registered investment companies. We manage these advisory accounts in a discretionary manner. Mutual Fund Portfolio Management is designed to meet a particular investment goal.

### ***Tailored Relationships***

---

The sponsoring registered investment company may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. GH&A will discuss with client any guideline or policy that may limit management of the funds in line with the strategy selected by the client.

### ***Types of Investments***

---

The Firm's investment strategies incorporate domestic, high-quality fixed income and equity securities and will generally include the following securities:

- United States government securities
- Corporate debt securities (rated at a minimum of single A or better )
- Exchange-listed securities
- Securities traded over-the-counter
- Agency debentures
- Agency Mortgage-backed securities

As noted above, GH&A utilizes high quality securities in its investment strategies. However, because some types of investments may involve certain additional degrees of risk, they will only be implemented when consistent with the fund's stated investment objectives, tolerance for risk, liquidity and suitability.

### ***IMS - Model Portfolio Management (Sub-Adviser)***

---

Model Portfolio Management provides continuous investment management services of funds in model portfolios as a sub-adviser in programs where another manager serves as the discretionary investment manager. We manage these advisory accounts in a non-discretionary manner. GH&A maintains broad authority with respect to the timing of the provision of recommendations. Model Portfolio Management is designed to meet a particular investment goal.

*Tailored Relationships*

The discretionary investment manager may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. GH&A will discuss with the discretionary investment manager any guideline or policy that may limit management of the funds in line with the strategy selected by the client.

*Types of Investments*

The Firm’s investment strategies incorporate domestic, high-quality fixed income and equity securities and will generally include the following securities:

- United States government securities
- Corporate debt securities (rated at a minimum of single A or better )
- Exchange-listed securities
- Securities traded over-the-counter
- Agency debentures
- Agency Mortgage-backed securities

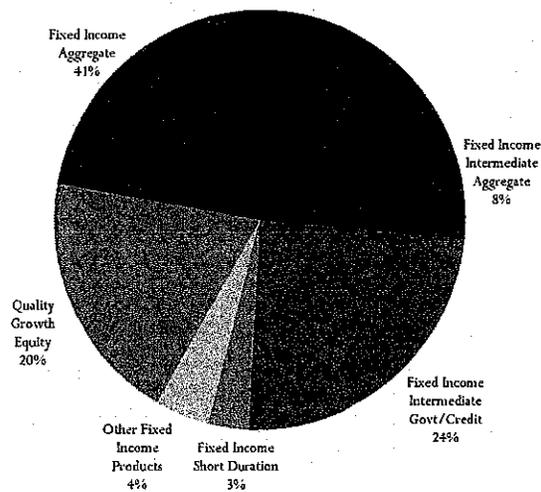
As noted above, GH&A utilizes high quality securities in its investment strategies. However, because some types of investments may involve certain additional degrees of risk, they will only be implemented when consistent with the client’s stated investment objectives, tolerance for risk, liquidity and suitability.

*Amount of Managed Assets*

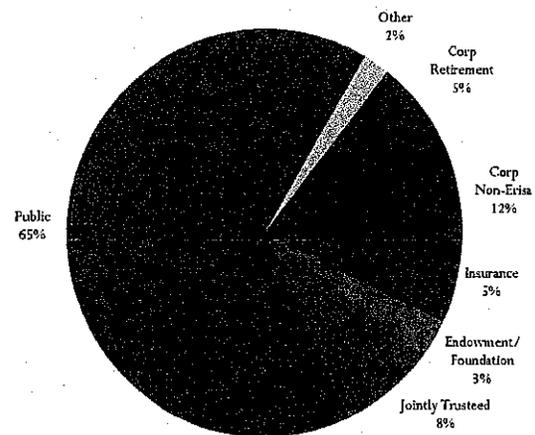
As of 12/31/2011, we were actively managing \$2,703,605,320 of clients' assets on a discretionary basis plus \$11,103,977 of clients' assets on a non-discretionary basis.

**Asset Breakdown**

**By Type**



**By Client**



As of December 31, 2011

**Item 5: Fees & Compensation**

*Description*

Our annual fees for Investment Management Services are generally based upon a percentage of assets under management, typically payable quarterly in arrears.

**IMS - Separate Account Portfolio Management Fees**

The typical fee schedule for discretionary Separate Account Portfolio Management services is as follows:

*Quality Growth Equity & Balanced*

<i>Assets Under Management</i>	<i>Annual Fee</i>
First \$10 Million	0.75%
Next \$15 Million	0.50%
Next \$25 Million	0.375%
Thereafter	0.25%

*Fixed Income*

<i>Assets Under Management</i>	<i>Annual Fee</i>
First \$10 Million	0.30%
Thereafter	0.25%

*Account Management Fee Calculations*

Garcia Hamilton & Associates, L.P. typically charges a fee for account management that is calculated as a percentage of the assets under management according to the relevant fee schedule. Fees are based on the value of the account at the end of each billing period. The fee is prorated for periods less than a full billing cycle and adjusted to cover any additional contributions made during that period.

The fees of some historical accounts are payable quarterly in advance and may be based on other valuations as outlined in the client's Investment Management Agreement.

*Limited Negotiability of Advisory Fees*

Although Garcia Hamilton & Associates, L.P. has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. In determining the alternative fee schedule, the Firm will take into account client facts, circumstances and needs that include, but are not limited to, the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, client service and reporting, among other factors. The specific annual fee schedule will be identified in the contract between the adviser and the client.

A minimum of **\$5,000,000** of assets under management is typically required for this service. We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee. We may waive the minimum or require a higher minimum depending on the specific strategy selected and the level of additional support provided to the client.

---

***IMS - Mutual Fund Portfolio Management (Sub-Adviser) Fees***

---

***Account Management Fee Calculations***

---

Our annual fee for discretionary Mutual Fund Portfolio Management (Sub-Adviser) services is determined by contract with the sponsoring registered investment company and is generally based upon a percentage of assets under management. Fees are payable quarterly in arrears. A minimum of **\$5,000,000** of assets under management is required for this service. This account size may be negotiable under certain circumstances.

The Firm does not utilize mutual funds in its portfolio management strategies. Therefore, a portfolio management client of the Firm that also invests in a mutual fund for which the Firm is a sub-adviser will pay only those fees charged to investors by the Mutual Fund, i.e., the value of the client's investment in the Mutual Fund is not included in our quarterly portfolio management fee calculation for the client's account(s).

***Limited Negotiability of Advisory Fees***

---

Garcia Hamilton & Associates, L.P. retains the discretion to negotiate fees on a client-by-client basis. In determining the fee schedule, the Firm will take into account client facts, circumstances and needs that include, but are not limited to, the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, client service and reporting, among other factors.

---

***IMS - Model Portfolio Management (Sub-Adviser) Fees***

---

***Account Management Fee Calculations***

---

Our annual fee for Model Portfolio Management (Sub-Adviser) services is determined by contract with the program's discretionary investment adviser. These fees may be based upon a percentage of assets under management or some other method as outlined in the contract. Fees are payable quarterly in arrears. A minimum of **\$2,500,000** of assets under management is required for this service. This account size may be negotiable under certain circumstances. Garcia Hamilton & Associates, L.P. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

***Limited Negotiability of Advisory Fees***

---

Garcia Hamilton & Associates, L.P. retains the discretion to negotiate fees on a client-by-client basis. In determining the fee schedule, the Firm will take into account client facts, circumstances and needs that include, but are not limited to, the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, client service and reporting, among other factors.

---

***General Information***

---

***Fee Invoices:***

The Firm does not deduct fees from clients' assets. The Firm typically submits a fee invoice to the client on a quarterly basis. Other arrangements, including but not limited to, sending a duplicate invoice to the client's custodian, is available upon written request. If a client retains a "qualified custodian" for its funds, the Firm can submit a fee invoice to the custodian for payment if so instructed in writing by the client. A "qualified custodian" is an entity that will send an account statement directly to the client (or, at the client's direction, to the client's "independent representative") no less frequently than quarterly that

identifies the amount of funds and of each security in the client's account as of the end of such period and that sets forth all of the transactions in such account during such period.

***Wrap Fees:***

Clients participating in a wrap fee program or wrap fee arrangement offered by broker-dealers or other unrelated parties typically pay to the broker-dealer or other unrelated party an all-inclusive fee that covers brokerage, custody, investment management and other services. In such cases, if GH&A is selected to render investment adviser services, the Firm is compensated directly by the broker-dealer or unrelated party offering the wrap fee arrangement. In other words, a portion of the all-inclusive fee is paid to GH&A as compensation for the investment advisory services that it renders.

Clients may elect to participate in a wrap fee arrangement offered by broker-dealers or other unrelated parties that does not include the advisory fee. In this case, the client has an agreement with the adviser separate from the agreement with the broker-dealer or other unrelated party. In this arrangement, the Firm typically submits a fee invoice to the client on a quarterly basis as outlined in the agreement between the client and GH&A.

While GH&A's compensation in a wrap fee arrangement may be lower than the Firm's standard fee schedule, the overall costs to the client of a wrap fee arrangement may be higher than the client otherwise would experience by paying the Firm's standard fees and negotiating other services. In evaluating a wrap fee arrangement, the client should consider whether the anticipated amount of portfolio activity in the client's account, the cost of brokerage commissions (which costs are typically negotiated by the broker-dealer or other unrelated parties), and the value of any other services rendered to the client may exceed the aggregate cost of the services provided if such services were negotiated and purchased separately.

***Performance-Based Fees:***

A performance-based fee schedule is generally based in whole or in part on a percentage of assets under management plus a percentage of the difference between the performance of a client's account and that of an appropriate index. The Firm does not offer a performance-based fee schedule; however, for some accounts, GH&A may receive fees based on performance in cases where a client has proposed and the Firm has accepted a performance-based fee arrangement.

All fees to be charged for this service, whether percentage of assets under management and/or percentage of the difference between a client's account return and the return of an appropriate benchmark, will be determined by the client's individual circumstances and will be mutually agreed upon before entering into this type of arrangement and will be detailed in the client's Investment Management Agreement.

The client must understand the proposed method of compensation and its risks prior to entering into the contract. Accordingly, clients paying performance-based fees are directed to the "Performance-Based Fees" section (Item 6) below for more comprehensive disclosures, including potential conflicts of interest resulting from this type of compensation.

Clients who elect to terminate their contracts will be charged a performance-based fee based on the performance of the account for the measuring period going back from the termination date and pro-rated from the date on which the performance-based fee was previously assessed by our Firm.

In measuring the client's assets for the calculation of performance-based fees, Garcia Hamilton & Associates, L.P. shall include: for securities for which market quotations are readily available, the realized capital losses and unrealized capital losses of securities over the period and, if the unrealized capital appreciation of the securities over this period is included, the unrealized capital depreciation of securities over the period.

The entitlement to a performance-based fee may create an incentive for Garcia Hamilton & Associates, L.P. to take risks in managing assets which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

PERFORMANCE-BASED FEES WILL ONLY BE CHARGED IN ACCORDANCE WITH THE PROVISIONS OF REG. 205-3 OF THE INVESTMENT ADVISERS ACT OF 1940 AND/OR APPLICABLE STATE REGULATIONS. THE FEES WILL NOT BE OFFERED TO ANY CLIENT RESIDING IN A STATE IN WHICH SUCH FEES ARE PROHIBITED.

On a case-by-case basis, an appropriate fee structure based on the size, complexity and investment objectives of the client's account may be entered by Garcia Hamilton & Associates, L.P. Fee arrangements may include a combination of a management fee and incentive fee, or may be solely limited to an incentive-based fee. The terms and conditions of the fee structure are mutually agreed upon prior to entering into an advisory agreement.

***Termination of the Advisory Relationship:***

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be automatically refunded within 45 days of receipt of written notice. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period. To check on the refund progress you may call or email Beth McWilliams at 713-853-2314 or [BMcWilliams@GarciaHamiltonAssociates.com](mailto:BMcWilliams@GarciaHamiltonAssociates.com).

***Additional Fees and Expenses:***

In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information. From time to time clients may have funds invested in short term investment vehicles available through the custodian. In this situation, clients may be paying management fees for this portion of their assets.

***IF APPLICABLE: Grandfathering of Minimum Account Requirements:***

Pre-existing advisory clients are subject to Garcia Hamilton & Associates, L.P.'s minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our Firm's minimum account requirements will differ among clients.

***IF APPLICABLE: ERISA Accounts:***

Garcia Hamilton & Associates, L.P. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our Firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Garcia Hamilton & Associates, L.P. may only charge fees for investment advice about products for which our Firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our Firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Garcia Hamilton & Associates, L.P.'s advisory fees.

***Advisory Fees in General:***

Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Limited Prepayment of Fees:***

Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

***Most Favored Nations Clause:***

The Firm does not incorporate a “Most Favored Nations” policy in its standard contract and reserves the right to consider such a clause in future contracts. We ensure compliance with a “Most Favored Nations” policy by routinely reviewing relevant fee schedules when negotiating client contracts.

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

---

### *Performance-Based Fees*

---

As we disclosed in Item 5 of this Brochure, the Firm does not offer performance-based fees which generally are fees based in whole or in part on a percentage of assets under management plus a percentage of the difference between the performance of a client's account and that of an appropriate index. However, GH&A may receive fees based on performance in cases where a client has proposed and the Firm has accepted a performance-based fee arrangement.

Clients should be aware that entitlement to a performance-based fee arrangement may create an incentive for us to take risks in managing assets which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Furthermore, as we also have clients who do not pay performance-based fees, we have an incentive to favor accounts that do pay such fees because compensation we receive from these clients is more directly tied to the performance of their accounts.

To eliminate or significantly reduce the potential for conflicts of interest, all accounts invested in a product are managed alike, subject to client restrictions, in determining the timing of as well as the securities to be bought or sold regardless of the fee arrangements.

### *Side-by-Side Management*

---

Investment teams and individual portfolio managers often manage multiple accounts, including separate accounts and mutual funds, according to the same or a similar investment strategy.

Side-by-side management of the funds and other accounts raises the possibility of favorable or preferential treatment of a client or a group of clients. In general, investment decisions for each client account will be made independently from those of other client accounts and are made with specific reference to the individual needs and objectives of each client account. There is no requirement that an adviser use the same procedures consistently with respect to all accounts. Different strategies and client guidelines may lead to the use of different methodologies for addressing the potential conflicts of interest.

GH&A may manage numerous accounts with similar or identical investment objectives or may manage accounts with different objectives that trade in the same securities. Portfolio decisions relating to clients' investments and the performance resulting from such decisions may differ from client to client. GH&A will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible clients, particularly if different clients have materially different amounts of capital under management by GH&A or different amounts of investable cash available.

To eliminate or significantly reduce the potential for conflicts of interest, all accounts invested in a product are managed alike, subject to client restrictions, in determining the timing of as well as the securities to be bought or sold regardless of the fee arrangement or type of account.

**Item 7: Types of Clients**

---

*Description*

---

Garcia Hamilton & Associates, L.P. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Investment companies(including mutual funds)
- Pension and profit sharing plans(other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above
- State or municipal government entities
- Other

As previously disclosed in Item 5, our Firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

---

### *Methods of Analysis*

---

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

***Fundamental Analysis.*** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

***Technical Analysis.*** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

***Quantitative Analysis.*** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

***Qualitative Analysis.*** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk is using qualitative analysis is that our subjective judgment may prove incorrect.

### *Investment Strategies*

---

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

***Long-term purchases.*** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Risk of Loss.** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

**Mutual Funds and/or ETF Analysis.** *Although not an integral part of our Equity strategy, in certain client specific cases, Mutual Funds and/or ETF's may be held at the client's direction.*

We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

### *Risks of Loss*

---

Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information. Any investment in securities runs the risk of loss that clients should be prepared to bear.

**Item 9: Disciplinary Information**

---

*Legal and Disciplinary*

---

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our Firm and our management personnel have no reportable disciplinary events to disclose.

**Item 10: Other Financial Industry Activities and Affiliations**

---

*Financial Industry Activities*

---

Garcia Hamilton & Associates, L.P., is not registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or a commodity trading advisor.

*Affiliations*

---

The Firm understands that from time to time family members of the Firm's partners and employees may be employed by broker-dealers, intermediaries or other entities with which the Firm has a business relationship. In establishing or renewing such a relationship, the Firm will make any such business decisions independently and without regard to the family member's employment at such other entity. The Firm manages its coverage of such relationships to ensure that the Firm's trades are not directed to a family member employed by a broker-dealer.

**Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

---

*Code of Ethics*

---

Our Firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Garcia Hamilton & Associates, L.P. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the Firm's access persons. Among other things, the Code requires pre-clearance and reporting of personal securities transactions; applies blackout periods for certain personal trades; and obligates employees to provide an annual acknowledgement of compliance with the Code's terms. Limitations also exist on GH&A's employee participation in initial public offerings and private placements. Our Code also provides for oversight, enforcement and recordkeeping provisions. All personnel are required to provide GH&A with duplicate copies of confirmations and statements with respect to their brokerage accounts.

Garcia Hamilton & Associates, L.P.'s Code of Ethics further includes the Firm's policy concerning the misuse of material non-public information that is designed to prevent insider trading by an officer or employee of GH&A. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email to [BMcWilliams@GarciaHamiltonAssociates.com](mailto:BMcWilliams@GarciaHamiltonAssociates.com), or by calling our Compliance Department at 713.853.2314.

*Participation or Interest in Client Transactions*

---

Due to the nature of our clientele, GH&A may from time to time trade in securities issued by our clients. In all such cases, GH&A shall do so in the best interest of our clients trading in such securities. Except as noted, GH&A generally does not buy or sell, for its own accounts, securities that the Firm has recommended to clients.

Our Firm and/or individuals associated with our Firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients, subject to the restrictions and reporting obligations contained in GH&A's Code of Ethics. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

Garcia Hamilton & Associates, L.P. and individuals associated with our Firm are prohibited from engaging in principal transactions.

Garcia Hamilton & Associates, L.P. and individuals associated with our Firm are prohibited from engaging in agency cross transactions.

*Personal Trading*

---

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

To help mitigate the potential for conflicts of interest, our Code of Ethics imposes restrictions on the purchase or sale of securities for an employee's own accounts and the accounts of certain household members and seeks to ensure that employees do not personally benefit from the short-term market effects of GH&A's investment decisions in client accounts.

**Item 12: Brokerage Practices**

---

*Research and Other Soft Dollar Benefits*

---

Garcia Hamilton & Associates, L.P. does not have any soft-dollar arrangements and does not receive any soft-dollar benefits. The Firm does not use client transactions to obtain research or other products or services.

*Selecting Brokerage Firms*

---

For discretionary clients, Garcia Hamilton & Associates, L.P. requires these clients to provide us with written authority to determine the broker dealer to use and the commission costs that will be charged to these clients for these transactions.

We select brokers or dealers to execute portfolio transactions, taking into consideration such factors as:

- the price of the security
- the rate of commission
- the size and difficulty of the order
- the reliability and integrity
- financial condition
- general execution and operational capabilities of competing brokers and dealers
- the brokerage and research services which they provide
- its desire to support the development of minority and small brokerage firms.

Orders are placed and trades are executed subject to “Best execution”, with brokers or dealers that we believe are responsible and effect execution of such orders under conditions most favorable to the accounts.

Garcia Hamilton & Associates, L.P. may have certain accounts that selected the Firm through the recommendations of unrelated third parties, including consultants that may also be broker-dealers. Clients selecting GH&A as a result of the recommendation from these third parties may instruct us to direct some or all of their brokerage transactions, as explained in the “Directed Brokerage” section below, to the third party’s broker-dealers or may otherwise allocate brokerage.

*Best Execution*

---

It is our duty to seek the best overall execution of transactions for client accounts consistent with our judgment as to the business qualifications of the various broker/dealers with which we may do business.

“Best execution” means the best overall qualitative execution, not necessarily the lowest possible commission cost.

*As it relates to Fixed Income:*

- We will use best effort to secure a minimum of *three* bids or offers for each across-the-board transaction in fixed income securities.
- We execute transactions with a broad group of broker dealers and take advantage of electronic trading platforms such as Tradeweb.

*As it relates to Equities:*

- We will obtain information as to the general level of equity commission rates being charged by the brokerage community from time to time and will periodically evaluate the overall reasonableness of brokerage commissions paid on client transactions by reference to such data.
- We will periodically review the past performance of the brokers or dealers with whom it has been placing orders to execute portfolio transactions in light of the factors discussed above. We may cease to do business with certain exchange members, brokers or dealers whose performance may not have been competitive or may demand that such persons improve their performance before receiving any further orders.

*Directed Brokerage*

---

- A. We do not recommend, request or require that a client direct GH&A to execute transactions through a specified broker-dealer.
- B. GH&A does not have any broker-dealer affiliates or have economic relationships that create a material conflict of interest.
- C. In some cases, GH&A does permit a client to direct brokerage. For example, in cases where a client's account is custodied at a broker/dealer the custodian broker/dealer may require this course of action or there may be cost savings in trading through the broker/dealer such as smaller transaction and/or custody fees. Where Garcia Hamilton & Associates, L.P. does not have discretion to select a broker/dealer:
  - 1) We will not negotiate commission rates. Rather, the commission rates will be as negotiated by the client with the broker and, unless the client negotiates rates with the broker/dealer, will not change as a result of Garcia Hamilton & Associates, L.P. serving as investment adviser.
  - 2) There may be a disparity in commission rates charged to the client who directs our Firm to use a particular broker/dealer.
  - 3) Client realizes that similar brokerage services may be obtained from other broker/dealers at lower costs.
  - 4) We will not be responsible for obtaining competitive bids on directed trades done on a net basis.
  - 5) Our Firm may be unable to obtain a more favorable price based on transaction volume on transactions that cannot be aggregated with transactions of its other advisory clients.
  - 6) We may have entered the client's order after other clients' orders for the same security, with the result that market movements may work against the client.
  - 7) A client may not be able to participate in an allocation of shares of a new issue if those new issue shares are provided by another broker/dealer.
  - 8) Accordingly, clients directing commissions may generate returns in their accounts that are different from those clients with accounts that do not direct commissions.

### *Trade Aggregation*

---

In the case of Equities, trade order entry, execution and allocation decisions are made among client accounts to ensure fair and equitable treatment over time. GH&A uses a systematic, alphabetical rotation process by broker-dealer groupings to manage the equity trading process, unless market conditions or circumstances dictate otherwise. This rotation is designed to ensure that all accounts are treated in a non-preferential manner and that trading decisions are not based upon account size, account performance, fee structure or portfolio manager preference. Every client account is included in this rotation process regardless of whether a client designates a particular broker or GH&A has brokerage discretion. When GH&A is engaged in an “across-the-board” trade for all accounts, orders for individual accounts or groups of accounts will not be placed on a first-come, first-serve basis but will be held until all orders have been received by our trading desk. At that point, the trade rotation will be determined and trades will be placed accordingly. This trade rotation practice is reviewed regularly to ensure that an individual client or group of clients is not routinely advantaged or disadvantaged over another.

The majority of accounts are institutional, separate accounts and fixed income trades are generally executed simultaneously for all accounts. Purchase transactions are generally for issues for which the quantity available meets our investment needs. However, should there be an occasion where multiple trades are required to complete a transaction, we will rotate between directed and non-directed client groups so as not to advantage or disadvantage any client or group of clients.

When two or more client accounts are simultaneously engaged in the purchase or sale of the same security, the orders for those accounts may, but are not required to be combined (e.g., batched/block traded). In such cases, these accounts will receive the same average price. The ability of a client account to participate with other client accounts in batched/blocked transactions may produce better executions for the individual client account. In some instances, the broker or dealer designated by the client may not, or will not, execute batched or block trades.

All executed trades, including batch/block trades, are allocated before the close of the business day. In cases where GH&A is unable to complete an order the same day, the purchased or sold shares are allocated on a pro rata basis, subject to a “de minimis” exception in cases where a strictly pro rata allocation would result in certain accounts receiving less than an appropriate number of shares.

In the event that GH&A does participate in an initial public offering or other securities with limited availability (collectively, “IPOs”), GH&A will allocate the IPOs among client accounts in a fair and equitable manner, taking into consideration factors such as client account objectives and preference, investment restrictions, account sizes, cash availability, and current specific needs.

In the case of fixed income securities, it is recognized that considerations of yield, maturity, duration, call provisions and similar characteristics are generally more significant determinants than specific issues or issuers. However, it is GH&A’s policy in allocating fixed income trades to treat each client fairly and equitably and to avoid situations where any client or clients are intentionally disadvantaged to the benefit of any other client. Whenever possible, all fixed income accounts (and the fixed income portion of balanced accounts) will participate equitably in a fixed income trade and the allocation of the trade will normally be determined prior to execution.

### *Step-outs*

---

As it relates to Equities, Garcia Hamilton & Associates, L.P. may use step-out trades when determined to be advisable, including in situations where it may facilitate better execution for certain client trades.

Step-out trades are placed at one broker-dealer and then “given up/stepped out” by that broker-dealer to another broker-dealer. The executing broker-dealer may execute the step-out as a net trade and may add a per share charge to the overall cost of the trade.

Unless otherwise directed by the client, we may use step-out trades for all client accounts, including directed brokerage accounts. In this case, typically trades are executed through a particular broker-dealer and then “stepped-out” to the directed brokerage firm.

Step-out trades may benefit the client by finding a natural buyer or seller of a particular security so that we can trade a larger block of shares more efficiently than otherwise. In circumstances where we have followed the client’s instructions to direct brokerage, there can be no assurance that we will be able to step-out the trades or if it steps-out it will be able to obtain more favorable execution than if it hadn’t stepped-out.

### *Wrap Fee Accounts*

---

For accounts that are “wrap fee” accounts established by a client with a broker/dealer or other intermediary that has a relationship with a broker/dealer, clients are not charged separate commissions on each trade so long as the broker executes the trade, and a portion of the “wrap fee” is generally considered in lieu of commissions.

In light of this feature, GH&A considers a client’s choice to enter into a wrap fee arrangement with a particular broker/dealer as being a direction to GH&A to direct transactions in that client account to that broker or dealer. In such cases, trades will typically be executed only with the introducing “wrap fee” broker or dealer.

Other client accounts may pay a higher or lower commission rate than “wrap fee” accounts, depending on a variety of factors, including the broker/dealer’s commission rates and the level of trading activity.

GH&A may also effect securities transactions for these client accounts through or with other brokers or dealers as GH&A reasonably believes, in good faith, are necessary to fulfill its duty to seek best execution, consistent with Section 28(e) of the Securities Exchange Act of 1934, as amended. If GH&A is required to effect transactions with other brokers, the client would bear the cost of commissions in such transactions in addition to the fees paid by the client for such “wrap fee” see Item 5 for more information regarding fees.

Accordingly, a client may wish to satisfy itself that the wrap fee arrangement and brokerage firm they have chosen can provide the best execution. The client should also take into consideration the level of the fee charged by the broker/dealer, the amount of portfolio activity in the client’s account, the value of custodial services, and the aggregate cost of these and other services if they were to be provided separately and if GH&A were free to seek best execution of transactions for the client’s account.

## Item 13: Review of Accounts

---

### *Periodic Reviews*

---

While the underlying securities within Investment Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines or the particular investment goal of a sub-advised mutual fund or model portfolio client. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

*These accounts are reviewed by:*

Beth McWilliams, Chief Compliance Officer  
 Gilbert Garcia, Director of Fixed Income Investments  
 Daniel Kallus, Director of Equity Investments  
 Nancy Rodriguez, Fixed Income Portfolio Manager  
 Jeffrey Detwiler, Fixed Income Portfolio Manager  
 Ruby Dang, Investment Analyst  
 Stephanie Roberts, Investment Analyst

### *Review Triggers (non-periodic)*

---

*Other factors that may trigger a review of accounts include:*

- Change in investment policy
- Significant change in the quality of holdings in the portfolio

### *Reports*

---

In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer or custodian, we provide quarterly reports summarizing account performance, balances and holdings. These reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions. Clients should refer to the Fund Prospectus for information regarding regular reports to the fund by Garcia Hamilton & Associates, L.P.

### *Client Reporting*

---

Preliminary reports are available two to three days after month end and final reports are available after the account has been reconciled with the custodian, which is on average *fourteen days* after month or quarter end.

Our standard quarterly reporting package includes a Performance Report, Portfolio Summary, Portfolio Appraisal and market comments at a minimum. Examples of other standard reports requested by our clients include Purchase and Sale Report, Income and Expense Report, and Interest Accruals report. In addition, every four to six weeks, we provide all our clients with a current market strategy commentary written by a senior investment professional.

GH&A has the ability to create a variety of custom and ad hoc reports to meet a client's unique reporting requirements in a timely manner using in-house resources at no cost to the client. If a report request were to require substantial external programming, timing and costs would be reviewed with the client prior to project inception.

## **Item 14: Client Referrals and Other Compensation**

---

### *Incoming Referrals*

---

It is Garcia Hamilton & Associates, L.P.'s policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our Firm.

From time to time GH&A may have certain accounts that were referred to the Firm through the recommendations of third parties, including consultants that may also be broker-dealers. Clients selecting GH&A as a result of the recommendation from these third parties may instruct us to direct some or all of their brokerage transactions to the third party's broker/dealers, or may otherwise allocate brokerage to these or related broker/dealers.

### *Referrals Out*

---

It is Garcia Hamilton & Associates, L.P.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

### *Other Compensation*

---

Garcia Hamilton & Associates and related persons (directly or indirectly) do not compensate any person who is not a supervised person for client referrals.

### *Gifts and Business Entertainment*

---

GH&A has policies and procedures in place regarding the Firm's employees giving or receiving gifts and business entertainment to address the potential conflicts of interest surrounding these practices. In general, the Firm only allows the giving or receiving of gifts and business entertainment of de minimis value. GH&A monitors any potential conflict of interest in individual instances of gifts or business entertainment as well as patterns over time to ensure that the interests of GH&A and its employees are not placed ahead of the interests of its clients.

GH&A may from time to time assist in sponsoring industry forums, seminars or conferences that support investor education for organizations that may have referred clients to GH&A. GH&A may host consultants at functions sponsored by GH&A.

**Item 15: Custody**

---

Our Firm does not have actual or constructive custody of client accounts. However, the Firm does require that our clients use qualified custodians for safeguarding of assets (for definition of SEC qualified custodians, please refer to the following website – [www.sec.gov/rules/final/ia-2176.htm](http://www.sec.gov/rules/final/ia-2176.htm)).

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our Firm does not directly debit advisory fees from client accounts. However, as part of our billing process, the client's custodian may be advised of the amount of the fee to be deducted from the client's account if we have received such direction from the client in writing.

*Account Statements*

---

On at least a quarterly basis, the dealer, bank or other qualified custodian that holds and maintains client's investment assets is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted in most cases, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things.

Garcia Hamilton & Associates, urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients should contact us directly if they believe that there may be an error in their statement.

## **Item 16: Investment Discretion**

---

### *Discretionary Authority for Trading*

---

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our Firm, and may limit this authority by giving us written instructions.

For registered investment companies, GH&A's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Some clients have credit quality restrictions, or social or political restrictions that prohibit certain investments. Some clients restrict the percentage of a stock or bond relative to account size or percentage of a particular industry based on account size.

Clients may also change/amend such limitations by once again providing us with written instructions. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

### *Trade Errors*

---

We have established an Error Correction policy which provides that the resolution of all errors be made in light of the Firm's fiduciary duties and in the affected client's best interests. It is our policy to resolve any error identified in a client account in a manner which ensures that the client account is not harmed. We prohibit the use of principal trades, directed brokerage, soft dollars or other client's accounts to resolve trade errors.

In the case of trade-related errors identified prior to settlement, certain broker-dealers may maintain "in-house" trade error accounts that allow for the netting of gains and losses relating to trade errors occurring with respect to the Firm's clients. Any net losses residing in these accounts require reimbursement by GH&A to the broker dealer. In no instance will we retain net trade error gains for its own use or use soft dollars or client assets to correct an error. In cases where the policies of a specific broker-dealer allow it, net gains may accumulate to be used to offset future trade error losses.

We may be exempted from reimbursing broker-dealers for trade error losses that are less than \$50. Such de minimis trade errors may be absorbed by the broker-dealer, but only after approval by our Compliance Department. In these instances, Trading shall obtain written approval from the Compliance Department prior to settling such errors with the broker.

### Item 17: Voting Client Securities

---

Unless otherwise directed by the client, GH&A will make reasonable efforts to vote client proxies. The Firm has written policies and procedures designed to reasonably ensure that it votes proxies in the best interests of its clients and does not put its own interests above those of its clients. Our Firm defines the best interests of a client to mean the best economic interest of the holders of the same or similar securities of the issuer held in the client's account.

You can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting us at 713.853.2314 or via email at [BMcWilliams@GarciaHamiltonAssociates.com](mailto:BMcWilliams@GarciaHamiltonAssociates.com).

We utilize the services of an independent third-party proxy service, Glass Lewis & Co. ("Glass Lewis"), to act as agent for the proxy process, to maintain records on proxy voting for our clients, and to provide independent research on corporate governance and corporate responsibility issues. Glass Lewis is responsible for analyzing and voting each proxy, maintaining records of proxy statements received and votes cast, and providing reports to GH&A, upon request, concerning how proxies were voted for a client. If our Firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and Glass Lewis to cast a vote.

In some instances our Firm does not have authority to vote client securities. In these cases, the client will receive their proxies or other solicitations directly from their custodian or transfer agent. If a client elects to vote their own securities they normally will not contact us with questions regarding a particular solicitation.

#### *Proxy Votes*

---

Glass Lewis is responsible for analyzing and voting each proxy, maintaining records of proxy statements received and votes cast. Our Client Service Department monitors the Glass Lewis proxy voting process and is able to access all documents concerning how proxies were voted for a client.

#### *Our Client Service department will:*

- 1) Determine the portfolios for which we have proxy voting responsibilities;
- 2) Send a letter to the custodian informing them that Glass Lewis will act as the portfolio's proxy voting agent; advising them to forward all proxy material pertaining to the portfolio to Glass Lewis for execution.
- 3) Ensure the custodians and Glass Lewis are appropriately notified;
- 4) Receive and forward to the Chief Compliance Officer, and ultimately Glass Lewis, any direction from the client to vote a proxy in a specific manner;
- 5) Maintain client documentation and any communications received by GH&A related to proxy voting, including information on how client's proxies were voted and our responses.
- 6) Additionally, on a quarterly basis or more frequently as necessary, provides Glass Lewis with a list of the portfolio holdings for which GH&A holds voting authority.

#### *Conflicts of Interest*

---

The adoption of the Glass Lewis "Taft-Hartley" policy statement & guidelines, which provides pre-determined policies for voting proxies, removes any conflict of interest that could affect the outcome of a vote.

The intent of this policy is to remove any discretion that we may have to interpret:

- What is in the best interest of a client; or
- How to vote proxies in cases where we have a material conflict of interest; or
- The appearance of a material conflict of interest.

Although no situation under normal circumstances is expected where we will retain discretion from Glass Lewis, our Chief Compliance Officer will monitor situations where we have any discretion to interpret or vote and will confirm delegation to Glass Lewis if a material conflict of interest should arise.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make reasonable efforts to forward such notices in a timely manner.

### *Proxy/Shareblocking*

---

In general, unless otherwise directed by the client, we will make reasonable efforts to vote client proxies in accordance with the proxy voting recommendations of the Firm's proxy voting service provider, Glass Lewis.

We will generally decline to vote proxies if to do so would cause a restriction to be placed on our ability to trade securities held in client accounts in "share blocking" countries. Accordingly, we may abstain from votes in a share blocking country in favor of preserving its ability to trade any particular security at any time.

### *How to Obtain Voting Information*

---

Clients may obtain a copy of our complete proxy voting policies and procedures and /or a full copy of the Glass Lewis "Taft-Hartley" policy statement and guidelines by contacting our Chief Compliance Officer, Beth McWilliams by telephone, email, or in writing.

Clients may request, in writing, information on how proxies for his/her shares were voted. Please specify the portfolio and period of time for which you would like proxy voting information. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

**Item 18: Financial Information**

---

*Financial Condition*

---

Garcia Hamilton & Associates, L.P. has no additional no financial circumstances to report. Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement. Garcia Hamilton & Associates, L.P. has not been the subject of a bankruptcy petition at any time during the past ten years or since our inception.

*Business Continuity Plan*

---

Garcia Hamilton & Associates, L.P. has a Business Continuity Plan in place that covers natural disasters such as ice storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, communications outage and Internet outage.

**Data Back-Up.** Recognizing the importance of a consistent and reliable data backup program, GH&A has adopted a virtual hot site approach to ensure continuous business operations in the event of an emergency or natural disaster. Our critical servers are located in a Tier 4 datacenter that provides full redundancy for power, cooling, and data connectivity even in the event of a major hurricane. The datacenter also provides 24hr physical security in addition to fire protection and environmental monitoring of all systems. Data is stored in an iSCSI SAN to provide redundancy against multi-disk failure and is also backed up to disk nightly both at the datacenter and at GH&A's physical offices. As it relates to email, Dell MessageOne provides a continuity solution that allows GH&A personnel to continue sending and receiving email through a secure, web-based portal. All messages sent/received during an outage are archived and imported back to our servers once they come back online.

**Off-Site Contingency.** In the event the 5 Houston Center premises are not accessible, GH&A employees will use secure remote VPN installations as portals into the Firm's network. Disaster Recovery Team members and any additional employee deemed key for maintaining daily business would be dispatched to locations throughout the Houston metropolitan area and/or region as necessary. Determination of key employees will be made by the Chief Compliance Officer and Managing Partner or Controller. Team and key employees will be in communication via landlines and/or cell phones.

The secure VPN application is installed on selected employee workstations and/or laptops. These employees represent all areas of responsibility of the Firm. This application allows entrance into the GH&A network via a secure remote VPN wherever the user can gain access to the Internet and affords the user an opportunity to access all major software applications utilized for daily trading, portfolio administration, asset management, research, client support, and office management.

*Loss of Key Personnel*

- Equity  
We have defined a Portfolio Manager and a Quantitative Strategist as the backups to the equity portfolios should the primary Equity Portfolio Manager become subject to a disaster.
- Fixed Income  
We have defined two of our Fixed Income Portfolio Managers and a Quantitative Strategist as the backups to the fixed income portfolios should the primary Fixed Income Portfolio Manager become subject to a disaster.
- Firm Management  
We have defined our Controller and Compliance Officer as the primary backups to the Firm management should the Managing Partner become subject to a disaster.

*Information Security Program*

---

Garcia Hamilton & Associates, L.P. maintains an information security program to reduce the risk that your personal and confidential information may be breached.

*Privacy Notice*

---

***Collection and Use of Client Information***

GH&A collects only relevant information about our clients that the law allows or requires us to have in order to conduct our business and properly service our accounts. We collect financial and other personal information about our clients from the following sources:

- Directly provided by our clients from investment management contracts and other forms; and
- Information provided to us by authorized parties acting on behalf of our clients such as accountants, attorneys and investment consultants.

***Keeping Information Secure***

We maintain physical, electronic and procedural safeguards and procedures to protect your financial and other personal information, and we continuously strive to improve these safeguards and procedures.

***Limiting Access to Information***

All of our employees are aware of the importance of maintaining and respecting customer privacy and to recognize the importance of confidentiality. In addition, all employees are required to sign a Confidentiality & Non-disclosure Agreement as a condition of employment. Those who violate our privacy policies are subject to disciplinary action.

***Accuracy of Information***

We strive to keep accurate client information records, and we take immediate steps to correct errors as they are found. If there are any inaccuracies in your account statements or in any other communications from us, please contact us immediately and we will make the necessary corrections.

***Use of Personal and Financial Information by Us and Third Parties***

Information about our clients that is in our possession is shared with non-affiliated third parties only to the extent necessary for us to provide the services for which our clients have hired us, and then only to the extent permitted by law. GH&A typically does not share nonpublic client information with unaffiliated third parties other than as necessary to carry out the actual performance of the investment management services it has been hired to provide. Thus, for example, GH&A will share nonpublic client information with brokers and custodian banks in order to buy and sell securities and record those purchases and sales accurately. GH&A may also use such information in the account intake process including, to conduct anti-money laundering screening. As a general rule, GH&A does not engage in joint marketing arrangements with unaffiliated third parties that involve the sharing of nonpublic information regarding GH&A clients. Nor does it sell client information to unaffiliated third parties for their own marketing purposes. Any exceptions to these practices are made only with the permission of the particular client for the sharing of information with identified third parties or as otherwise required by law.

From time to time, GH&A may be party to agreements with other parties (which may or may not be related persons for purposes of Form ADV), pursuant to which the Firm pays the other party a fee for services rendered to GH&A to support the Firm's provision of investment advisory services to clients, including through wrap fee programs. Such services may include, without limitation, account establishment and maintenance, model maintenance, administrative support, marketing and reporting. Information about our clients may be shared with such parties as noted above.

***Maintaining Customer Privacy in Business Relationships***

We do not share client information with anyone who does not agree to keep such information confidential. If you believe we have shared your information inappropriately, please contact the Chief Compliance Officer, Garcia Hamilton & Associates, 5 Houston Center, 1401 McKinney St., Suite 1600, Houston, TX 77010 or 713-853-2322 immediately and corrective steps will be taken.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83  
84  
85  
86  
87  
88  
89  
90  
91  
92  
93  
94  
95  
96  
97  
98  
99  
100

# GH&A

## GARCIA HAMILTON & ASSOCIATES, L.P.

ADV Part 2B - Brochure Supplement : Gilbert A. Garcia, CFA

**Item 1: Cover Page**

---



**Gilbert Andrew Garcia, CFA**  
Managing Partner

**Garcia Hamilton & Associates, L.P.**

Five Houston Center  
1401 McKinney Street, Suite 1600  
Houston, Texas 77010  
Main Line: 713.853.2322  
Direct Line: 713.853.2323  
Fax: 713.853.2300

Website: [www.GarciaHamiltonAssociates.com](http://www.GarciaHamiltonAssociates.com)  
Email: [GGarcia@GarciaHamiltonAssociates.com](mailto:GGarcia@GarciaHamiltonAssociates.com)

**December 31, 2011**

This brochure supplement provides information about Mr. Gilbert A. Garcia that supplements the Garcia Hamilton & Associates, L.P. Brochure. You should have received a copy of that brochure. Please contact us at 713.853.2322 and/or [BMcWilliams@GarciaHamiltonAssociates.com](mailto:BMcWilliams@GarciaHamiltonAssociates.com) if you did not receive the Garcia Hamilton & Associates, L.P.'s Brochure or if you have any questions about the contents of this supplement.

Additional information about Mr. Gilbert A. Garcia is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Mr. Garcia's CRD number is 1453249. Registration with the SEC does not imply a certain level of skill or training.



### **Item 3: Disciplinary Information**

---

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice.

- There have been no disciplinary actions taken against this individual.

### **Item 4: Other Financial Industry Activities and Affiliations**

---

Mr. Gilbert Andrew Garcia does not engage in any investment-related activities outside of Garcia Hamilton & Associates, L.P., nor does he have any applications pending to register with a broker-dealer or other investment firm. Mr. Garcia does not receive any compensation on the sale of securities or other investment products.

Mr. Gilbert Andrew Garcia does not engage in any business other than GH&A that provides a substantial source of his income or consumes a substantial portion of his time.

### **Item 5: Additional Compensation**

---

Mr. Garcia does not receive any compensation from a non-advisory client or for the provision of advisory services.

### **Item 6: Supervision**

---

Mr. Gilbert A. Garcia is the Firm's Managing Partner. The six partners work together as a team and thru constant interaction; they participate in the investment advisory decisions the Managing Partner makes on behalf of clients.

Complaints specifically about Mr. Gilbert A. Garcia or any other personnel should be directed to Beth McWilliams who is our Chief Compliance Officer. She can be contacted at 713-853-2314 or via email at [BMcWilliams@GarciaHamiltonAssociates.com](mailto:BMcWilliams@GarciaHamiltonAssociates.com).

## Methods & Formulas

### **Performance**

The AIMR requires that you calculate performance using TWR, and that you measure performance at least quarterly, preferably monthly. However, you can calculate TWR performance as of any date-- quarterly, monthly, or even daily.

The following standard Axys reports display a time-weighted rate of return.

- Performance History
- Performance History by Asset Class
- Performance History by Sector
- Composite Dispersion

Ideally, a TWR is computed by calculating a Simple Rate of Return between each cash flow, and linking them. However, cash flows can occur on a daily basis, and reconciling your portfolios and calculating a simple rate of return every day is very time-intensive. The AIMR recognizes this, so you can use the following approximation technique to arrive at a time weighted return.

- 1) Divide the evaluation period into sub-intervals whose boundaries are dates more easily valued such as month or quarter ends.
- 2) Calculate an IRR for each sub-interval and then link the results.

This technique is accurate as long as the sub-intervals are short enough. Axys allows whatever interval you desire, though the AIMR recommends one month intervals.

Axys turns the IRR for each sub-interval into a multiplier before linking them together:

$$\text{IRR1} = 2.85\% = 1 + (2.85/100) = 1.0285$$

$$\text{IRR2} = 1.15\% = 1 + (1.15/100) = 1.0115$$

$$\text{IRR3} = -2.66\% = 1 + (-2.66/100) = 0.9734$$

After converting the IRRs to multipliers, Axys links multipliers to obtain the TWR:

$$\text{TWR} = ((1.0285 \times 1.0115 \times 0.9734) - 1) \times 100 = (1.0127 - 1) \times 100 = 1.27\%$$

*An annualized return* is the annual percentage rate of return that would be achieved if the return were to continue for one year. The AIMR recommends that you do not annualize for periods less than one year. The formula for the annualized return is:

$$\text{Annualized Return} = \left( (1 + \frac{\text{TWR}}{100})^{\text{periods per year}} - 1 \right) \times 100$$

Periods per year is the number of the given period that make up one year. (Example: If the given time period is a quarter, the periods per year is four. If the given time period is three years, the periods per year is one-third.)

TWR (converted to a decimal) plus 1 is raised to the number of periods per year. Subtracting 1 and multiplying by 100 converts the number into a percentage.

### **Current Yield**

Yield for bonds can be calculated as current yield or as yield to maturity. Current yield is the current yield on market value (or on cost), expressed as a percent. This yield can be calculated using the security's current market price or its original cost, depending on what you define in the Yield field on the Reports tab of Settings or Network Settings.

The formula for current yield is:

$$\text{Current Yield} = (\text{estimated annual income} / \text{total current market value}) \times 100$$



Presented by:

**Gilbert A. Garcia, CFA**  
*Managing Partner*

5 Houston Center  
1401 McKinney, Suite 1600  
Houston, TX 77010  
Tel: (713) 853-2322  
Fax: (713) 853-2300

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

# GARCIA HAMILTON & ASSOCIATES

## *Sample Monthly Fixed Income Client Book*

Quarter Ended December 31, 2010

**ACTIVE  
ASSET  
MANAGEMENT**  
IMPLEMENTING A PHILOSOPHY  
& STYLE FOR OVER 25 YEARS

# Performance Summary

Sample

December 31, 2010

## PORTFOLIO COMPOSITION

	Market Value	Pct. Assets	Yield
EQUITIES	0.00	0.0	0.0
FIXED INCOME	13,608,185.43	97.2	1.9
CASH & EQUIVALENTS	390,983.38	2.8	0.0
<b>Total</b>	<b>13,999,168.81</b>	<b>100.0</b>	<b>1.8</b>

## CHANGE IN PORTFOLIO

Portfolio Value on 09-30-10	13,924,857.23
Accrued Interest	89,120.09
Net Additions/Withdrawals	-4,381.14
Realized Gains/Losses	-29,147.57
Unrealized Gains/Losses	-66,433.32
Income Received	107,920.99
Change in Accrued Interest	-22,767.47
Portfolio Value on 12-31-10	13,932,816.18
Accrued Interest	66,352.62
<b>Total</b>	<b>13,999,168.81</b>

## TIME WEIGHTED RETURN

Account	Month To Date	Quarter	Year To Date	One Year	Annualized Last 2 Years	Annualized Last 3 Years	Annualized Inception 05-31-07 To Date
<b>Account</b>	<b>-0.20</b>	<b>-0.07</b>	<b>1.66</b>	<b>1.66</b>	<b>1.84</b>	<b>2.98</b>	<b>4.02</b>
<b>FIXED INCOME</b>	<b>-0.21</b>	<b>-0.07</b>	<b>1.84</b>	<b>1.84</b>	<b>2.00</b>	<b>3.16</b>	<b>4.23</b>
UST Bellwethers 3M	0.02	0.05	0.15	0.15	0.18	0.91	1.56

GH&A

# Performance Summary

Sample

December 31, 2010

## PORTFOLIO COMPOSITION

	Market Value	Pct. Assets	Yield
EQUITIES	0.00	0.0	0.0
FIXED INCOME	55,321,511.94	99.6	1.9
CASH & EQUIVALENTS	205,823.59	0.4	0.0
<b>Total</b>	<b>55,527,335.53</b>	<b>100.0</b>	<b>1.9</b>

## CHANGE IN PORTFOLIO

Portfolio Value on 09-30-10	55,388,551.56
Accrued Interest	403,049.64
Net Additions/Withdrawals	-21,703.32
Realized Gains/Losses	-188,392.59
Unrealized Gains/Losses	-488,850.06
Income Received	569,353.95
Change in Accrued Interest	-134,673.65
Portfolio Value on 12-31-10	55,258,959.53
Accrued Interest	268,375.99
<b>Total</b>	<b>55,527,335.53</b>

## TIME WEIGHTED RETURN

Month To Date	Quarter	Year To Date	One Year	Annualized Last 3 Years	Annualized Last 5 Years	Annualized Last 7 Years	Annualized Last 10 Years	Annualized Inception 01-31-94 To Date
-0.60	-0.44	2.84	2.84	+12	4.80	4.20	5.03	5.50
-0.60	-0.44	2.98	2.98	4.22	4.86	4.26	5.10	5.52
Barclays Capital Govt. 1-3 Yr	-0.13	2.40	2.40	3.46	4.31	3.47	4.07	4.78

GARCIA HAMILTON & ASSOCIATES  
**PORTFOLIO SUMMARY**

*Sample Portfolio*  
 December 31, 2010

Security Type	Total Cost	Market Value	Pct. Assets	Yield	Est. Annual Income
<b>FIXED INCOME</b>					
CORPORATE BONDS	2,305,244.00	2,346,676.20	4.2	0.6	48,875.00
GOVERNMENT BONDS					
TREASURY	6,720,806.28	6,856,319.62	12.3	2.2	275,331.25
AGENCY - NONCALLABLE	9,899,489.65	9,775,057.81	17.6	2.0	311,443.75
AGENCY - CALLABLE	19,981,163.60	19,898,813.55	35.8	1.5	438,950.00
GOVERNMENT BONDS	36,601,459.53	36,530,190.98	65.8	1.8	1,025,725.00
MORTGAGE-BACKED SECURITIES-FNMA	13,966,872.61	13,981,740.34	25.2	2.1	716,481.58
MORTGAGE-BACKED SECURITIES-FHLMC	2,205,834.61	2,194,528.42	4.0	3.1	111,310.64
Accrued Interest	55,079,410.75	268,375.99	0.5		
		55,321,511.94	99.6	1.9	1,902,392.22
<b>CASH &amp; EQUIVALENTS</b>					
CASH & EQUIVALENTS	205,823.59	205,823.59	0.4	0.0	0.00
	205,823.59	205,823.59	0.4	0.0	0.00
<b>TOTAL PORTFOLIO</b>	<b>55,285,234.34</b>	<b>55,527,335.53</b>	<b>100.0</b>	<b>1.9</b>	<b>1,902,392.22</b>

We urge you to compare account statements that you receive from us with the account statements that you receive from your custodian.



GARCIA HAMILTON & ASSOCIATES  
 PORTFOLIO APPRAISAL  
 Sample Portfolio  
 December 31, 2010

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Yield
<b>CORPORATE BONDS</b>							
2,300,000	Citigroup	100.23	2,305,244.00	102.03	2,346,676.20	4.2	0.6
	2.125% Due 04-30-12						
	Accrued Interest		8,145.83			0.0	
			2,305,244.00		2,354,822.03	4.2	0.6
<b>GOVERNMENT BONDS</b>							
<b>TREASURY</b>							
1,145,000	U S Treasury	102.32	1,171,616.14	101.51	1,162,309.16	2.1	0.3
	4.875% Due 04-30-11						
5,165,000	U S Treasury	107.44	5,549,190.14	110.24	5,694,010.46	10.3	2.6
	4.250% Due 11-15-17						
	Accrued Interest		37,299.78			0.1	
			6,720,806.28		6,893,619.39	12.4	2.2
<b>AGENCY - NONCALLABLE</b>							
2,395,000	FHLBB	104.75	2,508,671.65	104.47	2,502,026.56	4.5	0.5
	3.625% Due 06-08-12						
3,200,000	FNMA	99.84	3,194,784.00	99.37	3,180,000.00	5.7	0.7
	0.375% Due 12-28-12						
3,780,000	FHLBB	111.01	4,196,034.00	108.28	4,093,031.25	7.4	3.9
	5.625% Due 06-13-16						
	Accrued Interest		16,278.00			0.0	
			9,899,489.65		9,791,335.82	17.6	2.0
<b>AGENCY - CALLABLE</b>							
2,400,000	FHLMC Callable	100.71	2,417,016.00	100.05	2,401,084.80	4.3	0.8
	2.125% Due 01-14-13						
2,400,000	FNMA Callable	100.75	2,418,000.00	100.09	2,402,250.00	4.3	0.7
	2.125% Due 01-25-13						
4,140,000	FNMA Callable	100.55	4,162,963.20	100.09	4,143,881.25	7.5	0.8
	2.050% Due 01-28-13						

GARCIA HAMILTON & ASSOCIATES  
 PORTFOLIO APPRAISAL

Sample Portfolio

December 31, 2010

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Yield
910,000	FHLMC Callable 2.000% Due 05-08-13	100.37	913,376.10	100.14	911,271.27	1.6	0.6
1,600,000	FHLMC Callable 2.125% Due 10-29-13	100.50	1,608,032.00	100.52	1,608,395.20	2.9	1.9
2,465,000	FHLMC Callable 2.000% Due 04-07-14	100.58	2,479,377.25	100.44	2,475,843.53	4.5	1.9
3,960,000	FNMA Callable 2.800% Due 05-05-14	100.71	3,988,049.70	100.78	3,990,937.50	7.2	2.6
1,985,000	FNMA Callable 2.000% Due 08-24-15	100.47	1,994,349.35	99.00	1,965,150.00	3.5	2.2
	Accrued Interest		19,981,163.60		137,669.69	0.2	
					20,036,483.25	36.1	1.5
	GOVERNMENT BONDS Total		36,601,459.53		36,721,438.46	66.1	1.8
	<b>MORTGAGE-BACKED SECURITIES-FNMA</b>						
630,000.00	FNMA Pool #553740 6.500% Due 09-01-14	103.24	12,969.76	108.98	13,690.76	0.0	2.3
6,177,279.00	FNMA Pool #890042 5.500% Due 07-01-22	104.77	2,666,296.61	107.64	2,739,241.45	4.9	2.7
6,689,000.00	FNMA Pool #944122 5.500% Due 07-01-22	107.87	3,386,565.77	107.59	3,377,555.86	6.1	2.3
8,310,000.00	FNMA Pool #889716 5.500% Due 10-01-22	107.96	3,942,566.13	107.59	3,928,889.21	7.1	1.8
945,000.00	FNMA Pool #889634 6.000% Due 02-01-23	106.02	420,355.90	109.11	432,596.92	0.8	2.9
7,485,000.00	FNMA Pool #995517 5.500% Due 01-01-24	109.08	3,538,118.45	107.59	3,489,766.13	6.3	1.8
	Accrued Interest		13,966,872.61		59,706.80	0.1	
					14,041,447.14	25.3	2.1

GARCIA HAMILTON & ASSOCIATES  
 PORTFOLIO APPRAISAL  
 Sample Portfolio  
 December 31, 2010

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Yield
<b>MORTGAGE-BACKED SECURITIES-FHLMC</b>							
1,500,000.00	FHLMC Pool #M81033 5.000% Due 07-01-13	103.52	424,988.09	103.40	424,525.70	0.8	3.8
4,004,883.00	FHLMC Pool #G13245 5.500% Due 08-01-23 Accrued Interest	107.89	1,780,846.52	107.23	1,770,002.72	3.2	2.9
			<u>2,205,834.61</u>		<u>9,275.89</u>	<u>0.0</u>	
					<u>2,203,804.31</u>	<u>4.0</u>	<u>3.1</u>
<b>CASH &amp; EQUIVALENTS</b>							
	First Amer Govt Oblig Fund CI Y		<u>205,823.59</u>		<u>205,823.59</u>	<u>0.4</u>	<u>0.0</u>
			<u>205,823.59</u>		<u>205,823.59</u>	<u>0.4</u>	<u>0.0</u>
	<b>TOTAL PORTFOLIO</b>		<b><u>55,285,234.34</u></b>		<b><u>55,527,335.53</u></b>	<b><u>100.0</u></b>	<b><u>1.9</u></b>

We urge you to compare account statements that you receive from us with the account statements that you receive from your custodian.

GARCIA HAMILTON & ASSOCIATES  
**PURCHASE AND SALE**  
 Sample Portfolio  
 From 09-30-10 To 12-31-10

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
<b>PURCHASES</b>					
11-16-10	11-18-10	3,200,000	FHLBB	110.99	3,551,712.00
			5.625% Due 06-13-16		
11-23-10	11-26-10	580,000	FHLBB	111.09	644,322.00
			5.625% Due 06-13-16		
11-18-10	11-29-10	251,420.76	FHLMC Pool #G13245	108.53	272,870.10
			5.500% Due 08-01-23		
11-05-10	11-09-10	3,200,000	FNMA	99.84	3,194,784.00
			0.375% Due 12-28-12		
10-01-10	10-05-10	1,985,000	FNMA Callable	100.47	1,994,349.35
			2.000% Due 08-24-15		
11-23-10	11-29-10	3,808,990.73	FNMA Pool #995517	109.16	4,157,751.44
			5.500% Due 01-01-24		
12-07-10	12-28-10	383,516.41	FNMA Pool #995517	108.34	415,516.06
			5.500% Due 01-01-24		
10-29-10	11-02-10	2,185,000	U S Treasury	102.32	2,235,791.50
			4.875% Due 04-30-11		
12-27-10	12-29-10	1,210,000	U S Treasury	109.82	1,328,830.62
			4.250% Due 11-15-17		
12-30-10	01-03-11	800,000	U S Treasury	109.93	879,440.70
			4.250% Due 11-15-17		
					18,675,367.77
<b>SALES</b>					
10-28-10	10-28-10	4,240,000	FHLMC Callable	100.00	4,240,000.00
			2.650% Due 04-28-14		
11-05-10	11-05-10	3,345,000	FHLMC Callable	100.00	3,345,000.00
			2.000% Due 11-05-12		
11-23-10	11-26-10	2,200,000	FHLMC Callable	100.69	2,215,136.00
			2.125% Due 10-29-13		
11-24-10	11-26-10	300,000	FHLMC Callable	100.65	301,950.00
			2.125% Due 10-29-13		
12-30-10	12-31-10	773,533.11	FNMA Pool #995517	107.34	830,339.44
			5.500% Due 01-01-24		
10-01-10	10-05-10	2,050,000	U S Treasury	101.12	2,073,055.63
			4.250% Due 01-15-11		

We urge you to compare account statements that you receive from us with the account statements that you receive from your custodian.

GARCIA HAMILTON & ASSOCIATES  
**PURCHASE AND SALE**  
 Sample Portfolio  
 From 09-30-10 To 12-31-10

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
11-16-10	11-18-10	2,370,000	U S Treasury	117.04	2,773,816.30
12-27-10	12-29-10	275,000	4.750% Due 08-15-17 U S Treasury	101.57	279,328.18
12-27-10	12-28-10	765,000	4.875% Due 04-30-11 U S Treasury	101.59	777,159.74
			4.875% Due 04-30-11		16,835,785.29
<b>PRINCIPAL PAYDOWNS</b>					
10-01-10	10-01-10	82,029.99	FHLMC Pool #G13245	100.00	82,029.99
11-01-10	11-01-10	81,512.18	5.500% Due 08-01-23 FHLMC Pool #G13245	100.00	81,512.18
12-01-10	12-01-10	68,136.84	5.500% Due 08-01-23 FHLMC Pool #G13245	100.00	68,136.83
10-01-10	10-01-10	694.51	5.500% Due 08-01-23 FHLMC Pool #M81033	100.00	694.52
11-01-10	11-01-10	47,811.13	5.000% Due 07-01-13 FHLMC Pool #M81033	100.00	47,811.14
12-01-10	12-01-10	742.89	5.000% Due 07-01-13 FHLMC Pool #M81033	100.00	742.89
10-01-10	10-01-10	376.08	5.000% Due 07-01-13 FNMA Pool #553740	100.00	376.08
11-01-10	11-01-10	368.25	6.500% Due 09-01-14 FNMA Pool #553740	100.00	368.25
12-01-10	12-01-10	456.89	6.500% Due 09-01-14 FNMA Pool #553740	100.00	456.89
10-01-10	10-01-10	2,879.98	6.500% Due 09-01-14 FNMA Pool #889634	100.00	2,879.98
10-01-10	10-01-10	9,067.87	6.000% Due 02-01-23 FNMA Pool #889634	100.00	9,067.87
11-01-10	11-01-10	3,712.97	6.000% Due 02-01-23 FNMA Pool #889634	100.00	3,712.97
11-01-10	11-01-10	11,377.67	6.000% Due 02-01-23 FNMA Pool #889634	100.00	11,377.67
12-01-10	12-01-10	730.46	6.000% Due 02-01-23 FNMA Pool #889634	100.00	730.46
12-01-10	12-01-10	2,173.64	6.000% Due 02-01-23 FNMA Pool #889634	100.00	2,173.65

GARCIA HAMILTON & ASSOCIATES  
**PURCHASE AND SALE**  
 Sample Portfolio  
 From 09-30-10 To 12-31-10

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
12-01-10	12-01-10	8,899.04	FNMA Pool #889634	100.00	8,899.04
10-01-10	10-01-10	143,126.70	6.000% Due 02-01-23 FNMA Pool #889716	100.00	143,126.70
11-01-10	11-01-10	154,759.12	5.500% Due 10-01-22 FNMA Pool #889716	100.00	154,759.13
12-01-10	12-01-10	152,986.27	5.500% Due 10-01-22 FNMA Pool #889716	100.00	152,986.27
10-01-10	10-01-10	98,225.16	5.500% Due 10-01-22 FNMA Pool #890042	100.00	98,225.15
11-01-10	11-01-10	94,207.71	5.500% Due 07-01-22 FNMA Pool #890042	100.00	94,207.71
12-01-10	12-01-10	99,678.12	5.500% Due 07-01-22 FNMA Pool #890042	100.00	99,678.12
10-01-10	10-01-10	32,145.33	5.500% Due 07-01-22 FNMA Pool #944122	100.00	32,145.33
11-01-10	11-01-10	101,704.24	5.500% Due 07-01-22 FNMA Pool #944122	100.00	101,704.24
12-01-10	12-01-10	19,325.19	5.500% Due 07-01-22 FNMA Pool #944122	100.00	19,325.19
12-01-10	12-01-10	175,335.21	5.500% Due 07-01-22 FNMA Pool #995517	100.00	175,335.21
			5.500% Due 01-01-24		
					1,392,463.46

**GARCIA HAMILTON & ASSOCIATES  
MARKET VALUE RECONCILIATION**

For the Period Ending: **FEBRUARY 28, 2011**

Account Name:	Account Number:	
<b>SUMMARY OF RECONCILIATION</b>		
	<b>Custodian</b>	<b>Investment Mgr</b>
	21,489,069.64	21,477,764.18
<b>Adjusting Entries:</b>		
Contributions/Distributions & Fees		
Dividends & Interest		
Reorganizations		
Market Value Movement on Unsettled Trades	0.00	0.00
Pricing Discrepancies	10,832.19	-10,832.19
Accrued Income Discrepancies	-23,166.50	23,166.50
Money Market Accruals	1,028.85	-1,028.85
Miscellaneous		
<b>Adjusted Market Values</b>	<b>21,477,764.21</b>	<b>21,489,069.64</b>

**DETAIL OF RECONCILIATION**

	Date	Description	Custodian Amount	Investment Mgr Amount	Difference
Contributions/ Distributions & Fees					
	<b>Total</b>				
Dividends & Interest					
	<b>Total</b>				
Reorganizations					
	<b>Total</b>				
Market Value Movement Unsettled Trades					
	<b>Total</b>				
Pricing Discrepancies					
	<b>Total</b>				
Accrued Income Discrepancies					
	<b>Total</b>				
Money Market Accruals					
	<b>Total</b>				
Miscellaneous					
	<b>Total</b>				



Presented by

*Gilbert A. Garcia, CFA*  
*Managing Partner*

5 Houston Center  
1401 McKinney, Suite 1600  
Houston, TX 77010  
Tel: (713) 853-2322  
Fax: (713) 853-2300

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

# GARCIA HAMILTON & ASSOCIATES

## *Sample Fixed Income Client Book*

Quarter Ended December 31, 2010

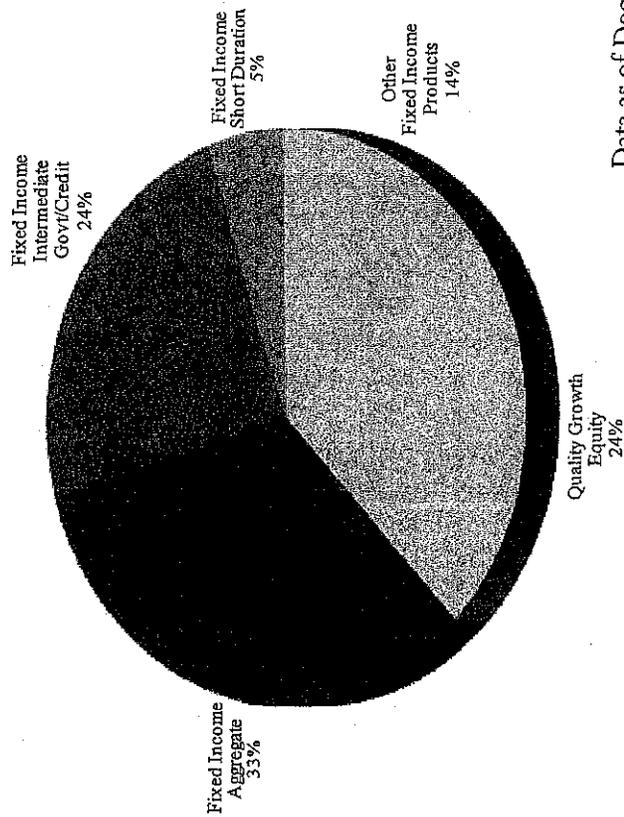
**ACTIVE  
ASSET  
MANAGEMENT**  
IMPLEMENTING A PHILOSOPHY  
& STYLE FOR OVER 25 YEARS

# Organization

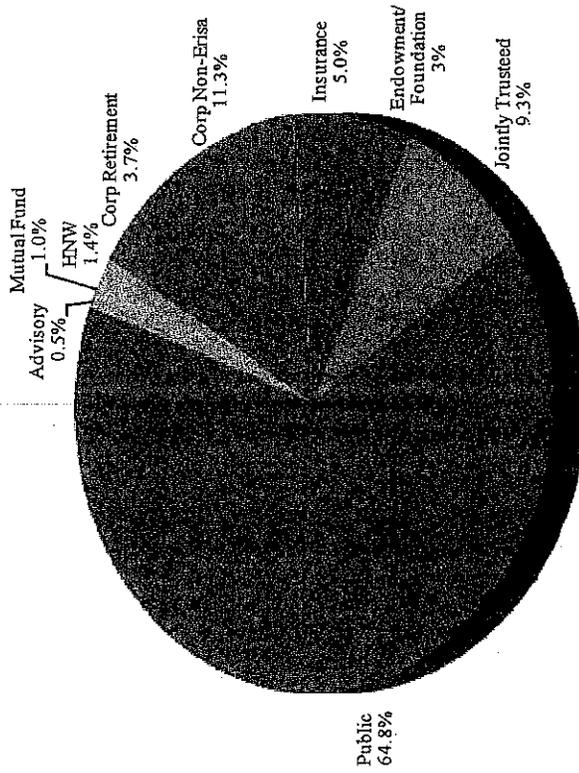
- Founded in 1988.
- Firm is 100% employee-owned with approximately 75% held by ethnic minorities and women.
- The 10 members of the investment team have 172 years combined investment experience and 83 years combined with the firm.
- Firm manages \$2.4 billion in assets for institutional and high net worth clients.
- High quality fixed and equity strategies designed to prevent “negative surprises.”

## Asset Breakdown

By Type



By Client



Data as of December 31, 2010

# Goal & Philosophy

## *Investment Goal*

Our goal is to outperform our benchmarks, net of fees, over a full market cycle using a high quality strategy with less risk and low turnover.

## *Investment Philosophy*

Superior and consistent investment results come from core principles:

- Preserve Principal
- Maintain Liquidity
- Provide High Current Income

# Performance Summary

Sample

December 31, 2010

## PORTFOLIO COMPOSITION

	Market Value	Pct. Assets	Yield
EQUITIES	0.00	0.0	0.0
FIXED INCOME	13,608,185.43	97.2	1.9
CASH & EQUIVALENTS	390,983.38	2.8	0.0
<b>Total</b>	<b>13,999,168.81</b>	<b>100.0</b>	<b>1.8</b>

## CHANGE IN PORTFOLIO

Portfolio Value on 09-30-10	13,924,857.23
Accrued Interest	89,120.09
Net Additions/Withdrawals	-4,381.14
Realized Gains/Losses	-29,147.57
Unrealized Gains/Losses	-66,433.32
Income Received	107,920.99
Change in Accrued Interest	-22,767.47
Portfolio Value on 12-31-10	13,932,816.18
Accrued Interest	66,352.62
<b>Total</b>	<b>13,999,168.81</b>

## TIME WEIGHTED RETURN

	Quarter	Year To Date	One Year	Annualized Last 2 Years	Annualized Last 3 Years	Annualized Inception 05-31-07 To Date
Account	-0.07	1.66	1.66	1.84	2.98	4.02
<b>FIXED INCOME</b>	<b>-0.07</b>	<b>1.84</b>	<b>1.84</b>	<b>2.00</b>	<b>3.16</b>	<b>4.23</b>
UST Bellwethers 3M	0.05	0.15	0.15	0.18	0.91	1.56

# Performance Summary

## Sample Long Time Frame

December 31, 2010

### PORTFOLIO COMPOSITION

	Market Value	Pct. Assets	Yield
EQUITIES	0.00	0.0	0.0
FIXED INCOME	55,321,511.94	99.6	1.9
CASH & EQUIVALENTS	205,823.59	0.4	0.0
<b>Total</b>	<b>55,527,335.53</b>	<b>100.0</b>	<b>1.9</b>

### CHANGE IN PORTFOLIO

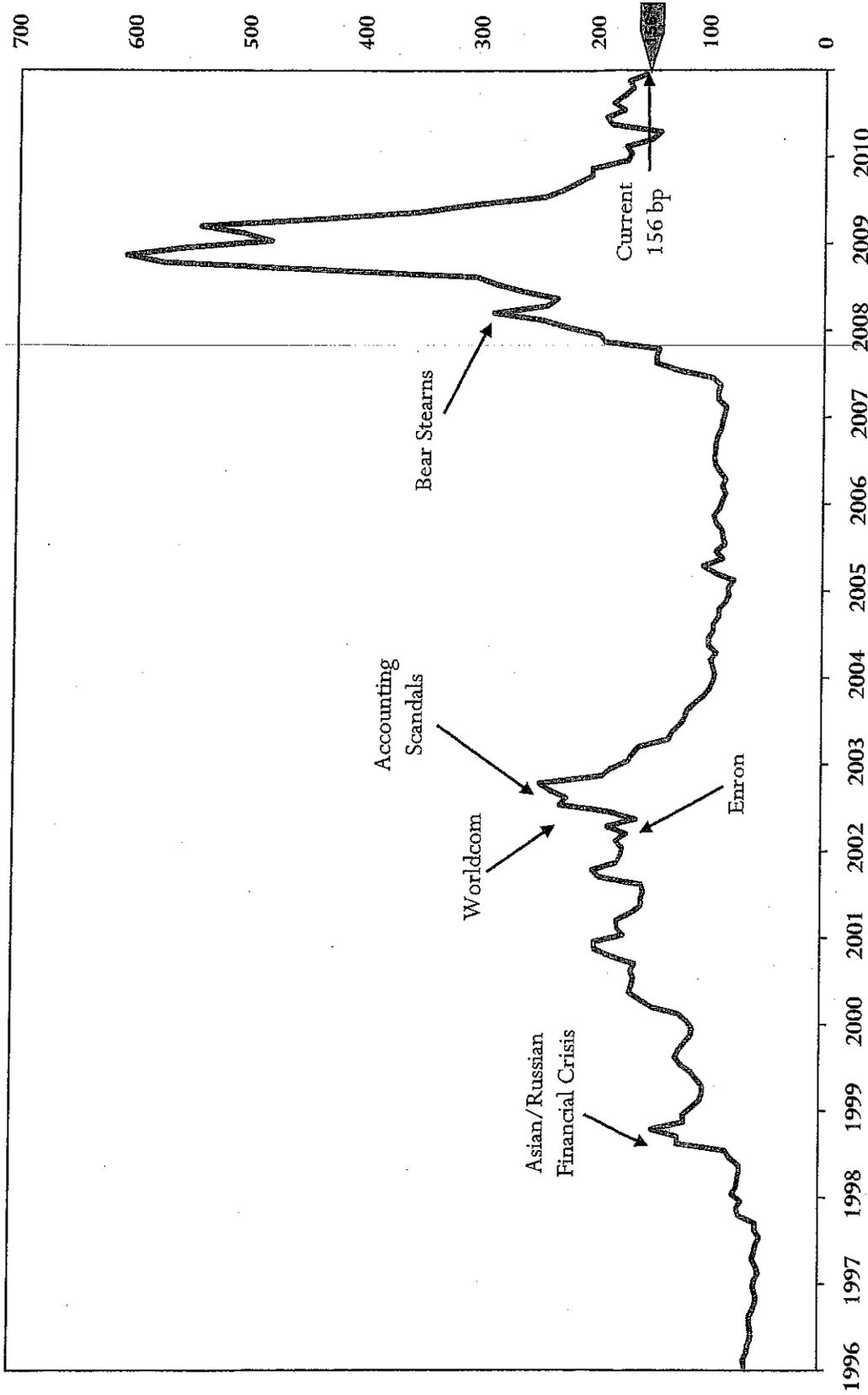
Portfolio Value on 09-30-10	55,388,551.56
Accrued Interest	403,049.64
Net Additions/Withdrawals	-21,703.32
Realized Gains/Losses	-188,392.59
Unrealized Gains/Losses	-488,850.06
Income Received	569,353.95
Change in Accrued Interest	-134,673.65
Portfolio Value on 12-31-10	55,258,959.53
Accrued Interest	268,375.99
<b>Total</b>	<b>55,527,335.53</b>

### TIME WEIGHTED RETURN

	Quarter	Year To Date	One Year	Annualized Last 3 Years	Annualized Last 5 Years	Annualized Last 7 Years	Annualized Last 10 Years	Annualized Inception 01-31-94 To Date
Account	-0.44	2.84	2.84	4.12	4.80	4.20	5.03	5.50
<b>FIXED INCOME</b>	<b>-0.44</b>	<b>2.98</b>	<b>2.98</b>	<b>4.22</b>	<b>4.86</b>	<b>4.26</b>	<b>5.10</b>	<b>5.52</b>
Barclays Capital Govt. 1-3 Yr	-0.13	2.40	2.40	3.46	4.31	3.47	4.07	4.78

# Corporate Bond Spreads – OAS

December 31, 2010

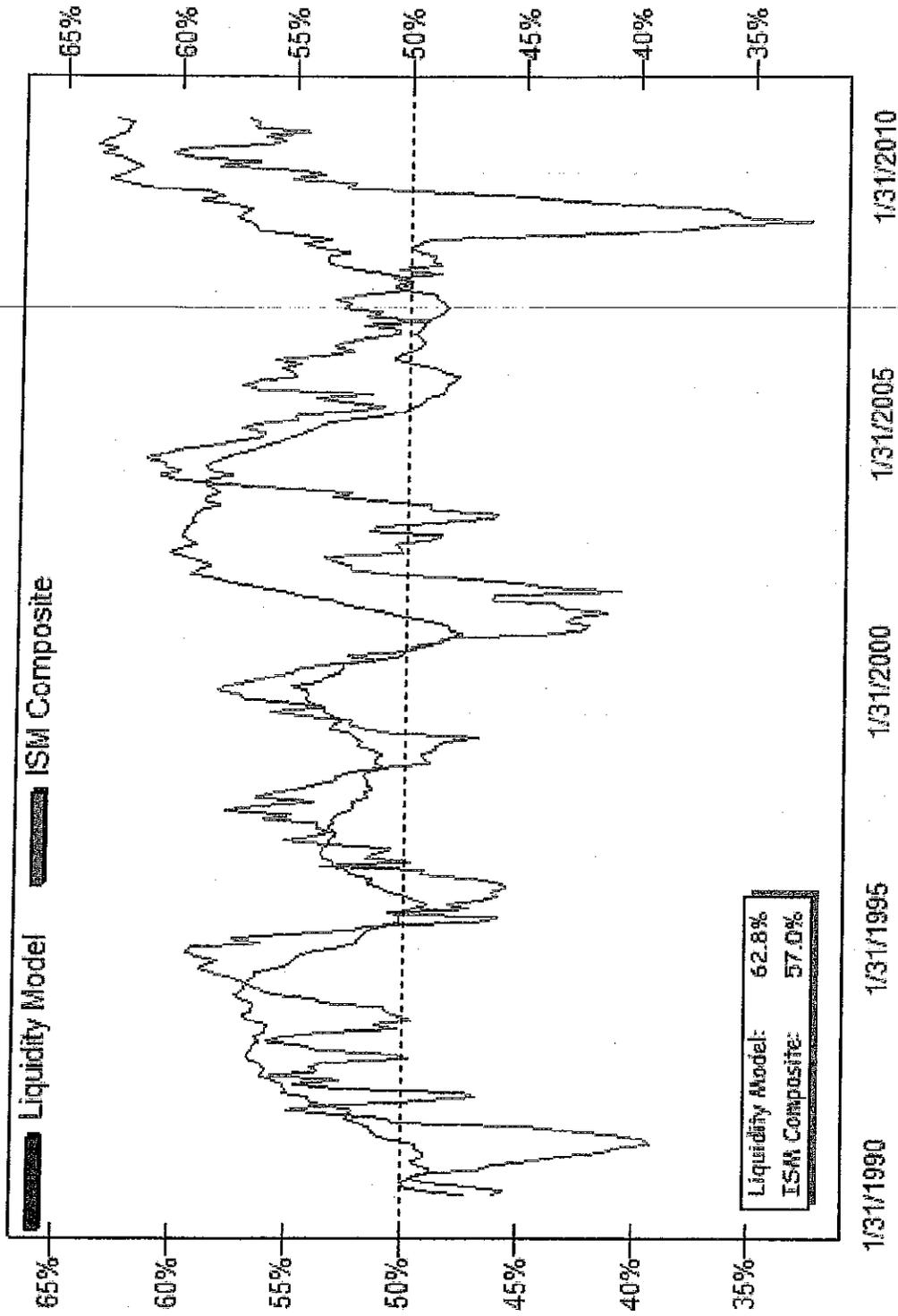


Source: Barclays Live  
Last Update: 12/31/2010



# Liquidity vs. Economic Activity

December 31, 2010



Sources: GH&A Research, Bloomberg  
Last Update: 12/31/2010

GARCIA HAMILTON & ASSOCIATES  
 PORTFOLIO SUMMARY

*Sample Portfolio*  
 December 31, 2010

Security Type	Total Cost	Market Value	Pct. Assets	Yield	Est. Annual Income
<b>FIXED INCOME</b>					
CORPORATE BONDS	2,305,244.00	2,346,676.20	4.2	0.6	48,875.00
GOVERNMENT BONDS					
TREASURY	6,720,806.28	6,856,319.62	12.3	2.2	275,331.25
AGENCY - NONCALLABLE	9,899,489.65	9,775,057.81	17.6	2.0	311,443.75
AGENCY - CALLABLE	19,981,163.60	19,898,813.55	35.8	1.5	438,950.00
GOVERNMENT BONDS	36,601,459.53	36,530,190.98	65.8	1.8	1,025,725.00
MORTGAGE-BACKED SECURITIES-FNMA	13,966,872.61	13,981,740.34	25.2	2.1	716,481.58
MORTGAGE-BACKED SECURITIES-FHLMC	2,205,834.61	2,194,528.42	4.0	3.1	111,310.64
Accrued Interest	55,079,410.75	268,375.99	0.5	1.9	1,902,392.22
		55,321,511.94	99.6		
<b>CASH &amp; EQUIVALENTS</b>					
CASH & EQUIVALENTS	205,823.59	205,823.59	0.4	0.0	0.00
	205,823.59	205,823.59	0.4	0.0	0.00
<b>TOTAL PORTFOLIO</b>	<b>55,285,234.34</b>	<b>55,527,335.53</b>	<b>100.0</b>	<b>1.9</b>	<b>1,902,392.22</b>

We urge you to compare account statements that you receive from us with the account statements that you receive from your custodian.



GARCIA HAMILTON & ASSOCIATES  
 PORTFOLIO APPRAISAL

Sample Portfolio  
 December 31, 2010

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Yield
<b>CORPORATE BONDS</b>							
2,300,000	Citigroup 2.125% Due 04-30-12 Accrued Interest	100.23	2,305,244.00	102.03	2,346,676.20	4.2	0.6
			2,305,244.00		8,145.83	0.0	
					2,354,822.03	4.2	0.6
<b>GOVERNMENT BONDS</b>							
<b>TREASURY</b>							
1,145,000	U S Treasury 4.875% Due 04-30-11	102.32	1,171,616.14	101.51	1,162,309.16	2.1	0.3
5,165,000	U S Treasury 4.250% Due 11-15-17 Accrued Interest	107.44	5,549,190.14	110.24	5,694,010.46	10.3	2.6
			6,720,806.28		37,299.78	0.1	
					6,893,619.39	12.4	2.2
<b>AGENCY - NONCALLABLE</b>							
2,395,000	FHLBB 3.625% Due 06-08-12	104.75	2,508,671.65	104.47	2,502,026.56	4.5	0.5
3,200,000	FNMA 0.375% Due 12-28-12	99.84	3,194,784.00	99.37	3,180,000.00	5.7	0.7
3,780,000	FHLBB 5.625% Due 06-13-16 Accrued Interest	111.01	4,196,034.00	108.28	4,093,031.25	7.4	3.9
			9,899,489.65		16,278.00	0.0	
					9,791,355.82	17.6	2.0
<b>AGENCY - CALLABLE</b>							
2,400,000	FHLMC Callable 2.125% Due 01-14-13	100.71	2,417,016.00	100.05	2,401,084.80	4.3	0.8
2,400,000	FNMA Callable 2.125% Due 01-25-13	100.75	2,418,000.00	100.09	2,402,250.00	4.3	0.7
4,140,000	FNMA Callable 2.050% Due 01-28-13	100.55	4,162,963.20	100.09	4,143,881.25	7.5	0.8

GARCIA HAMILTON & ASSOCIATES  
 PORTFOLIO APPRAISAL

Sample Portfolio  
 December 31, 2010

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Yield
910,000	FHLMC Callable 2.000% Due 05-08-13	100.37	913,376.10	100.14	911,271.27	1.6	0.6
1,600,000	FHLMC Callable 2.125% Due 10-29-13	100.50	1,608,032.00	100.52	1,608,395.20	2.9	1.9
2,465,000	FHLMC Callable 2.000% Due 04-07-14	100.58	2,479,377.25	100.44	2,475,843.53	4.5	1.9
3,960,000	FNMA Callable 2.800% Due 05-05-14	100.71	3,988,049.70	100.78	3,990,937.50	7.2	2.6
1,985,000	FNMA Callable 2.000% Due 08-24-15 Accrued Interest	100.47	1,994,349.35	99.00	1,965,150.00	3.5	2.2
			19,981,163.60		137,669.69	0.2	
					20,036,483.25	36.1	1.5
			36,601,459.53		36,721,438.46	66.1	1.8
	<b>GOVERNMENT BONDS Total</b>						
	<b>MORTGAGE-BACKED SECURITIES-FNMA</b>						
630,000.00	FNMA Pool #553740 6.500% Due 09-01-14	103.24	12,969.76	108.98	13,690.76	0.0	2.3
6,177,279.00	FNMA Pool #890042 5.500% Due 07-01-22	104.77	2,666,296.61	107.64	2,739,241.45	4.9	2.7
6,689,000.00	FNMA Pool #944122 5.500% Due 07-01-22	107.87	3,386,565.77	107.59	3,377,555.86	6.1	2.3
8,310,000.00	FNMA Pool #889716 5.500% Due 10-01-22	107.96	3,942,566.13	107.59	3,928,889.21	7.1	1.8
945,000.00	FNMA Pool #889634 6.000% Due 02-01-23	106.02	420,355.90	109.11	432,596.92	0.8	2.9
7,485,000.00	FNMA Pool #995517 5.500% Due 01-01-24 Accrued Interest	109.08	3,538,118.45	107.59	3,489,766.13	6.3	1.8
			13,966,872.61		59,706.80	0.1	
					14,041,447.14	25.3	2.1

GARCIA HAMILTON & ASSOCIATES  
 PORTFOLIO APPRAISAL

Sample Portfolio  
 December 31, 2010

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Yield
<b>MORTGAGE-BACKED SECURITIES-FHLMC</b>							
1,500,000.00	FHLMC Pool #M81033 5.000% Due 07-01-13	103.52	424,988.09	103.40	424,525.70	0.8	3.8
4,004,883.00	FHLMC Pool #G13245 5.500% Due 08-01-23 Accrued Interest	107.89	1,780,846.52	107.23	1,770,002.72	3.2	2.9
			<u>2,205,834.61</u>		<u>9,275.89</u>	<u>0.0</u>	
					<u>2,203,804.31</u>	<u>4.0</u>	<u>3.1</u>
<b>CASH &amp; EQUIVALENTS</b>							
	First Amer Govt Oblig Fund CI Y		<u>205,823.59</u>		<u>205,823.59</u>	<u>0.4</u>	<u>0.0</u>
					<u>205,823.59</u>	<u>0.4</u>	<u>0.0</u>
			<u>55,285,234.34</u>		<u>55,527,355.53</u>	<u>100.0</u>	<u>1.9</u>

We urge you to compare account statements that you receive from us with the account statements that you receive from your custodian.

GARCIA HAMILTON & ASSOCIATES  
**PURCHASE AND SALE**  
 Sample Portfolio  
 From 09-30-10 To 12-31-10

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
<b>PURCHASES</b>					
11-16-10	11-18-10	3,200,000	FHLBB 5.625% Due 06-13-16	110.99	3,551,712.00
11-23-10	11-26-10	580,000	FHLBB 5.625% Due 06-13-16	111.09	644,322.00
11-18-10	11-29-10	251,420.76	FHLMC Pool #G13245 5.500% Due 08-01-23	108.53	272,870.10
11-05-10	11-09-10	3,200,000	FNMA 0.375% Due 12-28-12	99.84	3,194,784.00
10-01-10	10-05-10	1,985,000	FNMA Callable 2.000% Due 08-24-15	100.47	1,994,349.35
11-23-10	11-29-10	3,808,990.73	FNMA Pool #995517 5.500% Due 01-01-24	109.16	4,157,751.44
12-07-10	12-28-10	383,516.41	FNMA Pool #995517 5.500% Due 01-01-24	108.34	415,516.06
10-29-10	11-02-10	2,185,000	U S Treasury 4.875% Due 04-30-11	102.32	2,235,791.50
12-27-10	12-29-10	1,210,000	U S Treasury 4.250% Due 11-15-17	109.82	1,328,830.62
12-30-10	01-03-11	800,000	U S Treasury 4.250% Due 11-15-17	109.93	879,440.70
					<b>18,675,367.77</b>
<b>SALES</b>					
10-28-10	10-28-10	4,240,000	FHLMC Callable 2.650% Due 04-28-14	100.00	4,240,000.00
11-05-10	11-05-10	3,345,000	FHLMC Callable 2.000% Due 11-05-12	100.00	3,345,000.00
11-23-10	11-26-10	2,200,000	FHLMC Callable 2.125% Due 10-29-13	100.69	2,215,136.00
11-24-10	11-26-10	300,000	FHLMC Callable 2.125% Due 10-29-13	100.65	301,950.00
12-30-10	12-31-10	773,533.11	FNMA Pool #995517 5.500% Due 01-01-24	107.34	830,339.44
10-01-10	10-05-10	2,050,000	U S Treasury 4.250% Due 01-15-11	101.12	2,073,055.63

We urge you to compare account statements that you receive from us with the account statements that you receive from your custodian.

GARCIA HAMILTON & ASSOCIATES  
**PURCHASE AND SALE**  
 Sample Portfolio  
 From 09-30-10 To 12-31-10

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
11-16-10	11-18-10	2,370,000	U S Treasury	117.04	2,773,816.30
12-27-10	12-29-10	275,000	4.750% Due 08-15-17 U S Treasury	101.57	279,328.18
12-27-10	12-28-10	765,000	4.875% Due 04-30-11 U S Treasury	101.59	777,159.74
					16,835,785.29
<b>PRINCIPAL PAYDOWNS</b>					
10-01-10	10-01-10	82,029.99	FHLMC Pool #G13245	100.00	82,029.99
11-01-10	11-01-10	81,512.18	5.500% Due 08-01-23 FHLMC Pool #G13245	100.00	81,512.18
12-01-10	12-01-10	68,136.84	5.500% Due 08-01-23 FHLMC Pool #G13245	100.00	68,136.83
10-01-10	10-01-10	694.51	5.500% Due 08-01-23 FHLMC Pool #M81033	100.00	694.52
11-01-10	11-01-10	47,811.13	5.000% Due 07-01-13 FHLMC Pool #M81033	100.00	47,811.14
12-01-10	12-01-10	742.89	5.000% Due 07-01-13 FHLMC Pool #M81033	100.00	742.89
10-01-10	10-01-10	376.08	5.000% Due 07-01-13 FNMA Pool #553740	100.00	376.08
11-01-10	11-01-10	368.25	6.500% Due 09-01-14 FNMA Pool #553740	100.00	368.25
12-01-10	12-01-10	456.89	6.500% Due 09-01-14 FNMA Pool #553740	100.00	456.89
10-01-10	10-01-10	2,879.98	6.500% Due 09-01-14 FNMA Pool #889634	100.00	2,879.98
10-01-10	10-01-10	9,067.87	6.000% Due 02-01-23 FNMA Pool #889634	100.00	9,067.87
11-01-10	11-01-10	3,712.97	6.000% Due 02-01-23 FNMA Pool #889634	100.00	3,712.97
11-01-10	11-01-10	11,377.67	6.000% Due 02-01-23 FNMA Pool #889634	100.00	11,377.67
12-01-10	12-01-10	730.46	6.000% Due 02-01-23 FNMA Pool #889634	100.00	730.46
12-01-10	12-01-10	2,173.64	6.000% Due 02-01-23 FNMA Pool #889634	100.00	2,173.65

GARCIA HAMILTON & ASSOCIATES  
**PURCHASE AND SALE**

**Sample Portfolio**

From 09-30-10 To 12-31-10

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
12-01-10	12-01-10	8,899.04	FNMA Pool #889634	100.00	8,899.04
			6.000% Due 02-01-23		
10-01-10	10-01-10	143,126.70	FNMA Pool #889716	100.00	143,126.70
			5.500% Due 10-01-22		
11-01-10	11-01-10	154,759.12	FNMA Pool #889716	100.00	154,759.13
			5.500% Due 10-01-22		
12-01-10	12-01-10	152,986.27	FNMA Pool #889716	100.00	152,986.27
			5.500% Due 10-01-22		
10-01-10	10-01-10	98,225.16	FNMA Pool #890042	100.00	98,225.15
			5.500% Due 07-01-22		
11-01-10	11-01-10	94,207.71	FNMA Pool #890042	100.00	94,207.71
			5.500% Due 07-01-22		
12-01-10	12-01-10	99,678.12	FNMA Pool #890042	100.00	99,678.12
			5.500% Due 07-01-22		
10-01-10	10-01-10	32,145.33	FNMA Pool #944122	100.00	32,145.33
			5.500% Due 07-01-22		
11-01-10	11-01-10	101,704.24	FNMA Pool #944122	100.00	101,704.24
			5.500% Due 07-01-22		
12-01-10	12-01-10	19,325.19	FNMA Pool #944122	100.00	19,325.19
			5.500% Due 07-01-22		
12-01-10	12-01-10	175,335.21	FNMA Pool #995517	100.00	175,335.21
			5.500% Due 01-01-24		
					<u>1,392,463.46</u>

**REALIZED GAINS AND LOSSES****Representative Short Duration Portfolio**

From 09-30-10 Through 12-31-10

Date	Quantity	Security	Cost		Gain Or Loss
			Basis	Proceeds	
10-01-10	2,050,000	U S Treasury	2,080,836.95	2,073,055.63	-7,781.32
10-01-10	376.08	4.250% Due 01-15-11 FNMA Pool #553740	388.28	376.08	-12.20
10-01-10	2,879.98	6.500% Due 09-01-14 FNMA Pool #889634	3,053.40	2,879.98	-173.42
10-01-10	9,067.87	6.000% Due 02-01-23 FNMA Pool #889634	9,613.90	9,067.87	-546.03
10-01-10	143,126.70	6.000% Due 02-01-23 FNMA Pool #889716	154,523.20	143,126.70	-11,396.50
10-01-10	98,225.16	5.500% Due 10-01-22 FNMA Pool #890042	102,914.98	98,225.15	-4,689.83
10-01-10	32,145.33	5.500% Due 07-01-22 FNMA Pool #944122	34,676.77	32,145.33	-2,531.44
10-01-10	694.51	5.500% Due 07-01-22 FHLMC Pool #M81033	718.93	694.52	-24.41
10-01-10	82,029.99	5.000% Due 07-01-13 FHLMC Pool #G13245	88,412.95	82,029.99	-6,382.96
10-28-10	4,240,000	5.500% Due 08-01-23 FHLMC Callable	4,253,695.20	4,240,000.00	-13,695.20
11-01-10	368.25	2.650% Due 04-28-14 FNMA Pool #553740	380.20	368.25	-11.95
11-01-10	3,712.97	6.500% Due 09-01-14 FNMA Pool #889634	3,936.55	3,712.97	-223.58
11-01-10	11,377.67	6.000% Due 02-01-23 FNMA Pool #889634	12,062.79	11,377.67	-685.12
11-01-10	154,759.12	6.000% Due 02-01-23 FNMA Pool #889716	167,081.86	154,759.13	-12,322.73
11-01-10	94,207.71	5.500% Due 10-01-22 FNMA Pool #890042	98,705.72	94,207.71	-4,498.01
11-01-10	101,704.24	5.500% Due 07-01-22 FNMA Pool #944122	109,713.45	101,704.24	-8,009.21
11-01-10	47,811.13	5.500% Due 07-01-22 FHLMC Pool #M81033	49,491.99	47,811.14	-1,680.85
11-01-10	81,512.18	5.000% Due 07-01-13 FHLMC Pool #G13245	87,854.85	81,512.18	-6,342.67
		5.500% Due 08-01-23			

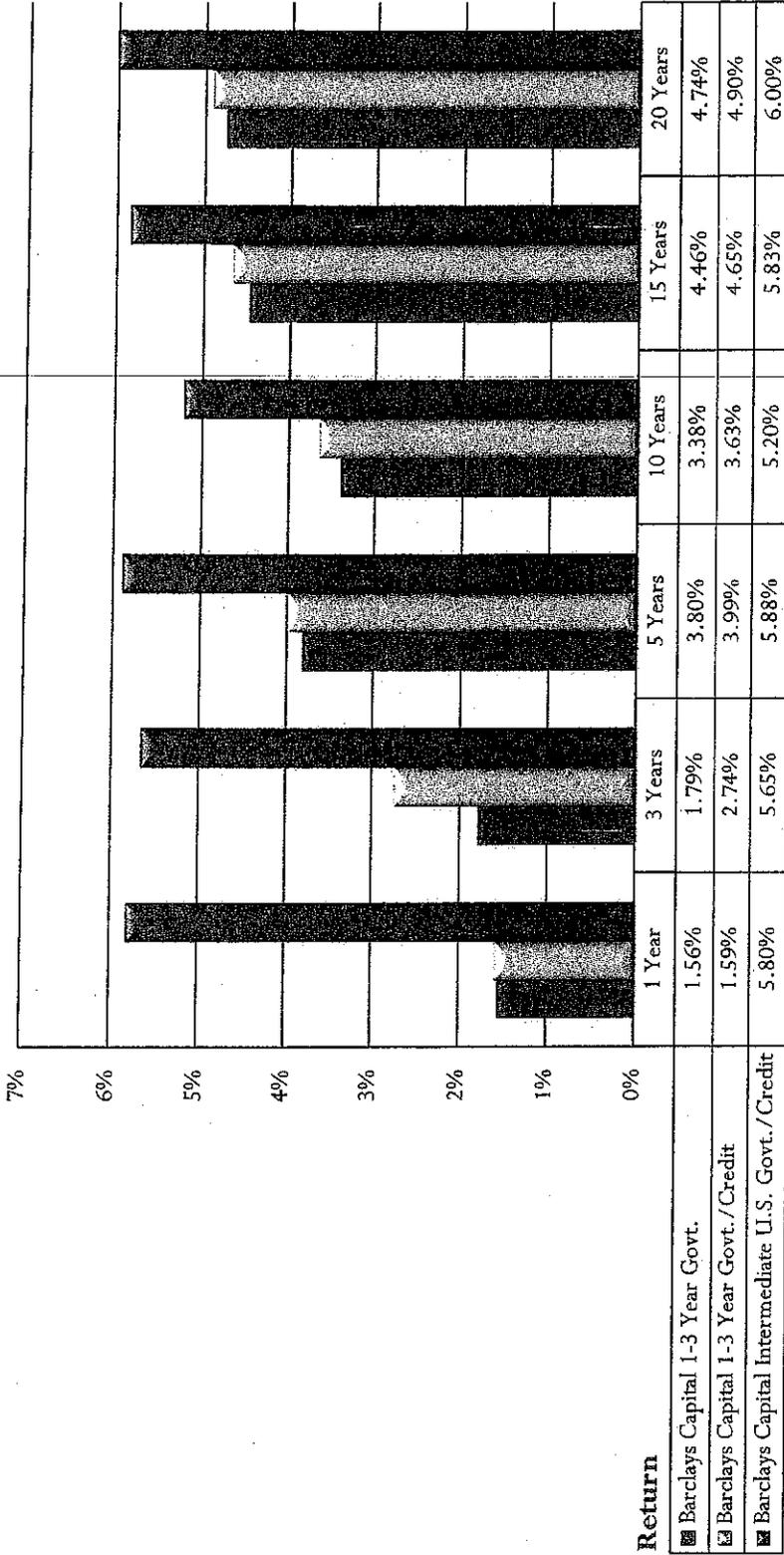
We urge you to compare account statements that you receive from us with the account statements that you receive from your custodian.

GARCIA HAMILTON & ASSOCIATES  
**REALIZED GAINS AND LOSSES**  
**Representative Short Duration Portfolio**  
From 09-30-10 Through 12-31-10

Date	Quantity	Security	Cost		Gain Or Loss
			Basis	Proceeds	
11-05-10	3,345,000	FHLMC Callable 2.000% Due 11-05-12	3,363,899.25	3,345,000.00	-18,899.25
11-16-10	2,370,000	U S Treasury 4.750% Due 08-15-17	2,602,758.95	2,773,816.30	171,057.35
11-23-10	2,200,000	FHLMC Callable 2.125% Due 10-29-13	2,211,044.00	2,215,136.00	4,092.00
11-24-10	300,000	FHLMC Callable 2.125% Due 10-29-13	301,506.00	301,950.00	444.00
12-01-10	456.89	FNMA Pool #553740 6.500% Due 09-01-14	471.71	456.89	-14.82
12-01-10	730.46	FNMA Pool #889634 6.000% Due 02-01-23	774.44	730.46	-43.98
12-01-10	2,173.64	FNMA Pool #889634 6.000% Due 02-01-23	2,304.53	2,173.65	-130.88
12-01-10	8,899.04	FNMA Pool #889634 6.000% Due 02-01-23	9,434.91	8,899.04	-535.87
12-01-10	152,986.27	FNMA Pool #889716 5.500% Due 10-01-22	165,167.84	152,986.27	-12,181.57
12-01-10	99,678.12	FNMA Pool #890042 5.500% Due 07-01-22	104,437.32	99,678.12	-4,759.20
12-01-10	19,325.19	FNMA Pool #944122 5.500% Due 07-01-22	20,847.05	19,325.19	-1,521.86
12-01-10	175,335.21	FNMA Pool #995517 5.500% Due 01-01-24	191,389.34	175,335.21	-16,054.13
12-01-10	742.89	FHLMC Pool #M81033 5.000% Due 07-01-13	769.01	742.89	-26.12
12-01-10	68,136.84	FHLMC Pool #G13245 5.500% Due 08-01-23	73,513.49	68,136.83	-5,376.66
12-27-10	275,000	U S Treasury 4.875% Due 04-30-11	281,392.52	279,328.18	-2,064.34
12-27-10	765,000	U S Treasury 4.875% Due 04-30-11	782,782.84	777,159.74	-5,623.10
12-30-10	773,533.11	FNMA Pool #995517 5.500% Due 01-01-24	843,759.71	830,339.44	-13,420.27
TOTAL GAINS					175,593.35
TOTAL LOSSES			18,214,314.87	18,228,248.75	-161,659.47
					13,933.88

# Index Comparisons

December 31, 2011



## Sharpe Ratio

	5 Years		10 Years		15 Years		20 Years	
Barclays Capital 1-3 Year Govt.	1.56	0.99	1.00	1.00	0.90	0.90	0.90	0.90
Barclays Capital 1-3 Year Govt./Credit	1.71	1.17	1.13	1.13	1.01	1.01	1.01	1.01
Barclays Capital Intermediate U.S. Govt./Credit	1.34	0.99	0.92	0.92	0.84	0.84	0.84	0.84



Source: Zephyr StyleAdvisor



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](http://www.fortlauderdale.gov/purchasing)

**EXHIBIT C**

**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>10 basis points</u>
Over \$25,000,000 up to \$50,000,000	<u>10 basis points</u>
Over \$50,000,000 up to \$100,000,000	<u>8 basis points</u>
Over \$100,000,000 up to \$150,000,000	<u>6 basis points</u>
Over \$150,000,000	<u>6 basis points</u>

**PLEASE SIGN BELOW:**

Contractor/Proposer/ Bidder Company Name: Garcia Hamilton & Associates

Authorized Company Person's Signature: \_\_\_\_\_

*Beth L McWilliams*  
Beth L McWilliams

Authorized Company Person's Title: Chief Compliance Officer

Date: August 16, 2012



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](http://www.fortlauderdale.gov/purchasing)



### **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>10 basis points</u>
Over \$25,000,000 up to \$50,000,000	<u>10 basis points</u>
Over \$50,000,000 up to \$100,000,000	<u>8 basis points</u>
Over \$100,000,000 up to \$150,000,000	<u>6 basis points</u>
Over \$150,000,000	<u>6 basis points</u>

**PLEASE SIGN BELOW:**

Contractor/Proposer/ Bidder Company Name: Garcia Hamilton & Associates

Authorized Company Person's Signature: *Beth L. McWilliams*  
Beth L McWilliams

Authorized Company Person's Title: Chief Compliance Officer

Date: August 16, 2012



City of Fort Lauderdale • Procurement Services Division  
100 N. Andrews Avenue, 619 • Fort Lauderdale, Florida  
954-828-5933 Fax 954-828-5576  
[www.fortlauderdale.gov/purchasing](http://www.fortlauderdale.gov/purchasing)

**EXHIBIT D**

ORIGINAL  
BID

June 4, 2012

Garcia Hamilton & Associates, L.P.  
5 Houston Center  
1401 McKinney, Suite 1600  
Houston, TX 77010

---

**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.



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](http://www.fortlauderdale.gov/purchasing)

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

This document will need to be returned via **sealed bid envelope (email or fax will not be accepted)** no later than 2:00 pm EDT on June 12, 2012. Your submittal envelope should state the following information on the outside of the envelope:

RFP 125-10899  
"Best and Final Offer"  
**Opening Date: 6/12/12**

Please mail your response back to:

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

Any clarification questions please contact Michael Walker at [mwalker@fortlauderdale.gov](mailto:mwalker@fortlauderdale.gov) or call at 954-828-5677.



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](http://www.fortlauderdale.gov/purchasing)

## **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>20 basis points</u>
Over \$25,000,000 up to \$50,000,000	<u>15 basis points</u>
Over \$50,000,000 up to \$100,000,000	<u>10 basis points</u>
Over \$100,000,000 up to \$150,000,000	<u>8 basis points</u>
Over \$150,000,000	<u>6 basis points</u>



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](http://www.fortlauderdale.gov/purchasing)

## 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, Garcia Hamilton & Associates will be able to construct the portfolio according to the City's current investment policy.

\_\_\_\_\_

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

Securities would be selected and held specifically for the portfolio.

\_\_\_\_\_

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, Garcia Hamilton & Associates considers itself and those who will be working with us to be fiduciaries of the portfolio.

\_\_\_\_\_



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?

Garcia Hamilton & Associates does not provide other financial services.

---

---

---

---

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

We would recommend a portfolio benchmarked against the 1-3 Year Government/Credit Index. This benchmark has a duration (interest rate exposure) that is within your parameters and is approximately 2 years. In addition, your guidelines allow for a corporate bond allocation up to 25%. This is similar to the index corporate bond allocation of 18%. For Comparison purposes, the attached report (Attachment A) illustrates that the 1-3 Year Government/Credit Index compares favorably on a risk adjusted basis versus a government index with similar interest rate exposure. Please note, given the current attractiveness of spread product, we would be at the max exposure allowed by the guidelines in corporate bonds (25%) and agency mortgage-backed securities (20%). We are positioned for an economic recovery with an underweight in Treasuries and an overweight in spread product (non-Treasuries) exposure.



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](http://www.fortlauderdale.gov/purchasing)

**PLEASE SIGN BELOW:**

Contractor/Proposer/ Bidder Company Name: Garcia Hamilton & Associates,  
L.P.

Authorized Company Person's Signature

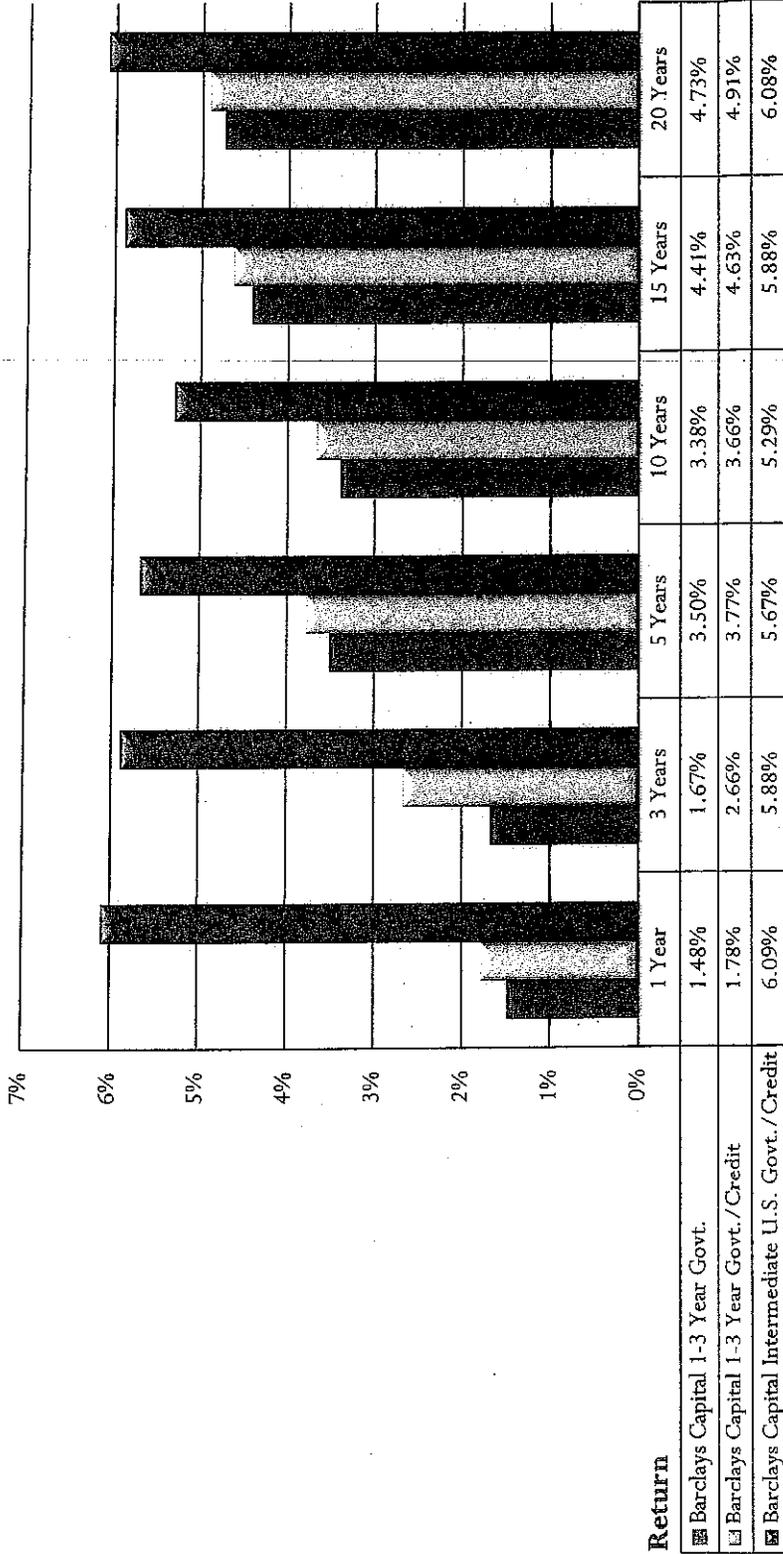
Authorized Company Person's Title: Partner, Marketing/Client Services

Date: June 11, 2012

# Index Comparisons

Attachment A

March 31, 2012



## Sharpe Ratio

	5 Years	10 Years	15 Years	20 Years
Barclays Capital 1-3 Year Govt.	1.53	1.04	1.02	0.92
Barclays Capital 1-3 Year Govt./Credit	1.73	1.24	1.18	1.05
Barclays Capital Intermediate U.S. Govt./Credit	1.35	1.04	0.96	0.89

Source: Zephyr StyleAdvisor

