

GULF COAST FGFOA CHAPTER

**Update on Best Practices for Investments; and
Investment Approach Given Limited Staff, Time,
and Resources**

**February 2, 2018
10:20 a.m. - 12:00 p.m.
Largo, Florida**

Presented by:

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LARSON
Consulting Services, LLC

PRESENTATION OUTLINE

Introductions:

- I. Overview – Review of Typical Investment Policy
- II. Overview – Best Practices Public Funds Investments
- III. Florida Local Government Investment Approach:
 - City of Inverness Example
- IV. Recommendations
- V. Questions and Answers
- VI. Appendix Material
 - Bio, Firm Information
 - F.S. 218.415
 - QPD Documents
 - Sample MA MSRB & SEC Regulated Approvals
 - Examples of G17, G23 Bank and Underwriter Disclosures

I. REVIEW OF TYPICAL FLORIDA LOCAL GOVERNMENT'S INVESTMENT POLICY:

Individual Policies vary, but generally:

- Based on State Statutes (F.S. 218.415), and provide for:
- Scope/Objectives
- Standards of Care, Delegation Authority
- Authorized or “Permitted” Investments
- Competitive Selection, Safeguarding/Custody Requirements
- Internal Controls, Conflicts of Interest Standards
- Reporting, Benchmark Performance Measurements
- Continuing Education Requirement
- Policy Approval, Review

II. BEST PRACTICES – PUBLIC FUNDS INVESTMENTS

- Suitability
 - ❑ *Risk return tolerance*
 - ❑ Industry rules demand: “know your client”
 - ❑ Objectives and your responsibility – Understand the investment
 - ❑ Unique characteristics and today’s challenge – “Limited Time” to analyze and manage
- Diversification
- Stewardship
- Cash Flow Analysis
- Maturity Term (Maximum 3 to 10 years)



SUITABILITY

Key Issues Include:

- Everyone is different, there is no “copy-cat plan”...
- Understand what you, your boss, and elected or appointed officials understand
- DO NOT invest in anything that you can not explain in **5 minutes** or less or summarize on one page
- Keep it simple and at your risk tolerance and experience level
- Ability to monitor and report - Do not create extra work unless your finance/treasury department has unlimited staff and not enough to do!

DIVERSIFICATION

Key Issues Include:

- Set objectives and then keep it simple!
- Do not keep all of your eggs in one basket
- Similar to a person wanting to diversify their personal investment portfolio - only shorter term
- Always err on being conservative, and LIQUID
- Protect principal versus chasing yield
- Use maximum % and minimum ratings for various investment alternatives to force diversification
- Consider maximum terms for various investments

LGIP NAV OPTIONS (1)

▪ STABLE NAV

- ❑ Goal is to maintain \$1 in/\$1out
- ❑ Highest S&P rating is “AAAm”
- ❑ Short-term
- ❑ WAM for LGIP is < 60 days
- ❑ WAM for MMF is < 90 days
- ❑ SBA-A shares
- ❑ FLSAFE Stable NAV Fund
- ❑ Day-to-Day Fund
- ❑ MMF’s

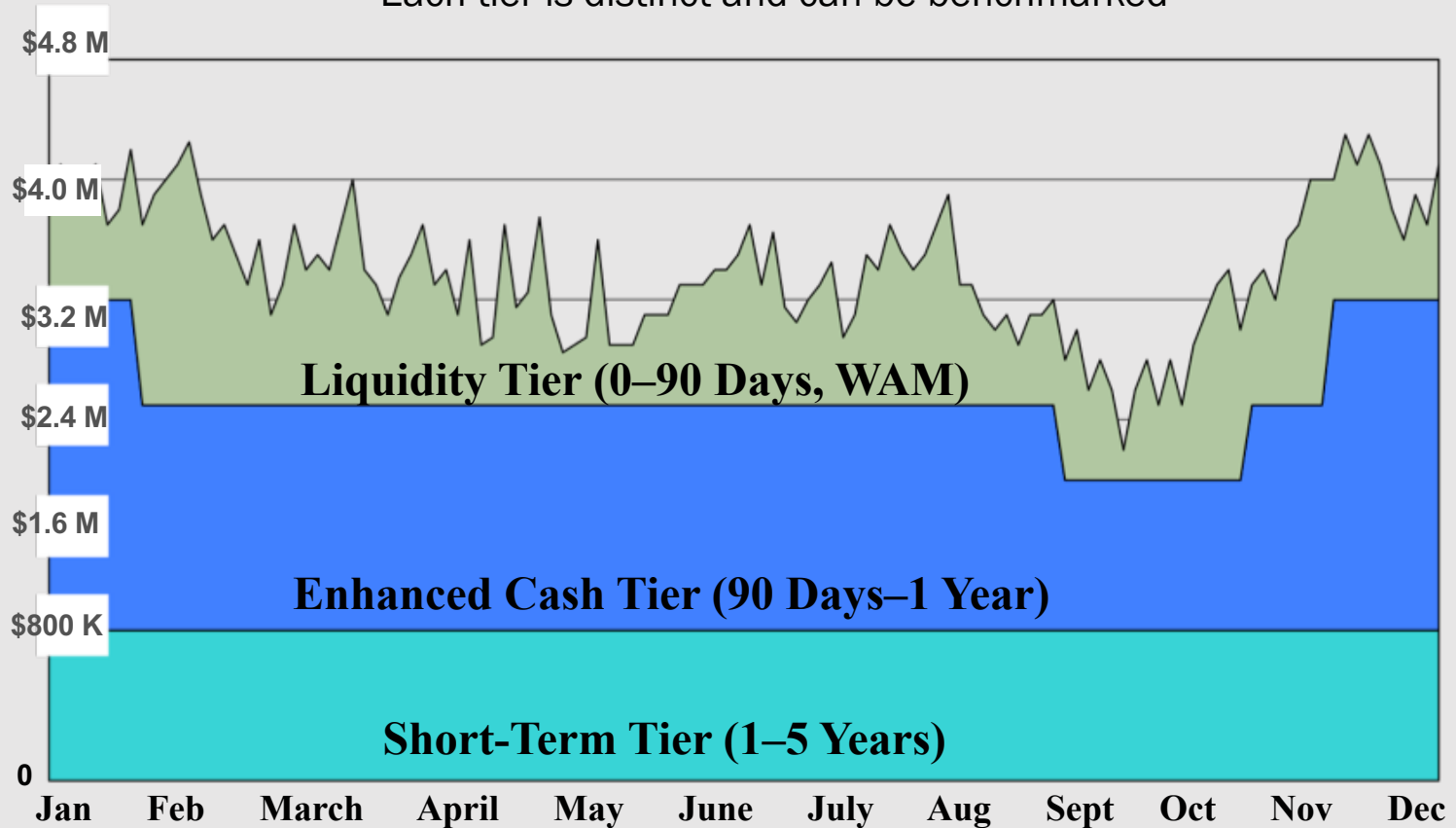
▪ VARIABLE NAV

- ❑ Designed to fluctuate to increase yield
- ❑ Highest S&P rating is “AAAf”
- ❑ Highest S&P volatility rating is “S1+”
- ❑ Medium to Long-term
- ❑ WAM for Bond Fund > 90 days
- ❑ FMIvT
- ❑ FLGIT
- ❑ *FL SAFE Variable NAV Fund (1)*
- ❑ The Core Fund

Source: Prepared by Larson Consulting Services, LLC ,Orlando, Florida, market options available to Florida Governments constantly change. This is not intended to be a complete list. FL SAFE Variable NAV Fund expected to launch in November 2017

OPERATING FUNDS CAN BE ALLOCATED INTO DIFFERENT TIERS

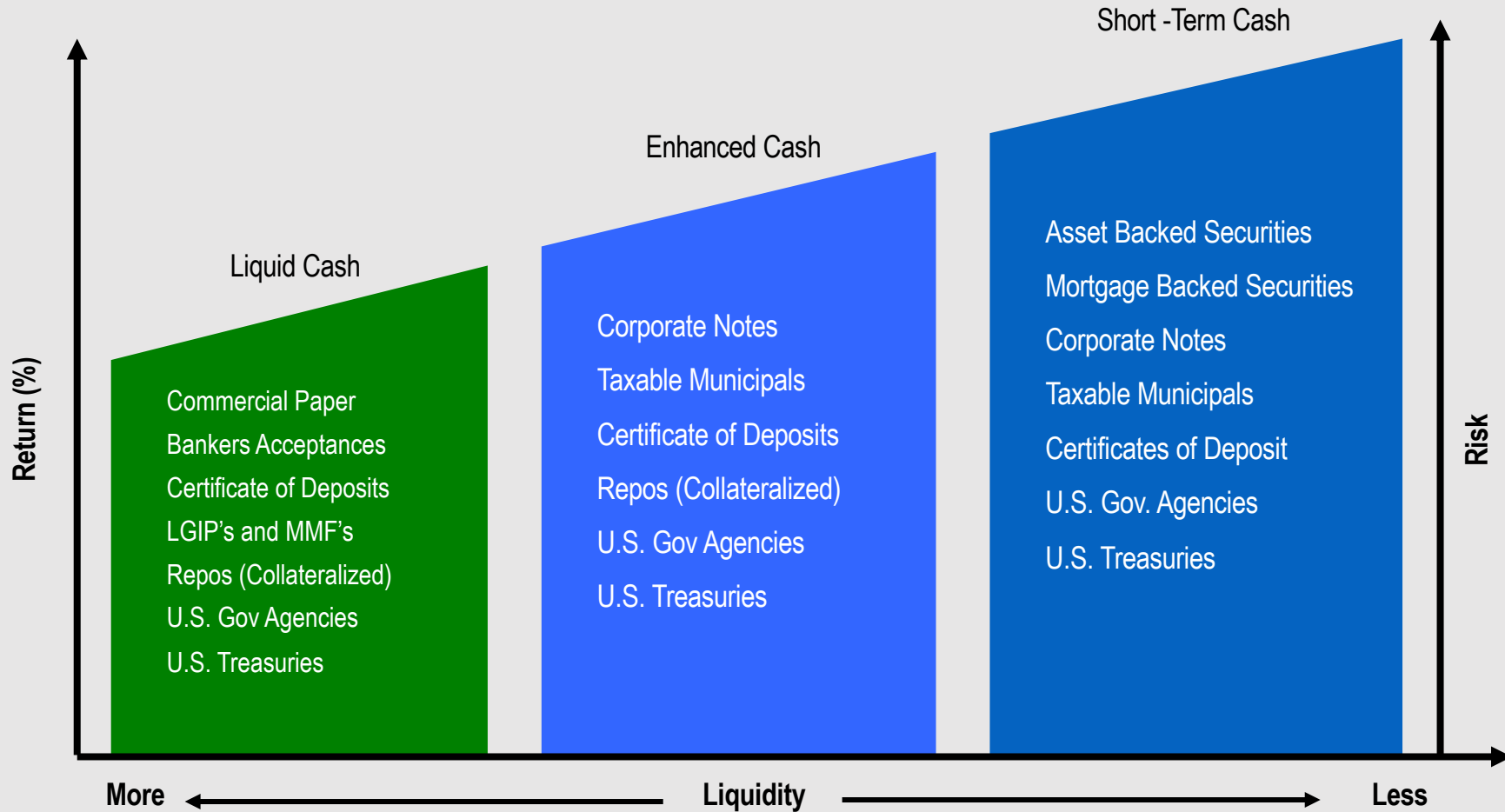
- Core Funds
 - ▣ Enhanced Cash Tier, Short-Term Tier
- Each tier is distinct and can be benchmarked



Prepared by Larson Consulting Services, LLC, Orlando, Florida, For Discussion Purposes only.

INVESTMENT TOOLS AND OPTIONS –

PORTFOLIO ALLOCATIONS BY TIME HORIZON



Source: Prepared by Larson Consulting Services, Orlando, Florida, For Discussion Purposes. Information is subject to change due to market conditions.

* Some securities require additional approval. 218.415 (16) h - Other investments authorized by law or by ordinance for a county or a municipality or local government.

**Not all securities are suitable for every public entity. Each entity has their own unique risk tolerances.

STEWARDSHIP

- You are a manager, not an owner
- Investments should be well managed, with clear goals, parameters, processes, and controls
- Public funds management should be transparent to the owner
- You are a fiduciary, interests of your local government outweigh your own interests or investment desires

CASH FLOW ANALYSIS:

- What is it?
- Suggestions Include:
 - ❑ Go back 5 to 7 years with Audits to track unrestricted and restricted cash & investments, see trends
 - ❑ Focus next on 3 key areas:
 - ❑ Funds at local bank(s), use to pay bills, payroll; review banking services agreement, and “break-even” analysis
 - ❑ Liquidity: other daily funds out to 12 months
 - ❑ Core Funds: monies beyond 12 months
 - ❑ Operating fund, then debt service, then CIP
 - ❑ Assistance is available

III. INVESTMENT APPROACH: SMALL TO MEDIUM GOVERNMENT

- Overview of Inverness
 - ❑ In Citrus County, on Gulf Coast, North of Clearwater
 - ❑ Incorporated in 1917
 - ❑ Population: Est. 7,200, 7 square miles
 - ❑ *Emphasis on Managing FTE's, Outsourcing, PPP's*
 - ❑ City achieved underlying ratings of “A+” (Fitch) and “A” (S&P), and G.O. equivalent rating of “AA-” (Fitch)
 - ❑ Governmental Services Include
 - ❑ General Government
 - ❑ Development
 - ❑ Public Safety
 - ❑ Roads & Streets
 - ❑ Parks
 - ❑ CRA
 - ❑ Cultural and Recreation
 - ❑ Cemetery
 - ❑ Water, Sewer, Reclaimed Water
 - ❑ Stormwater

INVESTMENT APPROACH:

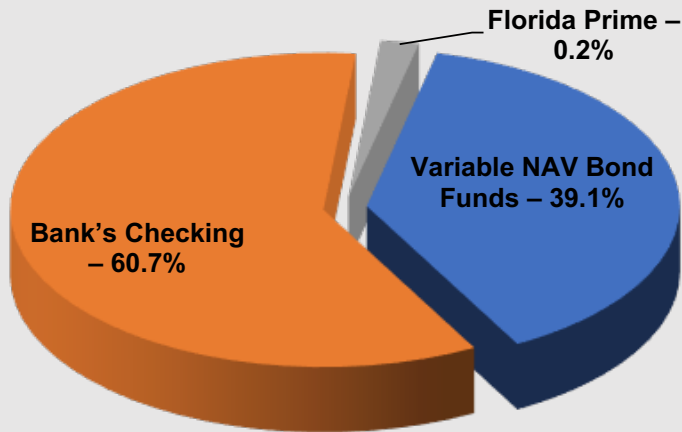
- Finance Director Reports to City Manager
- Finance Director is Board Treasurer - CRA
- Annual Budget – Approx. \$37 Million
- Five Year Capital Improvement Program
- Cash & Investment Portfolio – Approx. \$18.9 Million
- Note and Bond Proceeds Management – Approx. \$14.7 Million
- Limited Resources & Time
- 2016-17 Mileage Rate: 7.5729 mils

INVERNESS' INVESTMENT APPROACH

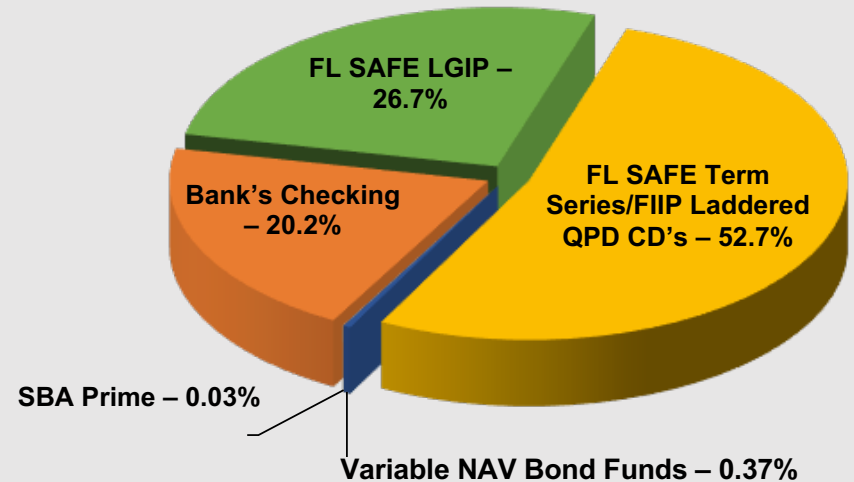
- Finance Director in 2013 started reviewing its existing banking arrangements and investments with its Financial Advisor
 - Discovered that City could achieve greater portfolio diversification and improve returns, adopt some key objective
- Updated Investment Approach in 2015, Reviewed Investment Policy, follows F.S. 218.415, set simple targets, conservative.

Portfolio Composition ⁽¹⁾

Before (September 2014)



As of October 2017 (2)(3)



(1) Source - City of Inverness, Finance Department, excludes 2017 BAN and Bond Proceeds.

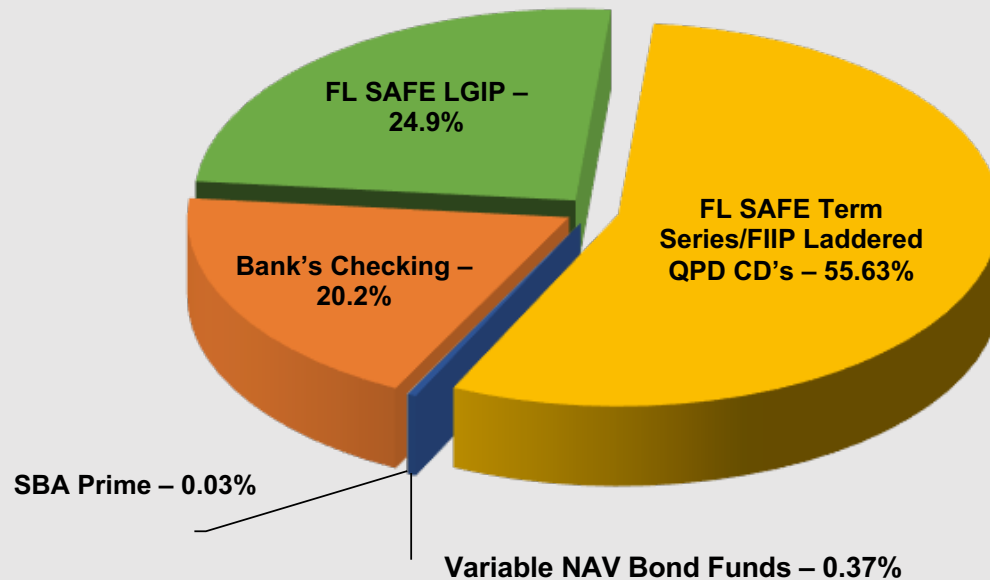
(2) City receives monthly FL SAFE Portfolio Report

(3) Bank balance represents approx. 3 months of operating expenses.

INVERNESS' INVESTMENT APPROACH (CONTINUED)

Portfolio Composition ⁽¹⁾

As of December 2017 ⁽²⁾⁽³⁾



(1) Source – City of Inverness, Finance Department, excludes 2017 BAN and Bond Proceeds.

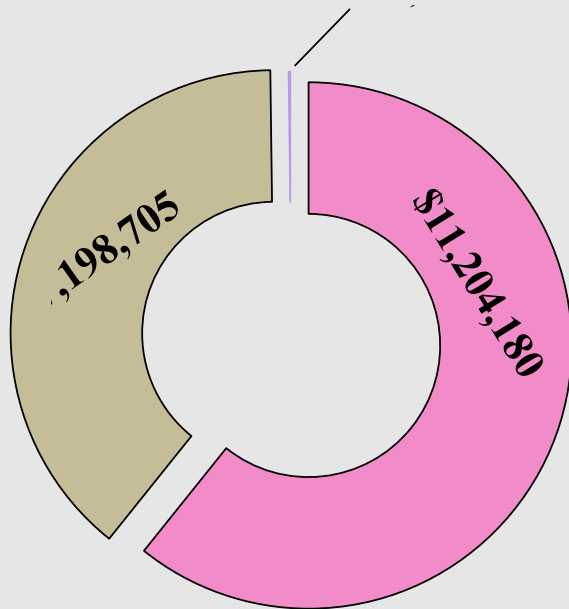
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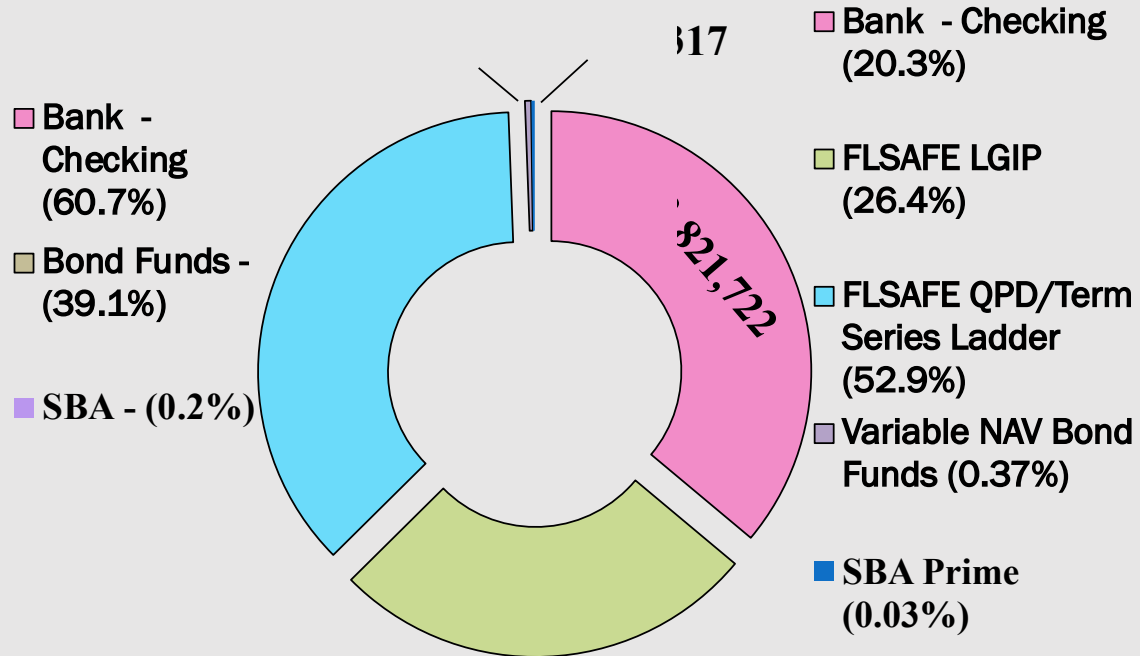
CITY OF INVERNESS

Portfolio Diversification

BEFORE (09/14)



AFTER (10/04/17)

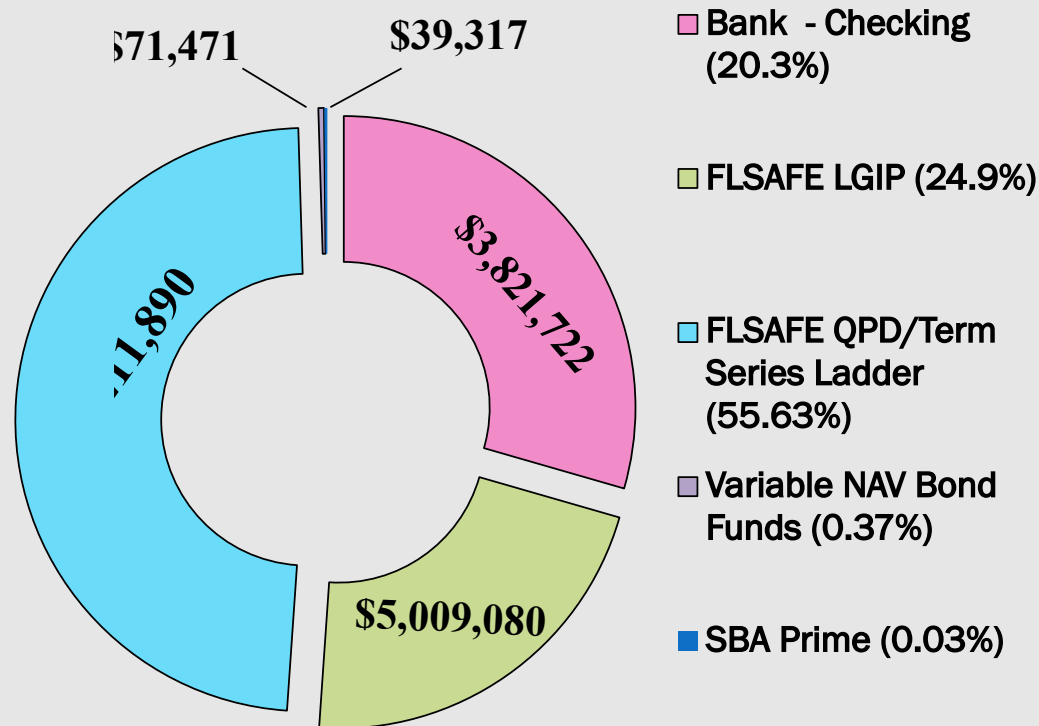


(1) Source – City of Inverness Finance Department, approximate Bank balance as of 10/04/17.

CITY OF INVERNESS

Portfolio Diversification

AFTER (12/08/17)



(1) Source – City of Inverness Finance Department, approximate Bank balance as of 12/08/17.

IV. RECOMMENDATIONS

- Markets are Constantly Changing, Remember Liquidity and Ladders; upcoming changes Money Market Funds
- Everyone is Different, But You Can Learn from Another Government's Well Thought Out Plan and Approach
- Understand What You, Your Boss, and Elected Officials Understand, Remember "Suitability", Stewardship, and "Diversification"
- Keep it Simple and At Your Risk Tolerance Level, Ability to Monitor, Reporting, Transparency
- This is Not Your Money-Be A Fiduciary, Seek Assistance, As Needed

V. QUESTIONS?



VI. APPENDIX

- Bios:
 - ▣ Jeff Larson
- F.S. 218.415(16); Investment Policy
- F.S. 280.17 QPD including sample forms
- Sample FL SAFE Portfolio Report – City of Inverness

Jeffrey T. Larson

President, Larson Consulting Services | Tel: 407.496.1597 | jl Larson@larsonconsults.com

Based in Orlando, and as President of Larson Consulting Services (“LCS”), an independent SEC and MSRB registered financial advisory firm, Jeff has successfully closed a wide range of municipal project finance and corporate financings totaling over \$6 billion. Florida projects have ranged from negotiating and structuring transportation/road improvement programs, higher education project financings, multiple utility acquisitions, extensive water and wastewater capital expansions, investments support services, economic development and redevelopment initiatives, utility enterprise restructurings, refinancing and restructuring, downtown redevelopment, CRA TIF financings, debt and lease purchase private placements, multiple public/private partnership project finance issues, multiple phased Charter School financing, and a \$240 Million University / Developer PPP Project financing. In May of 2011, Jeff and FMAS was asked by the AAAm rated FL SAFE Local Government Investment Pool (“LGIP”), to serve as its Administrator and Executive Director. He has served many Florida governments since 1992 as an Investment Banker, Financial Consultant, Administrator, or Financial Advisor.

Prior to establishing LCS and FMAS, Jeff managed D.A. Davidson’s Southeast Regional Investment Banking Office. Prior to joining D.A. Davidson, Mr. Larson was the S.E. Regional Director Investment Banking and Consulting Services with Kirkpatrick Pettis, the investment banking arm of Mutual of Omaha, the Managing Director for Stifel Nicolaus/Hanifen Imhoff, and a Vice President, Investment Banking for SunTrust Capital Markets in Orlando, Florida. Recruited by these firms, he specialized since 1992 in Florida with the structuring and marketing of a variety of public finance and capital markets products. Prior to that, he spent ten years with C & S/Sovran in Atlanta and Barclays Bank PLC in Atlanta and San Francisco as a corporate finance, large corporate/Fortune 500, and Middle Market Banker.

Mr. Larson received his MBA degree on an academic scholarship from Emory University, Atlanta, Georgia, in 1982. As part of his MBA graduate work, Mr. Larson worked, studied and taught in Germany and Austria and was a Fulbright Scholar at the Johannes Kepler University in Linz, Austria. He received an A.B. in Business Administration with honors in 1980 from Franklin & Marshall College, Lancaster, PA. Mr. Larson’s professional licenses with the State of Florida, FINRA (previously the National Association of Securities Dealers (NASD)), and New York Stock Exchange (NYSE) included a Series 7 General Securities, Series 63, Series 53 Municipal Principal, Series 24 FINRA General Securities Principal and Series 9 and 10 General Securities Sales Supervisor licenses.

Jeff is a frequent speaker at industry conferences including the annual FGFOA, FCCMA, Florida Bond Buyer, FICPA, Florida Redevelopment Association (FRA), Florida Bar Association, Florida League of Cities, Ernst & Young Professional Development Conference, FGFOA Webinars, FINRA, Regional FGFOA Chapter meetings, FGFOA Career Seminars, Smith’s National Investor Conference, Annual FGFOA Institute (School of Governmental Finance) and Special District conferences on topics ranging from “the Bond Issuance Process”, “Best Practices in Debt Management”, “Best Practices in Investment Management”, “Planning and Capital Financing”, to “Public-Private Partnership Financings.” Jeff has also served as a member of the FGFOA Annual Conference Program Committee for over 20 years.

Larson Consulting's Team of Professionals provide financing solutions for many types of clients in Florida, the Southeast, and across the country. We specialize in a number of practices in which we have significant expertise. Our primary areas of focus include the following:

- Infrastructure Financings
- Special Districts and Land Development
- Higher Education
- Resort Communities
- Housing Agencies
- CRA & TIF Improvement Districts
- Tribal Finance
- Healthcare Finance
- Charter Schools
- Growth Management and Capital Planning
- Developer Project Negotiations
- Arbitrage Support
- Workforce Housing
- Project Financings
- Utility Financings
- Public Private Partnerships
- School Districts
- Project Consulting Services
- Lease-Purchase Financings
- Internet-Based Public Sales
- Alternative Energy
- Rural Water
- State Governments
- Utility Acquisition Analysis
- Refundings and Restructurings

FLORIDA STATUTES 218.415 SECTION 16

- 218.415 Local government investment policies.—Investment activity by a unit of local government must be consistent with a written investment plan adopted by the governing body, or in the absence of the existence of a governing body, the respective principal officer of the unit of local government and maintained by the unit of local government or, in the alternative, such activity must be conducted in accordance with subsection (17). Any such unit of local government shall have an investment policy for any public funds in excess of the amounts needed to meet current expenses as provided in subsections (1)-(16), or shall meet the alternative investment guidelines contained in subsection (17). Such policies shall be structured to place the highest priority on the safety of principal and liquidity of funds. The optimization of investment returns shall be secondary to the requirements for safety and liquidity. Each unit of local government shall adopt policies that are commensurate with the nature and size of the public funds within its custody.
- (1) SCOPE.—The investment policy shall apply to funds under the control of the unit of local government in excess of those required to meet current expenses. The investment policy shall not apply to pension funds, including those funds in chapters 175 and 185, or funds related to the issuance of debt where there are other existing policies or indentures in effect for such funds.
- (2) INVESTMENT OBJECTIVES.—The investment policy shall describe the investment objectives of the unit of local government. Investment objectives shall include safety of capital, liquidity of funds, and investment income, in that order.
- (3) PERFORMANCE MEASUREMENT.—The investment policy shall specify performance measures as are appropriate for the nature and size of the public funds within the custody of the unit of local government.
- (4) PRUDENCE AND ETHICAL STANDARDS.—The investment policy shall describe the level of prudence and ethical standards to be followed by the unit of local government in carrying out its investment activities with respect to funds described in this section. The unit of local government shall adopt the Prudent Person Rule, which states that: “Investments should 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.”
- (5) LISTING OF AUTHORIZED INVESTMENTS.—The investment policy shall list investments authorized by the governing body of the unit of local government, subject to the provisions of subsection (16). Investments not listed in the investment policy are prohibited. If the policy authorizes investments in derivative products, the policy must require that the unit of local government’s officials responsible for making investment decisions or chief financial officer have developed sufficient understanding of the derivative products and have the expertise to manage them. For purposes of this subsection, a “derivative” is defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or index or asset values. If the policy authorizes investments in reverse repurchase agreements or other forms of leverage, the policy must limit the investments to transactions in which the proceeds are intended to provide liquidity and for which the unit of local government has sufficient resources and expertise.
- (6) MATURITY AND LIQUIDITY REQUIREMENTS.—The investment policy shall require that the investment portfolio is structured in such manner as to provide sufficient liquidity to pay obligations as they come due. To that end, the investment policy should direct that, to the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash-flow requirements.

FLORIDA STATUTES 218.415 SECTION 16 CONT.

- (7) PORTFOLIO COMPOSITION.—The investment policy shall establish guidelines for investments and limits on security issues, issuers, and maturities. Such guidelines shall be commensurate with the nature and size of the public funds within the custody of the unit of local government.
- (8) RISK AND DIVERSIFICATION.—The investment policy shall provide for appropriate diversification of the investment portfolio. Investments held should be diversified to the extent practicable to control the risk of loss resulting from overconcentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold. Diversification strategies within the established guidelines shall be reviewed and revised periodically, as deemed necessary by the appropriate management staff.
- (9) AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS.—The investment policy should specify the authorized securities dealers, issuers, and banks from whom the unit of local government may purchase securities.
- (10) THIRD-PARTY CUSTODIAL AGREEMENTS.—The investment policy shall provide appropriate arrangements for the holding of assets of the unit of local government. Securities should be held with a third party; and all securities purchased by, and all collateral obtained by, the unit of local government should be properly designated as an asset of the unit of local government. No withdrawal of securities, in whole or in part, shall be made from safekeeping, except by an authorized staff member of the unit of local government. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a “delivery vs. payment” basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.
- (11) MASTER REPURCHASE AGREEMENT.—The investment policy shall require all approved institutions and dealers transacting repurchase agreements to execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement.
- (12) BID REQUIREMENT.—The investment policy shall require that the unit of local government’s staff determine the approximate maturity date based on cash-flow needs and market conditions, analyze and select one or more optimal types of investment, and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the bid deemed to best meet the investment objectives specified in subsection (2) must be selected.
- (13) INTERNAL CONTROLS.—The investment policy shall provide for a system of internal controls and operational procedures. The unit of local government’s officials responsible for making investment decisions or chief financial officer shall establish a system of internal controls which shall be in writing and made a part of the governmental entity’s operational procedures. The investment policy shall provide for review of such controls by independent auditors as part of any financial audit periodically required of the unit of local government. The internal controls should be designed to prevent losses of funds which might arise from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of the unit of local government.
- (14) CONTINUING EDUCATION.—The investment policy shall provide for the continuing education of the unit of local government’s officials responsible for making investment decisions or chief financial officer. Such officials must annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products.

FLORIDA STATUTES 218.415 SECTION 16 CONT.

- (15) REPORTING.—The investment policy shall provide for appropriate annual or more frequent reporting of investment activities. To that end, the governmental entity’s officials responsible for making investment decisions or chief financial officer shall prepare periodic reports for submission to the legislative and governing body of the unit of local government, which shall include securities in the portfolio by class or type, book value, income earned, and market value as of the report date. Such reports shall be available to the public.
- (16) AUTHORIZED INVESTMENTS; WRITTEN INVESTMENT POLICIES.—Those units of local government electing to adopt a written investment policy as provided in subsections (1)-(15) may by resolution invest and reinvest any surplus public funds in their control or possession in:
 - (a) The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. [163.01](#).
 - (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
 - (c) Interest-bearing time deposits or savings accounts in qualified public depositories as defined in s. [280.02](#).
 - (d) Direct obligations of the United States Treasury.
 - (e) Federal agencies and instrumentalities.
 - (f) Rated or unrated bonds, notes, or instruments backed by the full faith and credit of the government of Israel.
 - (g) Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.
 - (h) Other investments authorized by law or by ordinance for a county or a municipality.
 - (i) Other investments authorized by law or by resolution for a school district or a special district.
- (17) AUTHORIZED INVESTMENTS; NO WRITTEN INVESTMENT POLICY.—Those units of local government electing not to adopt a written investment policy in accordance with investment policies developed as provided in subsections (1)-(15) may invest or reinvest any surplus public funds in their control or possession in:
 - (a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. [163.01](#).
 - (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
 - (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s. [280.02](#).
 - (d) Direct obligations of the U.S. Treasury.
 - The securities listed in paragraphs (c) and (d) shall be invested to provide sufficient liquidity to pay obligations as they come due.

FLORIDA STATUTES 218.415 SECTION 16 CONT.

- (18) SECURITIES; DISPOSITION.—
 - (a) Every security purchased under this section on behalf of the governing body of a unit of local government must be properly earmarked and:
 - 1. If registered with the issuer or its agents, must be immediately placed for safekeeping in a location that protects the governing body's interest in the security;
 - 2. If in book entry form, must be held for the credit of the governing body by a depository chartered by the Federal Government, the state, or any other state or territory of the United States which has a branch or principal place of business in this state as defined in s. [658.12](#), 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 this state, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or
 - 3. If physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault.
 - (b) The unit of local government's governing body may also receive bank trust receipts in return for investment of surplus funds in securities. Any trust receipts received must enumerate the various securities held, together with the specific number of each security held. The actual securities on which the trust receipts are issued may be held by any bank depository chartered by the Federal Government, this state, or any other state or territory of the United States which has a branch or principal place of business in this state as defined in s. [658.12](#), 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 this state.
- (19) SALE OF SECURITIES.—When the invested funds are needed in whole or in part for the purposes originally intended or for more optimal investments, the unit of local government's governing body may sell such investments at the then-prevailing market price and place the proceeds into the proper account or fund of the unit of local government.
- (20) PREEXISTING CONTRACT.—Any public funds subject to a contract or agreement existing on October 1, 2000, may not be invested contrary to such contract or agreement.
- (21) PREEMPTION.—Any provision of any special act, municipal charter, or other law which prohibits or restricts a local governmental entity from complying with this section or any rules adopted under this section is void to the extent of the conflict.
- (22) AUDITS.—Certified public accountants conducting audits of units of local government pursuant to s. [218.39](#) shall report, as part of the audit, whether or not the unit of local government has complied with this section.
- (23) AUTHORIZED DEPOSITS.—In addition to the investments authorized for local governments in subsections (16) and (17) and notwithstanding any other provisions of law, a unit of local government may deposit any portion of surplus public funds in its control or possession in accordance with the following conditions:
 - (a) The funds are initially deposited in a qualified public depository, as defined in s. [280.02](#), selected by the unit of local government.
 - (b) The selected depository arranges for depositing the funds in financial deposit instruments insured by the Federal Deposit Insurance Corporation in one or more federally insured banks or savings and loan associations, wherever located, for the account of the unit of local government.
 - (c) The full amount of the principal and accrued interest of each financial deposit instrument is insured by the Federal Deposit Insurance Corporation.
 - (d) The selected depository acts as custodian for the unit of local government with respect to each financial deposit instrument issued for its account.



DIVISION OF TREASURY MEMORANDUM
NO. 09-PA-01
October 5, 2009
Florida Public Deposits Program

Public Depositor Annual Report to the Chief Financial Officer (Form DFS-J1-1009)

The purpose of this memorandum is to provide public depositors with instructions for filing the Public Depositor Annual Report to the Chief Financial Officer (annual report). Note: The annual report should not be completed by the qualified public depository (QPD) that holds the funds.

Section 280.17, Florida Statutes (F.S.), specifies the requirements for public depositors to receive protection from loss for a public deposit account. Each public depositor should be familiar with the requirements of this section of Florida law and we have attached it for your review.

Important Notes:

- **The annual report must be submitted by November 30, 2009. Processing can be expedited by faxing your completed report to (850) 488-0216 or emailing a PDF copy of the report to: Kenneth.Lee@myfloridacfo.com** You may retain the original report for your records.
- **Do not submit any of your Public Deposit Identification and Acknowledgment forms with your annual report.** Those forms are to be retained by you and only submitted to this office in the event of a QPD failure for which you suffer a loss of public deposits. Section 280.17(3)(a), F.S. details the circumstances in which a new form must be completed.
- **Please be certain to complete all of the authorized signer's contact information on the annual report, including their e-mail address, so that our records will have the most current information.**
- Please make a copy of your completed annual report for future reference.

Additional copies of forms and attachments associated with the Public Depositor Annual Report to the Chief Financial Officer can be provided by mail, facsimile, or e-mail.

Please direct questions to:

Division of Treasury
Public Deposits Program Administration
200 East Gaines Street
Tallahassee, Florida 32399-0345
Telephone: (850) 413-3184
Fax: (850) 488-0216

Attachments: Public Depositor Annual Report to the Chief Financial Officer
List of Qualified Public Depositories
Section 280.17, F.S.

FLORIDA STATUTES
SECTION 280.17

Requirements for public depositors; notice to public depositors and governmental units; loss of protection.—In addition to any other requirement specified in this chapter, public depositors shall comply with the following:

- (1) (a) Each official custodian of moneys that meet the definition of a public deposit under s.280.02 shall ensure such moneys are placed in a qualified public depository unless the moneys are exempt under the laws of this state.
(b) Each depositor, asserting that moneys meet the definition of a public deposit provided in s. 280.02 and are not exempt under the laws of this state, is responsible for any research or defense required to support such assertion.
- (2) Beginning July 1, 1998, each public depositor shall take the following actions for each public deposit account:
 - (a) Ensure that the name of the public depositor is on the account or certificate or other form provided to the public depositor by the qualified public depository in a manner sufficient to identify that the account is a Florida public deposit.
 - (b) Execute a form prescribed by the Chief Financial Officer for identification of each public deposit account and obtain acknowledgment of receipt on the form from the qualified public depository at the time of opening the account. Such public deposit identification and acknowledgment form shall be replaced with a current form as required in subsection (3). A public deposit account existing before July 1, 1998, must have a form completed before September 30, 1998.
 - (c) Maintain the current public deposit identification and acknowledgment form as a valuable record. Such form is mandatory for filing a claim with the Chief Financial Officer upon default or insolvency of a qualified public depository.
- (3) Each public depositor shall review the Chief Financial Officer's published list of qualified public depositories and ascertain the status of depositories used. A public depositor shall, for status changes of depositories:
 - (a) Execute a replacement public deposit identification and acknowledgment form, as described in subsection (2), for each public deposit account when there is a merger, acquisition, name change, or other event which changes the account name, account number, or name of the qualified public depository.
 - (b) Move and close public deposit accounts when an institution is not included in the authorized list of qualified public depositories or is shown as withdrawing.
- (4) Whenever public deposits are in a qualified public depository that has been declared to be in default or insolvent, each public depositor shall:
 - (a) Notify the Chief Financial Officer immediately by telecommunication after receiving notice of the default or insolvency from the receiver of the depository with subsequent written confirmation and a copy of the notice.

(b) Submit to the Chief Financial Officer for each public deposit, within 30 days after the date of official notification from the Chief Financial Officer, the following:

1. A claim form and agreement, as prescribed by the Chief Financial Officer, executed under oath, accompanied by proof of authority to execute the form on behalf of the public depositor.
2. A completed public deposit identification and acknowledgment form, as described in subsection (2).
3. Evidence of the insurance afforded the deposit pursuant to the Federal Deposit Insurance Act.

(5) Each public depositor shall confirm annually that public deposit information as of the close of business on September 30 has been provided by each qualified public depository and is in agreement with public depositor records. Such confirmation shall include the federal employer identification number of the qualified public depository, the name on the deposit account record, the federal employer identification number on the deposit account record, and the account number, account type, and actual account balance on deposit. Public depositors shall request such confirmation information from qualified public depositories on or before the fifth calendar day of October and shall allow until October 31 to receive such information. Any discrepancy found in the confirmation process shall be reconciled before November 30.

(6) Each public depositor shall submit, not later than November 30, an annual report to the Chief Financial Officer which shall include:

(a) The official name, mailing address, and federal employer identification number of the public depositor.

(b) Verification that confirmation of public deposit information as of September 30, as described in subsection (5), has been completed.

(c) Public deposit information in a report format prescribed by the Chief Financial Officer. The manner of required filing may be as a signed writing or electronic data transmission, at the discretion of the Chief Financial Officer.

(d) Confirmation that a current public deposit identification and acknowledgment form, as described in subsection (2), has been completed for each public deposit account and is in the possession of the public depositor.

(7) Notices relating to the public deposits program shall be mailed to public depositors and governmental units from a list developed annually from:

(a) Public depositors that filed an annual report under subsection (6).

(b) Governmental units existing on September 30 that had no public deposits but filed an annual report stating "no public deposits".

(c) Governmental units established during the year that filed an annual report as a new governmental unit or otherwise furnished in writing to the Chief Financial Officer its official name, address, and federal employer identification number.

(8) If a public depositor does not comply with this section on each public deposit account, the protection from loss provided in s. 280.18 is not effective as to that public deposit account.



DEPARTMENT OF FINANCIAL SERVICES
 Division of Treasury -- Bureau of Collateral Management

PUBLIC DEPOSITOR ANNUAL REPORT TO THE CHIEF FINANCIAL OFFICER

For the Period Ended September 30, 2008

Public Depositor (PD) Information

PD's Full Legal Name: City of Orange City
 PD's Mailing Address: 205 EAST GRAVES AVENUE
ORANGE CITY, FL 32763
 PD's Federal Employer Identification Number (FEIN): 59-0946992

WE ASSERT that we are an official custodian of moneys that meet the definition of a public deposit as defined in Chapter 280, Florida Statutes and that such moneys are placed in Qualified Public Depositories (QPDs) unless exempt under the laws of this state. We acknowledge our responsibility for any research or defense required to support such assertion.

WE VERIFY that we have:

(1) Performed an annual confirmation of all open public deposit accounts, as of the close of business on September 30 for each QPD. All discrepancies found in the confirmation process were recorded before November 30. Information confirmed included the following:

- a. FEIN of the QPD.
- b. Name on the deposit account record.
- c. FEIN on the deposit account record.
- d. Account number.
- e. Account type.
- f. Actual account balance on deposit.

(2) Confirmed that a current Public Deposit Identification and Acknowledgment Form has been completed for each public deposit account and is in our possession.

(3) Provided as part of this report a separate listing of QPDs at which we have open public deposit accounts. This filing has been completed in the report format prescribed by the Chief Financial Officer, State of Florida for this year.

Under penalties of perjury, I attest that I am authorized to sign on behalf of the Public Depositor identified above, and also declare that I have read the information provided on this Public Depositor Annual Report to the Chief Financial Officer and that the facts stated in it are true to the best of my knowledge and belief.

Authorized Signature for Public Depositor: [Signature] Date: 10/28/08

Printed Name and Title: CHRISTINE C. DAVIS, FINANCE DIRECTOR

Phone: (386) 775-5432 Fax: (386) 775-5435

Suncom: () Email: cdavis@ci.orange-city.fl.us

PUBLIC DEPOSITOR ANNUAL REPORT TO THE CHIEF FINANCIAL OFFICER

For the Period Ended September 30, 2008

List of Qualified Public Depositories for City of Orange City
Public Depositor's Full Legal Name

Listed below are the FEIN and name for all Qualified Public Depositories at which we have open public deposit accounts, including accounts with zero balances.

FEIN of Qualified Public Depository	Name of Qualified Public Depository
22-1147033	WACHOVIA BANK, N.A.
56-1074313	BRANCH BANKING & TRUST CO.



DEPARTMENT OF FINANCIAL SERVICES
Division of Treasury - Bureau of Collateral Management

PUBLIC DEPOSIT IDENTIFICATION AND ACKNOWLEDGMENT FORM

Public Depositor Account Information

Account Number: [REDACTED] Type of Account (CD/other): Public Fund Money Rate Savin

Account Name: City of Orange City - General Fund
Full Name as it Appears on the Records of the Qualified Public Depository

Accountholder's Federal Employer Identification Number (FEIN): 59-0946992

Qualified Public Depository (QPD) Information

QPD's Full Legal Name: Branch Banking & Trust Company
For Protection Under Chapter 280, Florida Statutes, Depository MUST be a QPD

QPD's Address: 255 S. Orange Ave, Ste 1000
Orlando, FL 32801

QPD's FEIN: 56-0939887

Public Deposit Identification

I DECLARE that the above referenced account meets the definition of a public deposit pursuant to Section 280.02, Florida Statutes (F.S.), and is not exempt under the laws of Florida. A current Public Deposit Identification and Acknowledgment Form will be maintained as a valuable record of the public depositor. The current Public Deposit Identification and Acknowledgment Form with original signatures will need to be submitted in the event the above named QPD becomes insolvent or in default and a claim is filed with the Chief Financial Officer, State of Florida's office.

Signature for Public Depositor: [Signature] Date: 10/6/08

Printed Name & Title: Christine Davis, Finance Director

Qualified Public Depository Acknowledgment

I ACKNOWLEDGE that the above referenced account has been identified to this QPD as a public deposit. Pursuant to Chapter 280, F.S., this account will be classified on the records of this QPD as a public deposit, collateralized as such, and reported as such on the Public Depository Monthly Report J1-1003, Public Depository Annual report J14-1004, and any other report of public deposits requested by the Chief Financial Officer, State of Florida.

Signature for Qualified Public Depository: [Signature] Date: 10/8/08

Printed Name & Title: Michael I. Smith, Senior Vice President

DFS-J1-1295
NEW 08/06

INVERNESS, CITY OF / GENERAL FUND (70162-101)

7625

Type	Trans	SEQ	Purchase	Maturity	FDIC #	Instrument	Par-Val/Mat. Val.	Original Cost	Rate
CD	223555	1	04/27/16	05/01/18	58979	BANKUNITED NA	\$1,527,178.11	\$1,500,000.00	0.901
CD	239826	1	06/02/17	09/04/18	58979	BANKUNITED NA	\$2,429,203.22	\$2,400,000.00	1.210
TS	227253	1	06/28/16	06/28/18	6	FLS TERM SERIES - 20180628AA07	\$1,122,000.00	\$1,100,000.00	1.000
TS	235409	1	01/31/17	01/31/19	6	FLS TERM SERIES - 20190131AA07	\$1,282,500.00	\$1,250,000.00	1.300
CD	239836	1	06/02/17	09/03/19	20234	CITY NATIONAL BANK OF FLORIDA	\$2,058,079.46	\$2,000,000.00	1.450
CD	246985	1	10/04/17	10/04/19	58991	FLORIDA COMMUNITY BANK, N.A.	\$1,237,346.40	\$1,200,000.00	1.550
CD	249131	1	12/08/17	12/09/19	58979	BANKUNITED NA	\$1,565,582.84	\$1,500,000.00	1.850
Subtotal -->							\$11,211,890.03	\$10,950,000.00	

INVERNESS, CITY OF / CRA 2017 PROJECT FUND (70162-202)

13120

Type	Trans	SEQ	Purchase	Maturity	FDIC #	Instrument	Par-Val/Mat. Val.	Original Cost	Rate
TS	248447	1	11/13/17	12/13/17	6	FLS TERM SERIES - 20171213AA07	\$8,509,082.20	\$8,500,000.00	1.300
Subtotal -->							\$8,509,082.20	\$8,500,000.00	

INVERNESS, CITY OF / CRA 2017 PROJECT FUND CITY (70162-203)

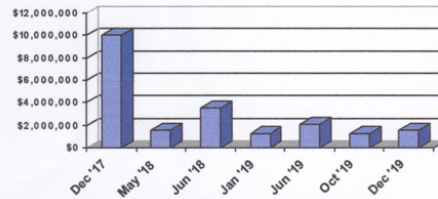
13121

Type	Trans	SEQ	Purchase	Maturity	FDIC #	Instrument	Par-Val/Mat. Val.	Original Cost	Rate
TS	248448	1	11/13/17	12/13/17	6	FLS TERM SERIES - 20171213AA07	\$1,501,602.74	\$1,500,000.00	1.300
Subtotal -->							\$1,501,602.74	\$1,500,000.00	
Total Amount -->							\$21,222,574.97	\$20,950,000.00	

Time and Dollar Weighted Portfolio Yield: 1.475 %

Weighted Average Portfolio Maturity: 210.87 Days

CD's: 41.05%
 CDR's: 0.00%
 DTC: 0.00%
 CP: 0.00%
 SEC: 0.00%
 TS: 58.95%



Rate and Yield as labeled on this statement. For certain investment products offered by PMA, the stated Rate may be the Bond Equivalent Yield (BEY), Yield to Maturity (YTM) or other calculation of yield offered on that product ("Rate"). For all fixed income investments included on this statement (investments other than liquid LGIP, money market or SDA products), the "Rate" is stated as of the purchase date. Time and Dollar Weighted Portfolio Yield only includes fixed income investments (investments other than liquid LGIP, money market or SDA products) and is calculated based on the "Rate" at the purchase date.