

ITEM II. JWB Investments & Policy

Background

Currently, all of the JWB investment assets are maintained in accounts that provide liquidity for operations. Deposits are retained with two commercial banks, Regions and BB&T, which are insured by the Federal Deposit Insurance Corporation and under Florida Statutes Chapter 280, Florida Security for Public Deposits Act. A minimal amount of investment is maintained in Florida Prime, formerly Florida State Board of Administration (SBA).

The primary focus for staff is cash flow and preservation of principal. Since our investment base is currently stabilized at approximately \$5M - 10M, it is possible to explore investing an amount over a slightly longer period of time in order to achieve a higher yield.

Discussion Topic

In order to obtain solid financial investment alternatives, staff explored the idea of acquiring a financial adviser in the development of a cash flow analysis and a long-term investment strategy. Through discussions with affiliates of the Gulf Coast Chapter of the Florida Government Finance Officers Association (GCFGFOA), staff has found that other small municipalities have procured investment services through proposal processes. JWB, as a government entity, can piggy-back on the contract of another local government resulting from the request for proposals (RFP).

Upon the recommendation of several colleagues with GCFGFOA, a meeting was scheduled with Jeff Larson of Larson Consulting Services, LLC. At this initial contact, Mr. Larson reviewed our current investments. Based on JWB's January information provided to him (and reflective of ad valorem revenues coming in as a seasonal increase in the portfolio), he states that JWB is currently overly liquid and under yielding. Our portfolio composition needs redistribution and our investment policy needs some updating.

Recommendation

Mr. Larson recommends a two-phase plan as follows:

Phase I: Since 25% of the JWB Portfolio ranges from a seasonal low of around \$22 Million at FYE and \$42 Million at Jan 2012, it implies a cap per each Bank of around \$5.5 Million to \$10.5 Million), so it seems that JWB is overly invested today at Regions and perhaps at BB&T. As a beginning strategy, JWB can further diversify by placing an initial amount into FL SAFE, a local government investment pool (LGIP). FL SAFE, Florida Surplus Asset Fund Trust, was formed in December 2007 and developed by Florida local governments for Florida local governments. FL SAFE has no association with the State of Florida. FL SAFE's sole purpose is to serve government entities in Florida to meet their daily cash management needs with an emphasis on safety, liquidity, transparency and competitive yields. As a AAAM rated LGIP, it currently yields at 10 basis points. The AAAM is a Standard and Poor's rating which indicates that the organization provides a very strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks.

Phase II: Following an initial investment into FL SAFE, JWB can take advantage of the Cash flow Modeling Program offered only to FL SAFE participants. Based on JWB history and data, this would allow JWB to determine how much should be kept at the local bank, other liquidity sources like LGIPs and Money Market Funds, and then how much “core funds” could be laddered out a bit...(current policy limit is two (2) years).

An example of this would be:

	Option 1			Option 2*		
	Certificate of Deposit			Certificate of Deposit		
	24 Month Program			36 Month Program		
6 months	\$2,500,000	@	0.15%	\$1,650,000	@	0.15%
12 months	\$2,500,000	@	0.25%	\$1,650,000	@	0.25%
18 months	\$2,500,000	@	0.30%	\$1,650,000	@	0.30%
24 months	\$2,500,000	@	0.45%	\$1,650,000	@	0.45%
30 months				\$1,650,000	@	0.50%
36 months				\$1,750,000	@	0.60%
Weighted Average Maturity	451 Days			638 Days		
Weighted Average Rate	0.335%			0.453%		

*Option 2 would require a change to policy. This is provided as illustration only.

Through a piggy-back on the contract resulting from an RFP process conducted by the City of Treasure Island recently, JWB can also use LCS as an ongoing resource to be there for investments support, policy updates and as a source under which other financial providers can be referred to, as a bit of a protective and time saving device for JWB staff. This would be provided at a minimum retainer amount of \$1,000 quarterly.

Larson Consulting Services (LCS), who has worked with other municipalities in the area such as Dunedin, Gulfport, Sarasota, and Temple Terrace, is based in Orlando. The company is an independent Securities Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB) registered financial advisory firm. (See attached resume)

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Based in Orlando, Jeff has successfully closed a wide range of municipal project finance and corporate financings totaling over \$6 billion over his 30 year financial services industry career. Florida projects have ranged from negotiating and structuring transportation/road improvement programs, higher education project financings, corporate IPO's, multiple utility acquisitions, extensive water and wastewater capital expansions, investments support services, economic development and redevelopment initiatives, structured finance/interest rate hedging programs, utility enterprise restructurings, refinancings and debt restructurings, downtown redevelopment, CRA TIF financings, debt and lease purchase private placements, a \$400 Million Sensitive Lands/Parks G.O. Financing Program, multiple public/private partnership project finance issues, a competitively bid Medium Term Note Program, CDD's, multiple Charter School and 501c3 financings, and a \$240 Million University / Developer PPP four phased financing. National financings have included a \$900 million foreign accounts receivable securitization program for Lockheed Finance, a large satellite earth station EXIMbank financing for Scientific Atlanta, a cross currency swap for Bell South, and a \$1 billion corporate acquisition for Gulfstream Aerospace Corporation, Savannah, Georgia. He has served as an Investment Banker, Financial Consultant, Administrator, or Financial Advisor to clients such as:

- City of Deltona
- City of Leesburg
- Broward County
- GStar Charter School
- Nova Univ. (Miami Dolphins)
- City of Palatka
- City of Port St. Lucie
- City of Fort Meade
- New Brunswick Dev. (GA)
- Palm Bay Academy
- Sculptor Charter School
- KUA
- Concorde Estates CDD
- DR Horton
- Okeechobee County
- City of Winter Park
- City of Venice
- City of Sunrise
- Orange County Library District
- Cape Coral Charter School
- St. Lucie County
- City of Dunedin
- Florida Atlantic University
- City of Orlando
- City of Winter Haven
- Okeechobee Utility Authority
- City of Stuart
- City of Starke
- St. Edward's School, Vero Beach
- City of Fort Pierce
- City of Winter Springs
- Anthem Park CDD
- Tampa Sports Authority
(Tampa Bay Lightning Arena)
- Learning Gate Charter School
- Lifestream Behavioral (501(c)3)
- City of Temple Terrace
- Indian Harbour Beach
- Traditions CDD
- City of Bartow
- New Smyrna Beach CRA
- Leon County Sheriff
- City of Orange City
- City of Tamarac
- University of Central Florida
- 27/441 CRA
- City of Treasure Island
- Indian River County
- City of Winter Park
- Orlando CRA
- City of Punta Gorda
- City of Sebastian
- City of Naples
- Carver Heights CRA
- River Place CDD, Port St. Lucie
- Greater Orlando Aviation Authority
- KUD, LLC
- City of Cape Coral
- Clay County
- City of Gulfport
- Gulfstream CDD
- Terrace Community School

Prior to establishing Larson Consulting Services, in 2009, 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 has 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) include 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 and Principal licenses.

Jeff is a frequent speaker and instructor 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, 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 15 years. He was selected by the AAAM rated FL SAFE LGIP Board in May 2011 to serve as its Administrator and Executive Director, as President, Florida Management and Administrative Services ("FMAS").