

ITEM III. Status of FY 11/12 Investments & Policy

A. Investments and Investment Policy review

As per JWB Bylaws, the Finance Committee shall perform an annual review of JWB's investment policies and investment performance. In compliance with the bylaws, our meeting will include:

1. A review of current investments and annual performance.
2. A review of policy by staff.

Update on current investments

Currently, all of the JWB investment assets are maintained in accounts that provide liquidity for operations. Deposits are retained with two commercial banks that are organized under the laws of the State of Florida and the laws of the United States, and are insured by the Federal Deposit Insurance Corporation to legal limits. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit eligible collateral with the Treasurer or another banking institution. In the event of a failure of one of the institutions holding public funds, the remaining public depositories would be responsible for covering any losses. The SBA currently maintains a minimal amount of investment. Fund B pays no interest in lieu of recuperating its losses. As it recovers monthly, the amount is transferred to Fund A which does receive interest.

JWB has moved its daily operational accounts from Regions to BB&T following the RFP award to BB&T last year. Our relationship with Regions allowed us to maintain the Money Market Investment Account which has a yield rate of .35%. BB&T's yield rate is .15%. The SBA's current rate is .29%.

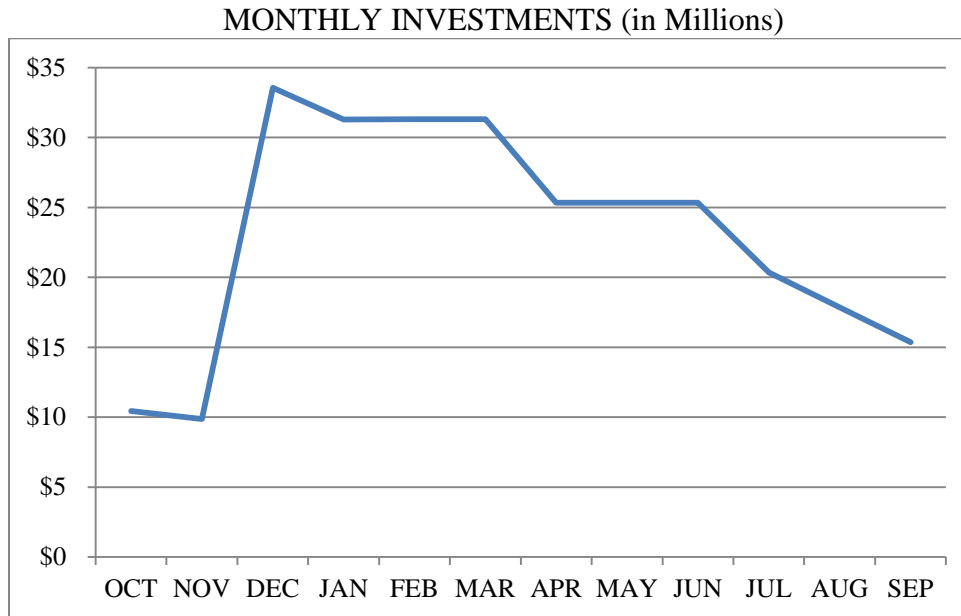
**JUVENILE WELFARE BOARD
INVESTMENT REPORT
FOR PERIOD ENDING December 31, 2011**

BANK	ACCOUNT	AVERAGE RATE	ENDING BALANCE	YIELD
REGIONS	Market Investment Account	0.35%	15,643,787.51	3,750.71
BB & T	Market Investment Account	0.15%	1,500,462.40	191.14
FL State Board of Administration (SBA)	Investment Pool - FUND A	0.29%	346,865.57	84.40
	Investment Pool - FUND B	(1)	284,561.77	-
			\$ 17,775,677.25	\$ 4,026.25

⁽¹⁾ The SBA no longer publishes rates of return for LGIP B. The investment objective for Pool B is to maximize the present value of distributions to participants net of fees; thus weight is given to the realized value of security sales and to the speed with which monies are distributed (liquidity). As cash becomes available in Pool B, it is distributed among participant accounts in Pool A, according to each participant's pro rata share of Pool B. JWB's original investment remaining in the pool in November 2007 was \$1.5m

Annual Performance

JWB's fund balance has provided JWB the ability to maintain programming effort over the last three years through the program stability fund. It also provides cash flow over the period of October and November prior to new fiscal year Ad valorem receipts. Along with the fund balance, certain amounts are available for short-term investment since they are above that necessary for the monthly operation. JWB invests in secure and liquid investments which included a money-market investment account with Regions and a minimal balance in the Florida Prime which is the State of Florida investment pool for public funds. The following chart indicates the FY 10/11 monthly revenue invested in the accounts at Regions and SBA.



The graph reflects the amount above daily operations that was invested. JWB staff tries to be very responsive to cash flow needs and investment opportunities. Currently, an amount of \$10M can be available at all times for a consistent investment. Since our investment base is currently stabilized at approximately \$10M, it is possible to explore investing a minimum of \$5 M - \$10 M over a longer period of time in order to obtain a higher yield.

During FY 10/11, our yield rates were .50% basis points with Regions and an average of .26% basis points with Florida Prime. Our current rate with Regions is .35% basis points and BB&T is at .15%. For this meeting, representatives with BB&T, Regions and Fifth Third will provide us with some longer term investment options. Following discussion, staff will return to the Finance Committee with a recommendation at the next meeting.

Investment policy Update

The investment policy is attached for review. At this time, staff does not recommend any policy change. The policy was last updated in November 2009.

ATTACHMENT A

JWB INVESTMENT POLICY

1. Scope

This investment policy applies to activities related to all financial assets, which shall be accounted for in the JWB Annual Financial Report.

2. Objectives

The objectives of the Investment Policy are to minimize risk (safety); to ensure that investments mature when the cash is required to finance operations (liquidity); and to ensure a competitive rate of return (income).

Funds will be invested in accordance with Florida Statutes, Chapter 280 "Security for Public Deposits" and Florida Statutes, Chapter 218.405 "Special districts: investments".

3. Delegation of Authority

The Finance Director is designated as the Investment Officer of JWB, and is responsible for investment decisions and activities, under the direction of the Director of Contract Management, Finance and Research, the Executive Director, and governed by Board policy. The Finance Director shall develop and maintain written administrative procedures consistent with these policies for the investment program. The investment commitment shall depend on financial and staffing considerations given the amount of revenues available.

4. Performance Measurement

The Investment Officer will routinely monitor the investments. The benchmark measurement for performance of investments will be the U.S. Treasury index and the Money Fund Report Averages™, comparable in maturity to the average life of the portfolio.

The monthly investment reports submitted to the Board shall contain sufficient information to evaluate the monthly performance of the investment program.

5. Ethics/Prudence

The standard of prudence to be applied by the Investment Officer shall be the "prudent investor rule", in accordance with the Government Finance Officers Association, which states, "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." The "prudent investor rule" shall be applied in the context of managing all funds.

The Investment Officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or

market price changes, provided that these deviations are reported immediately, and that appropriate action is taken to control adverse developments.

6. Authorized Investments

All investment services must be acquired in accordance with the rules of the Department of Insurance, Division of Treasury which establish procedures for the administration of the "Florida Security for Deposits Act", which is encompassed in the Florida Statutes.

Through the course of the fiscal year, available cash may be invested in one of the following securities:

- a. State Investment Pool. The Florida Local Government Surplus Funds Trust Fund (SBA).
- b. Collateralized Repurchase Agreement.
- c. U.S. Treasury Obligations. Negotiable direct obligations or obligations the principal and interest of which are unconditionally guaranteed by the U.S. Government. Such securities include, but are not limited to: Treasury bills, notes or bonds, and Treasury strips.
- d. U.S. Agency Obligations. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by U.S. agencies, provided the full faith and credit of the U.S. Government back such obligations. Such securities include, but are not limited to, the Farmers Home Administration, the Federal Financing Bank, Federal Housing Administration Debentures and Government National Mortgage Association (GNMA).
- e. Federal Instrumentalities. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by U.S. Government agencies (Federal Instrumentality), which are non-full faith and credit agencies. Such securities include, but are not limited to, Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (Freddie Mac), and Student Loan Marketing Association (Sallie Mae).
- f. Commercial Paper rating, by either Moody's or Standard & Poor's, of A1+ / P1+ (prime commercial paper) or better at the time of purchase.
- g. Certificates of Deposit. Non-negotiable interest bearing time certificates of deposit or savings accounts in banks organized under the laws of the United States and doing business and situated in Florida, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes, and provided that the bank is not listed with any recognized credit watch information service.
- h. Money Market Funds. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- i. Time deposits. Interest-bearing time deposits or savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes.

7. Maturity & Liquidity Requirements

Investments of the JWB will allow for the day-to-day liquidity needs. Therefore, investments will be made in accordance with anticipated cash need and cash flow requirements. JWB shall limit its maximum maturity to two years unless specific authority is given to exceed that limitation.

8. Portfolio Composition

The investment portfolio of the JWB shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the risk constraints and cash flow characteristics of the JWB. Guidelines for the maximum limit for diversification are as follows: State Investment Pool 75%; Repurchase Agreements 50%; U.S. Treasury Obligations 100%; U.S. Agency Obligations 75%; Federal Instrumentalities 75%; Prime Commercial Paper 50%; Certificates of Deposit 25%; Money Market Funds-100%; and Time Deposits 25%.

9. Risk & Diversification

The JWB recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Diversification is a way to control risk. The investment management is expected to be prudent and act in a way to minimize default risk. No single investment transaction shall be undertaken that jeopardizes the total capital position of the JWB.

The Finance Committee will annually evaluate and modify the investment policy and the JWB portfolio of current investments.

10. Authorized Investment Institutions & Dealers

Contracts shall be obtained only with credit worthy institutions and those institutions possessing a certificate of qualified depository with the State of Florida.

11. Third-Party Custodial Agreements

If arrangements are made for the holding of security assets by a third party, the assets and/or collateral shall be designated as JWB funds. Such assets shall not be withdrawn by anyone except an authorized JWB staff member. Such transactions between a custodian and an institution involving the sale or purchase of assets by transfer of money shall be made on a "delivery vs. payment" basis.

12. Master Repurchase Agreement

All authorized institutions involved in direct repurchase agreement transactions on behalf of the JWB shall execute and perform these transactions according to a Master Repurchase Agreement.

13. Bid Requirement

When purchasing or selling securities, the Director of Finance shall select the security which meets the parameters of this policy, using a competitive bid process when deemed feasible and appropriate. Comparison to current market prices, as indicated by one of the market pricing resources, may also be utilized.

14. Internal Controls

The Director of Finance shall establish and document a system of internal controls and operational procedures designed to prevent the loss of funds by fraud, employee errors, imprudent actions, and misrepresentations by third parties. A review of such internal controls by independent auditors shall be a part of any financial audit of the JWB.

Bank Trust receipts or safekeeping confirmations will be accepted in return for investment of temporarily idle (surplus) funds, as evidence of actual delivery of the obligations or securities. The actual obligations or securities can be held by a third-party custodial bank.

The receipt should fully describe the obligations or securities held, together with a specific identification number.

Along with adequate separation of duties among Fiscal Management staff, written documentation of telephone or electronic transactions will be maintained.

15. Reporting

The Director of Finance shall report banking and investment results to the Board on a monthly basis. The Annual Financial Report shall reflect the status of JWB's monetary assets, as required by the Governmental Accounting Standards Board and the State of Florida.

16. Continuing Education

The Director of Finance, the Director of Contract Management, Finance and Research, and appropriate staff shall annually complete eight (8) hours of continuing education in subjects or courses of study related to investment practices and products.