

MEMORANDUM

TO: Honorable Mayor and City Council Members
FROM: Christine C. Davis, Finance Director
DATE: August 6, 2008 *Christine C. Davis*
SUBJECT: Banking Resolution No. 489-08

AUG 05 2008

BY: *RBC* 2:00 PM

PURPOSE

Resolution No. 489-08 is being presented for approval as directed by Council on July 8, 2008 to invest City surplus funds in the Florida Safe (FLSAFE) Local Government Investment Pool (LGIP).

BACKGROUND

Section 7.10 of the City Charter requires that City depositories be authorized by Resolution of the City Council. For many years the City has utilized a LGIP as a primary investment option for surplus funds. On July 8, 2008 the Council directed staff to enter into a investment banking relationship with FLSAFE. FLSAFE, Florida Surplus Asset Fund Trust, was formed in December 2007 and is a local government investment pool developed by Florida local governments for Florida local governments. FLSAFE has no association with the State of Florida. FLSAFE's sole purpose is to serve government entities in Florida to meet their daily cash management needs with an emphasis on 1) safety, 2) liquidity, 3) transparency and 4) competitive yields. FLSAFE is rated "AAAm" by Standard and Poor's rating service, the highest rating available for a local government investment pool.

Florida Surplus Asset Fund Trust received its AAAM rating from Standard & Poor's Corporation (S&P) on December 19, 2007. This rating was based upon the investment policy of FLSAFE and in part, the experience of the manager, Davidson Fixed Income Management, Inc. As of December 2007, S&P rated 77 local government investment pools (LGIP) in 26 states. In order to maintain its AAAM credit rating, FLSAFE must follow the strict investment parameters of S&P. This includes diversification and maturity restriction elements. Each week, a detailed portfolio report must be submitted to S&P. On March 31, 2008, S&P issued an updated fund profile reflecting FLSAFE's portfolio composition and rationale for its AAAM credit rating.

FLSAFE is strictly structured as stable value investment pool (structured to maintain a net asset value of \$1.00 per share). Thus, the principal stability fund rating is applicable to FLSAFE.

The FLSAFE account will provide a secure investment option and enables the City to continue to diversify surplus funds.

RECOMMENDATION

Staff recommends that the City Council approve Resolution No. 489-08.

RESOLUTION NO. 489-08

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ORANGE CITY, FLORIDA, AUTHORIZING THE CITY TO ENTER INTO A BUSINESS RELATIONSHIP WITH FLORIDA SAFE TO PROVIDE INVESTMENT BANKING SERVICES FOR THE CITY; REPEALING ALL RESOLUTIONS IN CONFLICT HERewith AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Section 7.10 of the City Charter requires that City depositories be authorized by Resolution of the City Council; and,

WHEREAS, the City Council of the City of Orange City, as recommended by the City Manager, desires to enter into a business relationship with Florida Safe (FLSAFE), a local government investment pool developed by Florida local governments for Florida local governments, which offers investment banking services for the City's surplus funds; and

WHEREAS, the City Council acknowledges the benefit of establishing an investment banking relationship with FLSAFE, a local government investment pool developed by Florida local governments for Florida local governments.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ORANGE CITY, FLORIDA:

SECTION 1. That the City Manager is hereby authorized to establish an investment banking relationship with FLSAFE, 3452 Lake Lynda Drive, Suite 365, Orlando, FL 32817, in accordance with the terms set forth in the City Charter.

SECTION 2. That this resolution shall take effect immediately upon its adoption by the City Council of the City of Orange City, Florida.

SECTION 3. That all resolutions or parts of resolutions in conflict herewith be and the same are hereby repealed.

ROLL CALL VOTE AS FOLLOWS:

Jim Mahoney	_____	Donald C. Sherrill	_____
Donald Sandford	_____	Tom Abraham	_____
Tom Laputka	_____	Jeff H. Allebach, Vice Mayor	_____
Harley Strickland, Mayor	_____		

ADOPTED THIS _____ DAY OF _____, 2008.

ATTEST:

AUTHENTICATED:

Deborah J. Renner, CMC, City Clerk

Harley Strickland, Mayor

Approved as to form and legal sufficiency:

W. E. Reischmann, City Attorney