

RESOLUTION No. 2007-129-636

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MIAMI GARDENS, FLORIDA, AUTHORIZING THE CITY MANAGER TO TAKE ANY AND ALL STEPS NECESSARY TO OPEN A STATE BOARD OF ADMINISTRATION INVESTMENT ACCOUNT; PROVIDING FOR THE ADOPTION OF REPRESENTATIONS; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Florida State Board of Administrations Local Government Investment Pool (LGIP) was established in accordance with Florida law in January of 1982, and

WHEREAS, the purpose of the LGIP is to provide local governments with a low risk, fully transparent investment option for surplus funds, and

WHEREAS, the City of Miami Gardens is not currently investing any of its surplus funds, and could benefit from investing in the LGIP, and

WHEREAS, the City Council would like to authorize the City Manager to invest the City's surplus funds with the LGIP,

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MIAMI GARDENS, FLORIDA, AS FOLLOWS:

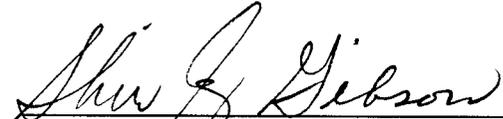
Section 1. ADOPTION OF REPRESENTATIONS: The foregoing Whereas paragraphs are hereby ratified and confirmed as being true, and the same are hereby made a specific part of this Resolution.

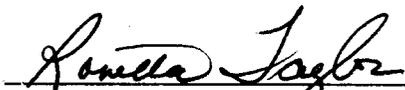
Section 2. AUTHORIZATION: The City Council of the City of Miami Gardens hereby authorizes the City Manager to invest the City's surplus funds with the Florida State Board of Administration's Local Government Investment Pool (LGIP) and to take any and all steps necessary to open the account.

Section 3. EFFECTIVE DATE: This Resolution shall take effect immediately upon its final passage.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF MIAMI GARDENS AT ITS REGULAR MEETING HELD ON SEPTEMBER 12, 2007.

ATTEST:

  
SHIRLEY GIBSON, MAYOR

  
RONETTA TAYLOR, CMC, CITY CLERK

Prepared by SONJA KNIGHTON DICKENS, ESQ.  
City Attorney

SPONSORED BY: DANNY CREW, CITY MANAGER

MOVED BY: Vice Mayor Watson

SECONDED BY: Councilman Campbell

VOTE: 6-1

Mayor Shirley Gibson	<u>  x  </u> (Yes)	<u>    </u> (No)
Vice Mayor Barbara Watson	<u>  x  </u> (Yes)	<u>    </u> (No)
Councilman Melvin L. Bratton	<u>  x  </u> (Yes)	<u>    </u> (No)
Councilman Oscar Braynon, II	<u>  x  </u> (Yes)	<u>    </u> (No)
Councilman Aaron Campbell	<u>  x  </u> (Yes)	<u>    </u> (No)
Councilwoman Sharon Pritchett	<u>    </u> (Yes)	<u>  x  </u> (No)
Councilman André Williams	<u>  x  </u> (Yes)	<u>    </u> (No)

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# City of Miami Gardens

1515-200 NW 167<sup>th</sup> Street  
Miami Gardens, Florida 33169



Mayor Shirley Gibson  
Vice Mayor Barbara Watson  
Councilman Melvin L. Bratton  
Councilman Oscar Braynon II  
Councilman Aaron Campbell Jr.  
Councilwoman Sharon Pritchett  
Councilman André Williams

## Agenda Cover Page

Date: August 24, 2007

Fiscal Impact: No  Yes

(If yes, explain in Staff Summary)

Funding Source: Equipment Bond

Contract/P.O. Requirement: Yes No

Sponsor Name/Department:  
Danny O. Crew, City Manager

Public hearing

Ordinance

1st Reading

Advertising requirement:  
RFP/RFQ/Bid

Quasi-Judicial

Resolution

2nd Reading

Yes  No

## Title

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MIAMI GARDENS, FLORIDA, AUTHORIZING THE CITY MANAGER TO TAKE ANY AND ALL STEPS NECESSARY TO OPEN A STATE BOARD OF ADMINISTRATION INVESTMENT ACCOUNT; PROVIDING FOR THE ADOPTION OF REPRESENTATIONS; PROVIDING AN EFFECTIVE DATE.**

## Staff Summary

The Florida State Board of Administration's Local Government Investment Pool (LGIP) was established under Florida laws in January of 1982. The purpose of this fund was to provide local governments with a low risk, fully transparent investment option for their surplus funds. Investments in this fund earn, on average, about 40 to 50 basis points more than local Banks and funds may be withdrawn as needed. The City of Miami Gardens is currently not taking advantage of the additional investment earnings provided by this account. Currently, the City has all of its funds in the Wachovia operating account with earnings ranging from 4.75 to 5.00%, the LGIP fund is currently paying interest at the rate of 5.4%. The majority of municipalities in Florida have accounts with the SBA since it is an excellent investment tool. If the LGIP were used in the last fiscal year, we estimate that the City could have potentially increased its investment earnings by more than \$20,000.

## Recommendation:

The Administration recommends that Council approve the attached resolution authorizing the establishment of a State Board of Administration Investment Account.

**J-3) CONSENT AGENDA  
STATE BOARD OF  
ADMINISTRATION  
INVESTMENT ACCOUNT**

**Chapter 19-7**  
**RULES AND REGULATIONS GOVERNING THE ADMINISTRATION OF**  
**THE LOCAL GOVERNMENT SURPLUS FUNDS TRUST FUND**

- 19-7.001 Purpose.**  
**19-7.010 Pooled Investment Accounts.**  
**19-7.011 Rate of Return Calculation.**  
**19-7.012 Pool Participation.**  
**19-7.013 Reporting Procedures.**  
**19-7.014 Number of Accounts.**  
**19-7.015 Allocation of Earnings.**  
**19-7.016 Close of Business.**  
**19-7.017 Pooled Investment Account Reserve Fund.**

**19-7.001 Purpose.** These rules are promulgated to provide guidance and to establish general operating procedures for the administration of the Local Government Surplus Funds Trust Fund.

*Specific Authority 218.405, 218.412 FS.*

*Law Implemented Ch. 218, Part IV FS.*

*History—New 8-24-82, Formerly 19-7.01, Amended 3-26-02.*

**19-7.010 Pooled Investment Accounts.** Rules 19-7.010 through 19-7.016, F.A.C., are developed for the Local Government Pooled Investment Account pursuant to Section 218.409, Florida Statutes.

*Specific Authority 218.405, 218.412 FS.*

*Law Implemented Ch. 218, Part IV FS.*

*History—New 8-24-82, Formerly 19-7.10, Amended 3-26-02.*

**19-7.011 Rate of Return Calculation.** The Rate of Return Calculation for the Pooled Investment Account shall be as follows:

(1) Daily Rate of Return:

$$\text{DRR} = \frac{\text{DAE} \times 360}{\text{IB}}$$

DRR = Daily Rate of Return (stated as a decimal fraction)

DAE = Daily Accrued Earnings

IB = Investment Balance at Cost (End of Day)

(2) Moving 30 - Day Average Rate of Return:

$$\text{MRR} = \frac{\text{MAE} \times (360/30)}{\text{AIB}}$$

MRR = Monthly Average Rate of Return (stated as a decimal fraction)

MAE = 30 Previous Day's Cumulative DAE

AIB = Average Daily Investment Balance at Cost of the 30 previous days

(3) Definitions:

(A) Daily Accrued Earnings:

1. Accrued coupon income;
2. Accretion/Amortization on securities; and
3. Realized gains/losses on security sales.

All computations for the components of Daily Accrued Earnings are in conformance with the "Standard Securities Calculation Methods" published by the Securities Industry Association.

(B) Investment Balance at Cost (end of day) is the total of all investments held in inventory for the Pooled Investment Account totaled on a cost basis.

(C) Average Daily Investments Balance at Cost is the average of the daily investment balance at cost for each day of the time period cited.

*Specific Authority 218.405, 218.412FS.*

*Law Implemented 218.409(4) FS.*

*History—New 8-24-82, Formerly 19-7.11, Amended 4-8-92, 3-26-02.*

**19-7.012 Pool Participation.** All units of Local Government that qualify to be participants in the Local Government Surplus Funds Trust Fund after January 1, 1982, will normally have surplus funds deposited into the Pooled Investment Account. During the pendency of a major market disruption, which causes a suspension of trading or liquidity, is impaired, the Executive Director shall limit contributions to the fund or withdrawals from the fund to ensure that the Board can invest the monies entrusted to it exercising its fiduciary responsibility as trustee. Funds designated by a unit of Local Government for the purpose of investment management by a private investment asset manager shall not be deposited into the Pooled Investment Account nor into any separate account established within the Local Government Surplus Funds Trust Fund.

*Specific Authority 218.405, 218.412 FS.*

*Law Implemented 218.407(2), 218.409(1),(3) FS.*

*History—New 8-24-82, Formerly 19-7.12, Amended 12-20-87, 2-16-92, 3-26-02.*

**19-7.013 Reporting Procedures.** The State Board of Administration shall forward to each Pool participant a monthly statement containing each account's activity including deposits, withdrawals, balances, earnings and investment services charges. If no errors are reported to the Board within 14 days, the statement will be considered correct. A semi-annual portfolio activity statement will be forwarded to each participant.

*Specific Authority 218.405, 218.412 FS.*

*Law Implemented 218.409(6) FS.*

*History—New 8-24-82, Formerly 19-7.13, Amended 12-18-88, 11-7-99, 3-26-02.*

**19-7.014 Number of Accounts.** The maximum number of accounts allowed each participant shall be ten (10).

*Specific Authority 218.405, 218.412 FS.*

*Law Implemented 218.409(5) FS.*

*History—New 8-24-82, Formerly 19-7.14, Amended 12-2-93, 3-26-02.*

**19-7.015 Allocation of Earnings.** The Local Government Surplus Funds Trust Fund System is used to keep current account balance information for individual accounts participating in the Pooled Investment Account and to apportion the pooled investment earnings back to each account. At the end of each month, pool month-to-date accrued earnings are apportioned to the participants directly proportionate to the respective net amounts deposited in the Fund and the length of time such amounts remain therein. The resulting proportionate amount is credited to each account at that time. An investment service charge is then deducted from the account. If the investment service charge is less than one dollar, a minimum charge of one dollar or the account ending balance, whichever is less, will be deducted as satisfaction of the investment service charge for that month. If the account balance is less than \$1.00, the account may be closed upon satisfaction of the investment service charge.

*Specific Authority 218.405, 218.412 FS.*

*Law Implemented 215.515, 218.409(4) FS.*

*History—New 8-24-82, Formerly 19-7.15, Amended 6-26-95, 3-26-02.*

**19-7.016 Close of Business.** Any requests for funds to be returned or notification of funds to be wired for investment after 11:00 a.m. may be included in the following day's business. In the event that the Board is informed by 11 a.m. of a deposit for investment that day, and the funds are not transmitted to the Board's bank account by the close of business that day, which results in a shortfall, a fee shall be charged to the participant for each day until the shortfall is corrected. The fee will be based on the current overdraft fee charged by the bank on the amount of the shortfall.

*Specific Authority 218.405, 218.412 FS.*

*Law Implemented 218.409(2) FS.*

*History—New 8-24-82, Formerly 19-7.16, Amended 6-26-95, 3-26-02.*

**19-7.017 Pooled Investment Account Reserve Fund.** A Pooled Investment Account Reserve Fund shall be established in order to protect the Pooled Investment Account in accordance with Section 218.409(3), F.S. The funds required to establish said Reserve Fund shall be deducted from "pooled investment earnings" as the term is used in Rule 19-7.015, F.A.C. If the size of the Reserve Fund is reduced, then the excess moneys in the Reserve Fund shall be distributed in accordance with the formula set forth in Rule 19-7.015, F.A.C., at the end of the month during which the Reserve Fund was reduced.

*Specific Authority 218.405, 218.412 FS.*

*Law Implemented 218.409(3) FS.*

*History—New 8-17-92, Amended 3-26-02.*

**Investment Policy Guidelines  
Local Government Pooled Account  
(Non-Qualified)**

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***Purpose***

The Local Government Surplus Funds Trust Fund was created by Act of the Florida Legislature effective October 1, 1977 (Chapter 218, Part IV F.S.). Its intent is to promote, through state assistance, the maximization of net interest earnings on invested surplus funds of local units of government, thereby reducing the need for imposing additional taxes. The law allowed the State Board of Administration to manage investments on an individual basis or to establish a pooled account. The funds were managed on an individual basis until January 1, 1982.

Qualified units of Local Governments may participate in the Local Government Surplus Funds Trust Fund Pooled Account. Rules and regulations have been developed to govern the administration of the Local Government Pooled Investment Account pursuant to Section 218.409 F.S. (Chapter 19-7).

***Investment Objective***

The objective of the fund is to pool investment funds of local government participants in an investment portfolio of money market instruments that provides liquidity while preserving capital. The portfolio will be structured as a "2a-7 like" fund, reasonably complying with Part 270 of the Investment Company Act of 1940 (17 CFR 270.2a-7, Money Market Funds).

All securities purchased will be consistent with Section 215.47 of the Florida Statutes. Over a three-year moving period, performance is expected to be competitive with the S & P Rated LGIP 30-Day Yield Index.

The Local Government Pooled securities may be loaned to qualified borrowers in accordance with Florida Statutes and consistent with SEC Rule 2a-7.

***Investment Restrictions/Compliance***

The following restrictions will be observed and checked for daily and monthly compliance. Notification of any non-compliance must be given to the Investment Oversight Committee within 24 hours (see Operating Procedures for "2a-7 like" pools attached to these guidelines):

- Non-qualified funds are restricted from purchasing 144A securities.
- Repurchase agreements must be fully collateralized by U.S. Government or agency securities.
- All eligible investments must be first tier securities at the time of purchase (2a-7 first tier definition attached). In the event an issuer is downgraded below first tier, the manager must justify retention to the Investment Oversight Committee within 3 business days. If

## Operating Procedures “2a-7 Like” Pools

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### Background

In March 1997, the Governmental Accounting Standards Board issued Statement 31, “Accounting and Financial Reporting for Certain Investments and for External Investment Pools.” GASB 31 had direct relevance to the Local Government Investment Pool and subsequently to the CAMP Money Market Fund operated by the SBA.

GASB 31 outlined the two choices for accounting and reporting for pools as either “2a-7 like” or fluctuating NAV. The decision to elect “2a-7 like” status was made, enabling the SBA to report participant shares based on the amortized cost of investments included in the Pools. In essence, election of “2a-7 like” means that the Pools must reasonably comply with SEC Rule 2a-7, even though they are not SEC registered investment vehicles.

### Daily Operations

Policies and operating procedures for these Pools will be governed by SEC Rule 2a-7, Florida Statutes Chapters 215 and 218, and in the case of the LGIP, Chapter 19-7 of the Florida Administrative Code. Generally, constraints for investment activity include the following areas:

- Investment Maturity
- Portfolio Weighted Average Maturity
- Rating Limitations
- Diversification
- Market Value Fluctuation
- Securities Lending Activity

Compliance with each constraint will be monitored by the portfolio management staff and the Investment Oversight Committee. Systems used to monitor compliance will include but will not be limited to Bloomberg, the internal portfolio system, and internally generated reports. Use of multiple systems will allow for compliance verification at point of trade and post investment.

Reports outlining any exceptions to applicable constraints will be generated on a daily basis. These reports will be given to the Director of Short-term Investments and Operations – Fixed Income and to portfolio management staff.

### Investment Authority

Investment authority for these Pools is outlined in the Investment Policy Guidelines. These guidelines are attached and by reference are an integral part of the operating procedures.

### Investment Oversight Committee

The Investment Oversight Committee shall be made up of the following individuals:

Senior Investment Officer – Fixed Income  
Manager of Operations and Securities Lending – Fixed Income  
Director – Short-term Investments and Operations– Fixed Income

The Investment Oversight Committee shall be responsible for monitoring portfolio constraints. It will also be the Committee's responsibility to document actions to be taken to cure any non-compliance with these constraints as prescribed in SEC Rule 2a-7.

Each constraint shall be monitored on a daily basis by the designated compliance officer for Fixed Income and notification of non-compliance shall be initiated by this individual.

Notification of any non-compliance must be given to all members within 24 hours. The Committee must act and document its decisions within 48 hours after notification.

The Investment Oversight Committee may act with three members present. However, either the Manager of Operations and Securities Lending or the SBA Inspector General (or his designee) must be present.

## Reporting

The following reporting and records retention requirements shall be administered by the designated compliance officer for Fixed Income.

- Maintain a copy of written operating procedures and investment guidelines for a minimum of 6 years. These procedures shall be reviewed at least annually.
- Maintain record of Investment Oversight Committee activities for a minimum of 6 years.
- Maintain documentation of credit quality of each investment for a minimum of 3 years.
- Maintain monthly documentation of portfolio value, demonstrating variation between market value and amortized cost of investments for a minimum of 3 years. (Any applicable valuation reserve accounts will be excluded from this calculation).

- Maintain records for a minimum of 3 years which demonstrate that the market values of variable rate securities approximate their amortized costs.
- For asset backed securities, maintain records for a minimum of 3 years showing the identities of issuers of qualified assets whose obligations constitute 10% or more of the principal value of qualifying assets, the percentage of assets constituted by the securities of each such issuer, and the percentage of the fund's assets invested in securities of that issuer.

Revised 7-1-05

**Second Tier Security means any Eligible Security that is not a First Tier Security.**

Revised 07-01-05

ii) An Unrated Security that is of comparable quality to a security meeting the requirements for a Rated Security in i) of this definition, as determined by the money market fund's board of directors; provided, however, that:

- A. A security that at the time of issuance had a remaining maturity of more than 397 calendar days but that has a remaining maturity of 397 calendar days or less and that is an Unrated Security is not an Eligible Security if the security has received a long-term rating from any NRSRO that is not within the NRSRO's three highest long-term categories (within which there may be sub-categories or gradations indicating relative standing), unless the security has received a long-term rating from the Requisite NRSROs in one of the three highest rating categories;
- B. An Asset Backed Security shall not be an Eligible Security unless it has received a rating from an NRSRO.
- C. An expected rating of the NRSROs is designated by an "e" after the rating code. This is generated by a third party source licensed by an NRSRO. Since the NRSRO has yet to rate the security, it is considered unrated.

**Rated Security means**

- (i) The security has received a short-term rating from an NRSRO, or has been issued by an issuer that has received a short-term rating from an NRSRO with respect to a class of debt obligations that is comparable in priority and security with the security; or
- (ii) the security is subject to a Guarantee that has received a short-term rating from an NRSRO, or a Guarantee issued by a guarantor that has received a short-term rating from an NRSRO with respect to a class of debt obligations that is comparable in priority and security with the Guarantee; but
- (iii) a security is not a Rated Security if it is subject to an external credit support agreement that was not in effect when the security was assigned its rating, unless the security has received a short-term rating reflecting the existence of the credit support agreement in (i) or the credit support agreement with respect to the security has received a short-term rating in (ii).
- (iv) A provisional rating by an NRSRO is denoted by a "p" in front of the rating code. This is meant to be temporary until all documents are received by the NRSRO or an obligation is issued into the market.

**Requisite NRSROs means:**

1) any two NRSROs that have issued a rating with respect to a security or class of debt obligations of an issuer; or

(2) If only one NRSRO has issued a rating with respect to a security or class of debt obligations of an issuer at the time the fund acquires the security, then that NRSRO.

**Unrated Security means** a security that is not a Rated Security.

**Government Security means** any security issued or guaranteed as to principal or interest by the US, or by a person controlled or supervised by and acting as an instrumentality of the Government of the US pursuant to authority granted by the Congress of the US; or any certificate of deposit for any of the foregoing.

**First Tier Security:** means any Eligible Security that:

1. Is a **Rated Security** that has received a short-term rating from the Requisite NRSROs in the highest short-term rating category for debt obligations (within which there may be sub-categories or gradations indicating relative standing); or
2. Is an **Unrated Security** that is of comparable quality to a security meeting the requirements for a **Rated Security** in (1) of this section, as determined by the fund's board of directors; or
3. Is a security issued by a registered investment company that is a money market fund; or
4. Is a **Government Security**.

Interpretation:

Rated Security with remaining maturity of 397 days or less:

Short-term rating:	S&P	A1+; A1
	Moody's	P1
	Fitch	F1+; F1

(if rated by two services, then must have ratings listed above; if only one service rates, then only one is required)

Unrated Security with remaining maturity of 397 days or less:

Short-term rating:	None	
Long-term rating:	S&P	A-; A; A+; AA-; AA; AA+; AAA
	Moody's	A3; A2; A1; Aa3; Aa2; Aa1; Aaa
	Fitch	A-; A; A+; AA-; AA; AA+; AAA

(if rated by two services, then must have ratings listed above; if only one service rates, then only one is required)

(must have comparable rating of Rated Security as deemed by board of directors)

**2a7 cont'd**

Definitions:

**Eligible Security** means i) a Rated Security with a remaining maturity of 397 calendar days or less that has received a rating from the Requisite NRSROs in one of the two highest short-term rating categories (within which there may be sub-categories or gradations indicating relative standing); or

the referenced security matures or is disposed of within 5 business days, no further action is required. In the event of default, the manager shall dispose of each security as soon as practicable, consistent with achieving an orderly disposition by sale, exercise of a demand feature or otherwise, absent a finding by the Investment Oversight Committee that disposal would not be in the best interest of the fund.

- Exposure to a single issuer shall be limited to 5% of portfolio amortized cost (excluding U.S. Treasuries and Agencies). Maximum exposure to second tier issuers shall not exceed 1% of portfolio amortized cost.
- The weighted average maturity shall not exceed 90 days. Reset dates will be used to calculate the weighted average maturity of the portfolio.
- Maturity of money market securities shall not exceed 397 days.
- Maturity of government securities shall not exceed 762 days.
- In the event that the deviation between market value and amortized cost exceeds  $\frac{1}{2}$  of 1 percent, the Investment Oversight Committee shall promptly consider what action, if any, shall be initiated by the Portfolio Manager.

### *Evaluation*

The fair value of pool investments shall be determined on a monthly basis and reported to pool participants on a quarterly basis. Performance evaluation will be conducted monthly. The S & P Rated LGIP 30-Day Yield Index will be used for evaluation.

# Investment News

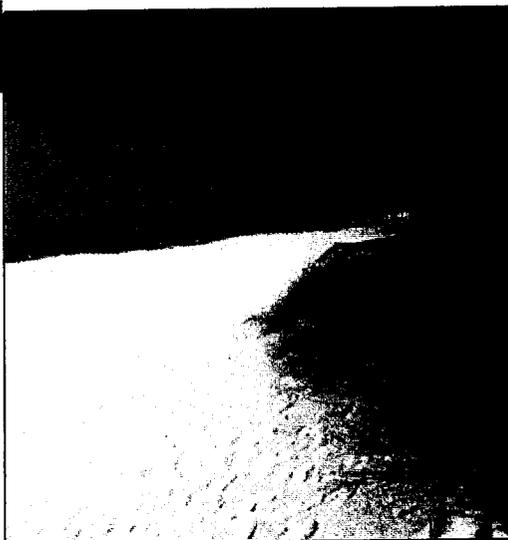
INFORMATION FOR PARTICIPANTS OF THE SBA'S LOCAL GOVERNMENT INVESTMENT POOL

## Economic Outlook

### INVESTMENT STRATEGY

Three months later and the markets remain torn on the future path of the economy. Media headlines scream rising delinquencies and falling housing prices. Aggressively marketed sub-prime home loans from the last couple of years are experiencing higher than expected defaults impacting other fixed income securities, particularly Collateralized Debt Obligations (CDO). This in turn is causing investors to rethink their risk/reward calculations, pulling back on liquidity. The housing contagion is leaking out at the seams! The risk, and pain, has been spread among many investors and not concentrated in a few hands as in the Savings & Loan debacle of the 1980's. In one sense, the system is operating as expected. Some feel this is a Wall Street phenomenon and will not affect Main Street. So far, this is true as employment continues to grow allowing the consumer to maintain its spending ways. In the meantime, Federal Reserve Chairman Ben Bernanke is still more concerned with inflation and sees the economy growing moderately through next year. So the question remains, "Will the Fed need to come to the rescue of a struggling economy or will they sit back and wait for inflationary pressures to subside"? We remain optimistic the economy will move forward, riding the coattails of a surging global economy and a weak dollar. The strength of the job market, especially in skilled labor, will outweigh the impact of falling home prices, in the minds and pockets of the American consumer. Eventually, core inflation will start to creep upwards, demanding the Fed's attention. The Local Government Surplus Funds Trust Fund (Pool) is still investing in short-term credit securities, avoiding longer dated fixed coupon investments. Floating coupon securities are a strategic part of the portfolio, as are money market instruments maturing in less than 45 days. As always, our investment process emphasizes safety and liquidity over yield.

Michael Lombardi  
CFA, Director of Short Term Investments



St. Joseph Peninsula State Park

### GASB STATEMENT NO. 40

(originally published 6/05 newsletter)

The State Board of Administration (SBA) would like to take this opportunity to address certain matters related to GASB Statement No. 40 that should be considered when reporting your financial statements, as members of the Local Government Investment Pool (LGIP).

There are five risk disclosures cited in GASB 40, including foreign currency risk, custodial credit risk, the concentration of credit risk, interest rate risk, and credit quality risk.

Regarding your investment in the LGIP, which is a 2a-7 like pool, it is the SBA's interpretation that GASB 40 does not require you to disclose information pertaining to foreign currency risk, custodial credit risk, concentration of credit risk, or interest rate risk (please refer to paragraph 15 of GASB Statement No. 40). Given that 2a-7 pools are similar to money market funds where shares are owned in the fund rather than the actual underlying investments, disclosures for foreign currency risk, custodial credit risk and concentration of credit risk are not applicable. Likewise, you should not report security lending activity for the LGIP, as you do not own the underlying shares. For credit quality risk, you simply need to include a statement that the LGIP is not rated by a nationally recognized statistical rating agency as of the date of your financial statements.

You are encouraged to consult your own accounting authorities or the National Association of State Auditors, Comptrollers, and Treasurers (NASACT) at [www.nasact.org](http://www.nasact.org) to determine the appropriate reporting methodology to be used by your entity.

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- 2 INVESTMENT DISTRIBUTION
- 2 RATES OF RETURN
- 2 DO YOU KNOW ?

### POOL PARTICIPANTS

→ The pool currently consists of 2331 individual accounts maintained by 993 local government participants.

### → UPCOMING POOL HOLIDAYS

Labor Day	September 3rd
Columbus Day	October 8th
Veterans Day	November 12th
Thanksgiving	November 29th
Day after Thanksgiving	Nov 30th
Christmas	December 25th

### → CONTACT INFORMATION

Susan Crowell  
(850) 488-7311  
[Susan.Crowell@sbafla.com](mailto:Susan.Crowell@sbafla.com)

FAX  
(850) 413-1234

Investment Pool Web Site  
<https://www.sbafla.com/pool>

**Investment Distribution** FOR PREVIOUS FOUR QUARTERS

The investment pool closed with the Amortized Cost on Investments on June 30,2007 of \$ 30,863,603,839. The portfolio's average days to maturity was 26 and the security distribution was as follows:

Category	06/30/07	03/31/07	12/31/06	09/30/06
U S Treasury Bills/Bonds	0	1.22	2.03	03.09
Federal Agency Obligations	.324	.62	6.36	09.56
REPO Agreements	0	00.00	00.00	00.00
Commercial Paper	45.004	50.21	48.0	38.17
Medium Term & Floating/ Variable Rate	54.672	47.95	43.61	49.18
Certificate of Deposit	0	00	00.00	00.00
Asset-Backed Securities	0	00	00.00	00.00
Totals:	100%	100%	100%	100%

→ **RATES OF RETURN**

2007	Rate of Return	Year to Date
January	5.38%	5.38%
February	5.38%	5.38%
March	5.39%	5.38%
April	5.39%	5.39%
May	5.43%	5.39%
June	5.39%	5.39%

Note: Rates are weighted average rates of return and not marked to market.

**Do You Know?**

- 1) Statements, transaction history and the Input Document form are found on our website under the Documents tab
- 2) You may call in "future dated" transactions to the Pool line at 850-488-7311
- 3) You should always get a confirmation number when entering a transaction on the website
- 4) Local Governments who may be investing bond proceeds in our investment pool should consult with their bond counsel regarding arbitrage regulations. Guidance should be obtained with regard to compliance issues surrounding their regulations.