

APPROVED

MINUTES OF THE MEETING

FINANCIAL INVESTMENTS AD HOC COMMITTEE

GOVERNING BOARD SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT

TAMPA, FLORIDA

JANUARY 28, 2013

The Governing Board Financial Investments Ad Hoc Committee of the Southwest Florida Water Management District met at 1:03 p.m. on January 28, 2013, at the District's Tampa Service Office. The following persons were present:

Committee Members Present

Jeffrey M. Adams, Chair
Michael A. Babb
Carlos Beruff
Jennifer E. Closshey

Staff Members Present

Blake C. Guillory, Executive Director
Robert R. Beltran, Assistant Executive Director
David T. Rathke, Chief of Staff
Laura J. Donaldson, General Counsel
Kurt P. Fritsch, Inspector General
Linda R. Pilcher, Finance Bureau Chief
Melisa Lowe, Accounting & Financial Reporting Manager

Administrative Support

LuAnne Stout, Administrative Coordinator

A list of others present who signed the attendance roster is filed in the permanent records of the District.

1. Call to Order and Introductions

Chair Adams called the meeting to order and thanked his fellow Committee members for volunteering to serve. He then introduced each Committee member. Chair Adams said the purpose for this meeting is to set the foundation so the Committee understands how the District is currently invested, what the District has to do, what the District is permitted to do, and consider suggestions and input from staff. (Track 1 – 00:00/03:00)

2. Review Statutory Requirements Regarding Investment Activities

Ms. Pilcher, with the aid of a slide presentation, provided a brief agenda overview and statutory requirements for investment activities. (Track 1 – 03:00/05:35)

3. Review Board Policy 130-3 (last updated 5/1/2003)

Ms. Pilcher compared investments authorized by Section 218.415, Florida Statutes, and Board Policy 130-3, District Investment Policy. Committee members expressed concern that the policy had not been updated for ten years, and discussed three-year maturity limits and liquidity requirements. (Track 1 – 05:35/16:00)

4. Review District's Investment Portfolio as of December 31, 2012

Ms. Pilcher reviewed the District's projected cash requirements for Fiscal Years 2013 through 2020 and treasury/agency trades for 2012. She provided an overview of the District's investment portfolio as of December 31, 2012. She then reviewed comparable investment portfolios for the South Florida Water Management District (SFWMD) and St. Johns River Water Management District (SJRWMD).

Discussion ensued regarding the District's Board policy, staff-driven diversification, investment maturity limits changed for better returns, State Board of Administration (SBA), full-time staff member overseeing investments versus investment advisory services firms, and fee schedules. (Track 1 – 16:00/40:00)

The Committee agreed with staff to temporarily move funds currently invested in the Federated Institutional Government Fund to the SBA Prime Fund. This is consistent with current policy and will address yield while the Committee makes longer term changes to the District's investment strategy. (Track 1 – 40:00/44:01)

5. Discuss Future Agenda Items

At the Committee's next meeting, agenda items will include updating the Board policy, how the policy will be structured on investments, when the policy will be reviewed whether on an annual basis from a Board informative basis and/or outside investment agency managed by staff, and how the policy sets forth Board involvement and also staff involvement since now being reviewed on an annual basis. Discussion ensued regarding whether a staff member handles investments as their full-time job with a matrix for accountability to show comparable returns to the other districts, or does this Board or Ad Hoc Committee initiate a request for proposals (RFP) process to money managers who have the municipality background to monitor investments and be responsible for these services. The Committee suggested the policy include a provision for internal or external events that automatically trigger the Board's attention and protection for staff to avoid allegations of abuse. (Track 2 – 00:00/09:00)

Following discussion, the Committee will report to the Board regarding the short-term change on investment, and staff is directed to investigate the issues discussed. Ms. Pilcher clarified that, at its next meeting, the Committee will consider a draft policy for discussion, SJRWMD's current/proposed policy, SFWMD's current policy, and a draft RFP.

Following discussion, the Committee agreed to request the Board at its January 29, 2013, monthly meeting approve initiation of a procurement process for investment advisory services and that the Ad Hoc Committee will serve as the selection committee. (Track 2 – 09:00/16:00)

6. Set Next Meeting Date

The Committee scheduled its next meeting for February 20, 2013, at 9 a.m. in the Tampa Service Office.

7. Adjournment

Mr. Beruff moved to adjourn the meeting. Chair Adams seconded the motion and adjourned the meeting. (Track 2 – 16:00/17:08)

The meeting was adjourned at 2:05 p.m.