

**GULF BREEZE FINANCIAL SERVICES
BOARD OF DIRECTORS**

APRIL 15, 2013
MONDAY, 6:30 P.M.
COUNCIL CHAMBERS

THIS MEETING WILL BE HELD AT THE END OF THE
REGULAR CITY COUNCIL MEETING

- A. Discussion and Action Regarding Municipal Investment Programs

If any person decides to appeal any decisions made with respect to any matter considered at this meeting or public hearing, such person may need to insure that a verbatim record of the proceedings is made, which record includes the testimony and any evidence upon which the appeal is to be based.

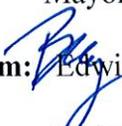
The public is invited to comment on matters before the City Council upon seeking and receiving the recognition from the Chair.



City of Gulf Breeze

Memorandum

To: Mayor & City Council

From:  Edwin A. Eddy

Date: 4/4/2013

Subject: Municipal Investment Programs

In 2011, the City Council decided to adopt an investment policy in accordance with direction and mandate found in the Florida State Statute 218. Without an investment policy enacted by Ordinance, the allowable investment activities are strictly limited. Once we had an investment policy in place, we were able to manage our investments much more effectively.

One portion of the City's funds are invested and managed by Dan Kopack of FS Advisors. These funds have earned approximately 3% more than would have been earned absent the investment policy and more aggressive fund management. Ed Gray, Executive Director of Gulf Breeze Financial Services, and Mr. Kopack believe that this program could be replicated for municipalities, utility districts and other agencies. GBFS would earn a one time only fee for managing the process for the agency. Mr. Kopack would initiate and sell the program. He would only be compensated on a fee per sale basis as would GBFS.

This program has been very beneficial to the City of Gulf Breeze. We think others would see similar benefits.

RECOMMENDATION:

THAT THE CITY COUNCIL MEET AS THE BOARD OF DIRECTORS OF GBFS ON MONDAY, APRIL 15TH AND APPROVE THIS NEW CONSULTING SERVICE.

GBFS Advisory Services

Purpose

- Offer to municipalities', agencies and others investment opportunities currently being utilized by GBFS under Section 218.415 of the Florida Statutes
- Offer investment opportunities above CD's and Treasuries yields, with minimal increase in risk
- Maintain liquidity through the use of credit lines via leverage of investable assets
- Diversify investment portfolios

Services

- Assist in the development of investment policy statement (IPS) consistent with State guidelines and risk tolerance
- Assistance with development of ordinance supporting IPS
- Specifically tailored portfolio, including maturity, duration, credit ratings, sectors, etc.
- Assessment of liquidity requirements
- Account setup as necessary
- Review of current reserve holdings
- Assistance with development of RFP, if required
- Meet with governing boards, if necessary

Marketing

- Target – Municipalities', water-sewer districts, school boards, State colleges and Universities, in the Florida panhandle
- Investable assets of \$5mm or greater and an investable timeline of at least five years.
- Target potential clients through public sources, use existing knowledge of potential clients from GBFS sources
- Share GBFS results as an example

Fee structure

- Minimum fee of \$10,000, TBD on a client by client basis
- Half of fee due upon signing of engagement letter, second half due 90 days after portfolio implementation
- Fee sharing with Dan Kopack on a 50/50 basis

Current Alliances – not a requirement

- Wasmer - Schroeder – SAM
- Schwab - Custodian
- FS Advisors, Inc. - RIA

Operations

- Dan Kopack to provide services indicated above, through his LLC
- Non-employee status, construct consulting agreement
- Anticipated minimal back office needs from GBFS
- Need to determine E&O insurance needs