

GULF BREEZE CITY COUNCIL
REGULAR MEETING AGENDA

MAY 16, 2016
MONDAY, 6:30 P.M.
COUNCIL CHAMBERS

1. **ROLL CALL, INVOCATION, AND PLEDGE OF ALLEGIANCE**

2. **APPROVAL OF MINUTES**

May 2, 2016, Regular meeting

May 2, 2016, Community Redevelopment Agency Board of Directors meeting

May 11, 2016, Informal Workshop

3. **PROCLAMATIONS AND PRESENTATIONS**

4. **RESOLUTIONS AND ORDINANCES**

Ordinance No. 04-16 Amending Section 21-49, Section 21-69, Section 21-84, and
Section 21-99 pertaining to setbacks on corner lots
(FIRST READING)

5. **CONSENT AGENDA ITEMS***

A. Approval of Development Review Board Recommendation:

- Charles and Carol Lee Severs, 117 Chanteclair Circle
Request to construct a vinyl seawall

B. Authorization to prepare a request for bids for a dredging and sand transportation firm to complete dredging projects

C. Approval of settlement proposal with regards to Workers Compensation case

D. Authorization to schedule a public hearing for June 20, 2016, for purposes of hearing a variance request for Mateer Properties, LLC

E. Approval of a special event request from The Bridge Bar regarding temporary operation of a food truck on their premises

F. Approval for purchase of two temporary speed humps to be located on Tibet Drive and Tiger Point Golf Course

**These are items considered routine in nature and will be considered by one motion. If any citizen wishes to voice an opinion on one of the items, you should advise the Council immediately.*

6. **ACTION AGENDA ITEMS:**
 - A. Approval of Traffic Calming Policy and Guidelines
 - B. Recommendation from City Investment Committee

7. **NEW ITEMS**

8. **INFORMATION ITEMS**

9. **PUBLIC FORUM**

10. **ADJOURNMENT**

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 recognition from the Chair. If you are a person with a disability who needs accommodation in order to participate in a public hearing you are entitled to the provision of certain assistance. Please contact the City Clerk's office at (850) 934-5115 or at 1070 Shoreline Drive, Gulf Breeze at least one (1) week prior to the date of the public hearing.

**MINUTES OF THE REGULAR MEETING OF THE
CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA**

The 1,295th Regular Meeting of the Gulf Breeze City Council, Gulf Breeze, Florida, was held at Gulf Breeze City Hall on Monday, May 2, 2016, at 6:30 p.m.

ROLL CALL, INVOCATION, AND PLEDGE OF ALLEGIANCE:

Upon call of the roll the following Councilmembers were present: Councilwoman Cherry Fitch, Mayor Matt Dannheisser, Councilman David G. Landfair, Councilwoman Renee Bookout and Mayor Pro Tem Joseph B. Henderson.

The City Clerk gave the invocation and led in the Pledge of Allegiance.

APPROVAL OF MINUTES:

Councilwoman Fitch moved for approval of the April 18, 2016, Regular Meeting minutes. Councilwoman Bookout seconded. The vote to approve was unanimous.

Mayor Pro Tem Henderson moved for approval of the April 18, 2016, Community Redevelopment Meeting minutes. Councilman Landfair seconded. The vote to approve was unanimous.

Councilwoman Bookout moved for approval of the April 23, 2016, Information Workshop minutes. Councilwoman Fitch seconded. The vote to approve was unanimous.

PRESENTATION AND PROCLAMATIONS:

RESOLUTIONS AND ORDINANCES:

CONSENT AGENDA ITEM(S):

- A. Approval of project proposal from Eagle Scout Candidate Jacob Sutton for the installation of a “Gaga Ball Pit” at Sunset Kids Park; and authorize reimbursement of costs in the amount of \$1,250 at the project’s completion

Reference: Director of Parks and Recreation memo dated April 21, 2016

Recommendation: That the City Council approve the Eagle Scout project proposal and authorize reimbursement of \$1,250 at the project’s completion.

MINUTES OF THE REGULAR MEETING OF THE
CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA

A. Approval of a Special Event Application for the 2017 Double Bridge Run

Reference: Deputy Chief of Police memo dated April 6, 2016

Recommendation: That the City Council approve the request from the Pensacola Sports Association to change the Double Bridge Run course.

B. Approval to evaluate BB&T loan investment opportunities

Reference: April 28, 2016 Executive Meeting

Recommendation: That the City Council authorize the investment committee to evaluate the BB&T portion of the investments and look into other possible investment opportunities.

C. Approval to pay invoice 328087 in the amount of \$1,163.00 to Galloway/Johnson/Tompkins/Burr and Smith (GJTBS) for services rendered with regards to the Catawba Street right-of-way litigation

Reference: City Clerk memo dated April 7, 2016

Recommendation: That the City Council approve payment of invoice 328087 in the amount of \$1,163.00 to Galloway/Johnson/Tompkins/Burr and Smith (GJTBS)

D. Approval of Development Review Board Recommendation:

- The Arbors of Gulf Breeze, 50 Joachim Drive
Request to construct a continuing care facility

Reference: Director of Community Services memo dated April 8, 2016

Recommendation: That the City Council, based on the recommendations of the Development Review Board and the Architectural Review Board, approve The Arbors of Gulf Breeze project and direct staff to issue the Development Order conditioned upon the receipt of a photometric study of the parking lot lighting on the north side of the property and a revision to the stormwater plans.

E. South Santa Rosa Utility Board Recommendation:

Conditional Use Permit for Tiger Point

MINUTES OF THE REGULAR MEETING OF THE
CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA

Recommendation: The South Santa Rosa Utility Board urges the City Council to resolve the Conditional Use Permit for Tiger Point by September 1, 2016; and if not resolved by September 1st, commit to building the new Waste Water Treatment Plant on Bergen Road.

Councilman Landfair made a motion to approve consent agenda items A through F. Councilwoman Fitch seconded. The vote for approval was unanimous.

ACTION AGENDA ITEMS:

- A. Approval of stabilization and beautification of the Shoreline Drive right-of-way, south of Sunset Kids Park.

Reference: Director of Parks & Recreation memo dated April 7, 2016

Recommendation: That the City Council direct staff to proceed with this project, at a total project cost of \$5,000.

Councilwoman Fitch amended staff's recommendation to include the addition of vegetation and shrubs. Councilman Landfair seconded. The vote for approval was unanimous.

- B. Consideration of offer from J.G. Buehler & Co., for 1198 Gulf Breeze Parkway (Peyton Building)

Reference: Email dated April 13, 2016, to the City Manager from Kevin Hoffman

Councilman Landfair made a motion to table the item until the next set of meetings. Councilwoman Fitch seconded. The vote for approval was unanimous.

Mayor Dannheisser suspended the Regular Council meeting at 6:45 p.m. for the City Council to convene as the Board of Directors of the Community Redevelopment Agency. The Mayor resumed the Regular Council meeting at 6:48 p.m.

NEW BUSINESS: None

INFORMATION ITEMS: None

MINUTES OF THE REGULAR MEETING OF THE
CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA

PUBLIC FORUM:

Glynn Brown, 1251 Tall Pine Circle, requested the City Council to stop the proposed bridge project until FDOT moves the new bridge landing to the Naval Life Oaks.

Matt Campbell, 404 Navy Cove, expressed his concerns regarding parking at the proposed park on Navy Cove. Mr. Campbell would like to see the area left as green space.

Ben Zimmern, with Galloway/Johnson/Tompkins/Burr and Smith (GJTBS), updated the Council on the progress of the Catawba Lawsuit.

ADJOURNMENT: Mayor Dannheisser adjourned the meeting at 7:10 p.m.

Leslie A. Guyer, City Clerk

Matt E. Dannheisser, Mayor

**MINUTES OF A MEETING OF THE BOARD OF DIRECTORS FOR THE
COMMUNITY REDEVELOPMENT AGENCY**

A meeting of the Board of Directors for the Community Redevelopment Agency, Gulf Breeze, Florida, was convened at the Gulf Breeze City Hall Council Chambers on Monday, May 2, 2016, at 6:37 p.m.

The following members were present: Councilwoman Cherry Fitch, Mayor Matt Dannheisser, Councilman David G. Landfair, Councilwoman Renee Bookout, and Mayor Pro Tem Joseph B. Henderson.

The purpose of the meeting was for the Board of Directors of the Community Redevelopment Agency to consider the following:

CONSENT AGENDA ITEM:*

- A. Approval to pay invoice 95784 in the amount of \$837.50 to Smolker, Bartlett, Loeb, Hinds, and Sheppard P.A.

Reference: City Clerk memo dated April 21, 2016

Recommendation: That the City Council meet as the Board of Directors of the Community Redevelopment Agency on Monday, May 2, 2016, and approve payment of invoice no. 95784 in the amount of \$837.50 to Smolker, Bartlett, Loeb, Hinds, and Sheppard P.A.

Councilman Landfair made a motion to approve Consent Agenda Item A. Mayor Pro Tem Henderson seconded. The vote for approval was unanimous.

*These are items considered routine in nature and will be considered by one motion. If any citizen wishes to voice an opinion on one of the items, you should advise the Council immediately.

ACTION ITEMS: None

INFORMATIONAL ITEMS: None

PUBLIC FORUM: None

ADJOURNMENT: Mayor Dannheisser adjourned the meeting at 6:38 p.m.

Leslie A. Guyer, City Clerk

Matt E. Dannheisser, Mayor

MINUTES OF AN INFORMAL WORKSHOP OF THE
CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA

The Gulf Breeze City Council met in an informal workshop on Wednesday, May 11, 2016, at 5:30 p.m., at Gulf Breeze City Hall.

The following Councilmembers were present: Councilwoman Renee Bookout, Councilwoman Cherry Fitch, Mayor Pro Tem Joseph Henderson, Councilman David G. Landfair, and Mayor Matt Dannheisser.

Mayor Dannheisser started the meeting by explaining the purpose of the meeting was to give the Council a chance to discuss issues that are of concern to them outside of regularly scheduled City Council meetings. They continued to discuss items on the Recap of FY 2015 and Priorities for 2016 document provided during the April 23, 2016, workshop. The Council asked staff to prepare a list of priorities to be furnished to the Council for possible modifications and then formal approval.

ADJOURNMENT: Mayor Dannheisser adjourned the meeting at 6:20 p.m.

Stephanie D. Lucas, City Clerk

Matt E. Dannheisser, Mayor

The Gulf Breeze City Council held an Executive Meeting at Gulf Breeze City Hall on Wednesday, May 11, 2016, at 6:30 p.m.

ROLL CALL, INVOCATION, AND PLEDGE OF ALLEGIANCE:

Upon call of the roll the following Councilmembers were present: Councilwoman Renee Bookout, Councilwoman Cherry Fitch, Mayor Pro Tem Joseph B. Henderson, Councilman David G. Landfair, and Mayor Matt Dannheisser.

PROCLAMATIONS AND PRESENTATIONS: None

ACTION AGENDA ITEMS

A. Approval of Development Review Board Recommendation:

- Charles and Carol Lee Severs, 117 Chanteclair Circle
Request to construct a vinyl seawall

Reference: Development Review Board May 3, 2016, Minutes

Mayor Pro Tem Henderson made a motion to place the Development Review Board's recommendation on the May 16, 2016, Regular meeting agenda. Councilman Landfair seconded. The vote for approval was unanimous.

B. Approval of Ordinance No. 04-16 regarding corner lot setbacks

Reference: Director of Community Services memo dated May 5, 2016

Councilman Landfair made a motion to place staff's recommendation on the May 16, 2016, Regular meeting agenda. Councilwoman Fitch seconded. The vote for approval was unanimous.

C. Approval of Traffic Calming Policy and Guidelines

Reference: Assistant to City Manager memo dated April 27, 2016

Recommendation: That the City Council approve the "City of Gulf Breeze Traffic Calming Policy and Guidelines" document for immediate staff use.

Councilwoman Fitch made a motion to place staff's recommendation on the May 16, 2016, Regular meeting agenda with revisions discussed during the meeting. Councilwoman Bookout seconded. The vote for approval was unanimous.

D. Authorization to prepare a request for bids for a dredging and sand transportation firm to complete dredging projects

Reference: City Manager memo dated May 5, 2016

Robert Turpin, 2 Madrid Avenue, spoke and answered questions from the Council.

Recommendation: That the City Council approve advertising for a dredging/sand transportation firm to complete the three tasks outlined in memorandum referenced above.

Councilwoman Fitch made a motion to place staff's recommendation on the May 16, 2016, Regular meeting agenda. Councilwoman Bookout seconded. The vote for approval was unanimous.

E. Approval of settlement proposal with regards to Workers Compensation case

Reference: City Manager memo dated May 5, 2016

Recommendation: That the City Council approve a settlement of \$20,000 as an offset against expenses paid in the Kerstan Tatro Workers Compensation case. The settlement would also make the City responsible for future medical claims associated with the injury.

Councilman Landfair made a motion to place staff's recommendation on the May 16, 2016, Regular meeting agenda. Councilwoman Fitch seconded. The vote for approval was unanimous.

F. Authorization to schedule a public hearing for June 20, 2016, for purposes of hearing a variance request for Mateer Properties, LLC

Reference: Director of Community Services memo dated May 5, 2016

Recommendation: That the City Council set a hearing date of June 20, 2016, for the purpose of hearing the Mateer Properties variance request and authorize City Staff to provide notice of public hearing in the June 1, 2016, utility bill mailer.

Councilwoman Bookout made a motion to place staff's recommendation on the May 16, 2016, Regular meeting agenda. Mayor Pro Tem Henderson seconded. The vote for approval was unanimous.

G. Approval of a special event request from The Bridge Bar regarding temporary operation of a food truck on their premises

Reference: Director of Community Services memo dated May 5, 2016

Nick Wheatley, 408 Navarre Street, and Gabriel Hernandez, owner/operator of the food truck, Tacos Mexicanos, LLC, answered questions from the Council.

Jim Broschious, 284 Plantation Hill Road, owner/operator of Firehouse Subs spoke against operation of the food truck.

Recommendation: That the City Council approve The Bridge Bar's special event request to allow the operation of an itinerant food truck coinciding with the hours of

operation of the bar on the following dates: May 20th and 21st; May 27th and May 28th; and June 3rd and June 4th.

Mayor Pro Tem Henderson made a motion to place staff's recommendation on the May 16, 2016, Regular meeting agenda. Councilwoman Bookout seconded. The vote for approval was unanimous.

H. Approval for purchase of two temporary speed humps to be located on Tibet Drive and Tiger Point Golf Course

Reference: Assistant to City Manager memo dated May 5, 2016

Tom Naile, Chairman of the South Santa Rosa Utility System Board of Directors, asked how the speed humps would be funded. He was advised that staff would use City funds for purchase and installation of the speed humps.

Recommendation: That the City Council approve the purchase of two rubberized speed humps for a total of \$3,615 (shipping value may change). The total cost of this project will be approximately \$4,500 after signage and striping applications. *Subsequent to the meeting, Mr. Ford obtained a quote from Gulf Coast Traffic Engineers, Inc., who provided a quote in the amount of \$3,000.00 for purchase and installation of two rubberized speed humps. Staff's recommendation would be to utilize Gulf Coast Traffic Engineers for purchase and installation of the two temporary speed humps.*

Councilwoman Fitch made a motion to place staff's recommendation on the May 16, 2016, Regular meeting agenda and that it would be funded using City's funds. Councilwoman Bookout seconded. The vote for approval was unanimous.

I. Approval to pay invoice 218654 in the amount of \$7,142.28 to Vanasse Hangen Brustlin (VHB) for services rendered with regards to the Community Redevelopment Agency Master Plan Amendments

Reference: City Clerk memo dated May 5, 2016

Recommendation: That the City Council meet as the Board of Directors of the Community Redevelopment Agency on May 16, 2016, and approve payment of invoice no. 218654 in the amount of \$7,142.28 to Vanasse Hangen Brustlin (VHB).

The Council asked that they be provided an update as to completion of the work.

Mayor Pro Tem Henderson made a motion to place staff's recommendation on the May 16, 2016, Regular meeting agenda. Councilman Landfair seconded. The vote for approval was unanimous.

J. Recommendation from City Investment Committee

Reference: City Manager gave a verbal report

The City Manager advised that the Investment Committee met following the City Council's receipt of the performance of the two investment portfolios and its recommendation that the Investment Committee reevaluate the placement of the BB&T portfolio. The Investment Committee presented the following two recommendations for the Council's consideration:

1. Move the funds currently in the BB&T portfolio to the FS Advisors portfolio; and
2. Authorize staff to prepare a request for proposals seeking an investment firm to manage the investments now managed by BB&T.

The City Manager would recommend the second recommendation.

Mayor Pro Tem Henderson made a motion that both portfolios be considered within the request for proposals. He later withdrew his motion.

Councilwoman Bookout made a motion to place staff's recommendation on the May 16, 2016, Regular meeting agenda. Councilwoman Fitch seconded. The vote for approval was 4-1 with Mayor Pro Tem Henderson dissenting.

NEW ITEMS: None

INFORMATION ITEMS: None

PUBLIC FORUM:

Jim Cox, 423 Williamsburg Drive, advised the Council that the Gulf Breeze and Pensacola Beach Chambers of Commerce recently held the first ever Summer Job Fair at the high school. There were eleven businesses that participated and sixty positions were filled. The businesses were very pleased with the quality of students that attended the Job Fair.

Robert Turpin, Marine Resource Manager for Escambia County, 3363 West Park Place, Pensacola, advised that he is spearheading a NRDA grant focused on the Pensacola Beach Fishing Bridge for both the north and south facilities and asked for a letter of support from the City Council. The project will include (i) analysis of the structure for improvements and repairs. There are some pilings missing and structural decay; (ii) funding for structural improvements and facility improvements; and (iii) ADA accessibility for the Southside portion of the facility. Mayor Dannheisser asked that Mr. Turpin provide materials to City staff so they can present it to the Council once everything is complete.

COUNCIL COMMENTS:

Mayor Pro Tem Henderson asked if staff would provide a memo to the Council regarding annual amounts that were invested and the management fees paid annually to those entities.

ADJOURNMENT Mayor Dannheisser adjourned the meeting at 7:20 p.m.

ORDINANCE NO. 04-16

AN ORDINANCE OF THE CITY OF GULF BREEZE, FLORIDA, PERTAINING TO SETBACKS ON CORNER LOTS; AMENDING SECTION 21-49, SECTION 21-69, SECTION 21-84 AND SECTION 21-99 OF THE CODE OF ORDINANCES; PROVIDING FOR SEVERABILITY; PROVIDING FOR CONFLICT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Gulf Breeze has adopted certain rules and regulation relative to the setbacks of structures on residential lots; and,

WHEREAS, the City Council has recently undertaken steps to help revitalize and enhance the appearance of residential neighborhoods; and,

WHEREAS, the City Council has received a request from the City's Board of Adjustment to more clearly articulate what is considered the front yard verses the side yard on developed residential corner lots.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Gulf Breeze, Florida, as follows:

SECTION 1 - Section 21-49 is hereby amended to read as follows:

Sec. 21-49. – Setbacks, yard requirements.

The minimum setback from the front lot line shall be thirty (30) feet; minimum side yard setback shall be eight (8) feet from the side lot line; minimum rear yard depth is to be thirty (30) feet from any portion of the main house or porches, attached garages or carports to the rear lot line except in the case of corner lots for which the rear setback shall be fifteen (15) feet. On vacant corner lots, the owner or developer may designate which of the street sides shall be considered the front of the lot for setback purposes, and the minimum front setback shall be thirty (30) feet, and the side street setback shall be fifteen (15) feet. For the purpose of determining the setbacks for additions to an existing primary structure located on a residential corner lot, the front setback shall be established by the orientation of the front door and the address of the primary structure. The remaining street shall be considered the side street and the minimum side street setback shall be fifteen (15) feet.

SECTION 2 - Section 21-69 is hereby amended to read as follows:

Sec. 21-69. – Setbacks, yard requirements.

The minimum setback from the front lot line shall be thirty (30) feet; minimum side yard setback shall be eight (8) feet from the side lot line; minimum rear yard depth is to be thirty (30) feet from any portion of the main house or porches, attached garages or carports to the rear lot line except in the case of corner lots for which the rear setback shall be fifteen (15) feet. On vacant corner lots, the owner or developer may designate which of the street sides shall be considered the front of the lot

ORDINANCE 04-16

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for setback purposes, and the minimum front setback shall be thirty (30) feet, and the side street setback shall be fifteen (15) feet. For the purpose of determining the setbacks for additions to an existing primary structure located on a residential corner lot, the front setback shall be established by the orientation of the front door and the address of the primary structure. The remaining street shall be considered the side street and the minimum side street setback shall be fifteen (15) feet.

SECTION 3 - Section 21-84 is hereby amended to read as follows:

Sec. 21-84. – Setbacks, yard requirements.

The minimum setback from the front lot line shall be thirty (30) feet; minimum side yard setback shall be eight (8) feet from the side lot line; minimum rear yard depth is to be thirty (30) feet from any portion of the main house or porches, attached garages or carports to the rear lot line except in the case of corner lots for which the rear setback shall be fifteen (15) feet. On vacant corner lots, the owner or developer may designate which of the street sides shall be considered the front of the lot for setback purposes, and the minimum front setback shall be thirty (30) feet, and the side street setback shall be fifteen (15) feet. For the purpose of determining the setbacks for additions to an existing primary structure located on a residential corner lot, the front setback shall be established by the orientation of the front door and the address of the primary structure. The remaining street shall be considered the side street and the minimum side street setback shall be fifteen (15) feet.

SECTION 4 - Section 21-99 is hereby amended to read as follows:

Sec. 21-99. – Setbacks, yard requirements.

The minimum setback from the front lot line shall be thirty (30) feet; minimum side yard setback shall be eight (8) feet from the side lot line; minimum rear yard depth is to be thirty (30) feet from any portion of the main house or porches, attached garages or carports to the rear lot line except in the case of corner lots for which the rear setback shall be fifteen (15) feet. On vacant corner lots, the owner or developer may designate which of the street sides shall be considered the front of the lot for setback purposes, and the minimum front setback shall be thirty (30) feet, and the side street setback shall be fifteen (15) feet. For the purpose of determining the setbacks for additions to an existing primary structure located on a residential corner lot, the front setback shall be established by the orientation of the front door and the address of the primary structure. The remaining street shall be considered the side street and the minimum side street setback shall be fifteen (15) feet.

SECTION 5 - SEVERABILITY

If any section, paragraph, sentence, clause, phrase or word of this Ordinance is for any reason held by any court to be unconstitutional, inoperative, invalid or void, such holding shall not in any manner affect the validity of the remaining portions of this Ordinance.

SECTION 6 - CONFLICT

The provisions of this Ordinance shall be deemed to control and prevail over any ordinance or portion thereof in conflict with the terms hereof.

SECTION 7 - EFFECTIVE DATE

This Ordinance shall become effective upon its adoption by the City Council.

PASSED ON THE FIRST READING ON THE 16th DAY OF MAY, 2016.

ADVERTISED ON THE ___ DAY OF MAY, 2016.

PASSED ON THE SECOND READING ON THE ___ DAY OF JUNE, 2016.

CITY OF GULF BREEZE

By: _____
Matt E. Dannheisser, Mayor

ATTESTED TO BY:

Leslie Guyer, City Clerk or
Stephanie D. Lucas, City Clerk



City of Gulf Breeze

Memorandum

To: Edwin A. Eddy, City Manager

From: Nathan G. Ford, Assistant to City Manager

Date: May 5, 2016

Subject: **Addendum** to Tibet Drive & Tiger Point Golf Course Speed Hump Installation

City Staff had the opportunity to talk with representatives with Gulf Coast Traffic Engineers, Inc. about a potential speed hump application at Tiger Point since submitting the original Council Memorandum. They were able to present a more attractive quote with a similar product. The Quote is attached to this addendum. Gulf Coast Traffic Engineers, Inc. will install and furnish all equipment, labor, signage and road striping for two speed humps for \$3,000.00. Inmate labor costs the City about \$400.00 a day. This quote would yield an approximate \$1900.00 cost savings.

RECOMMENDATION: That the City Council approve the purchase of two rubberized speed humps and installation for \$3,000 as referenced in the attached quote.

GULF COAST TRAFFIC ENGINEERS, INC.

QUOTATION

& BARRICADE SERVICE
 8203 KIPLING STREET
 PENSACOLA, FL 32514
 OFFICE: (850) 4787066
 FAX: (850) 476-0244

DATE: 10-May-2016
 JOB: TIGER POINT COUNTRY
 DESC.: CLUB - SPEED HUMP
 LOCATION: GULF BREEZE, FL

TO: CITY OF GULF BREEZE
 ATTN: MS. ANGEL JACKSON
 1070 SHORELINE DRIVE
 GULF BREEZE, FL 32562-0640

FAX: 934-4042
 PHONE: 934-5108
 PROJ. #

QUOTE #: 13120
 CODE: ST

Bid Item Number	Estimated Quantity	Work Description	Unit	Unit Price	Amount
		Furnish all labor, equipment and material necessary to:			
1.	2	INSTALL EZ RIDER SPEED HUMP WITH END PIECES	EA	1,500.00	3,000.00
2.	2	INSTALL LEAD IN LINES IN THERMOPLASTIC WHITE	EA	388.00	776.00
3.	2	INSTALL SPEED HUMP SIGNS W/	EA	195.00	390.00
		OPTIONAL			
4.	2	EZ RIDER SPEED BUMP MATERIAL (FURNISH ONLY)	EA	1,200.00	2,400.00

Plans and permits not included.
 Payment and performance bonds not included.
 A certificate of insurance will be supplied upon request.
 We are proud to offer a drug free workplace.
SERVING NORTHWEST FLORIDA SINCE 1965

PAYMENT TO BE MADE WITHIN 5 DAYS AFTER RECEIPT OF INVOICE

ACCEPTANCE OF BID

Total = SEE ABOVE

SIGNED: _____ PRINT: _____

DATE: _____

NOTE: THIS QUOTATION IS VOID 30 DAYS FROM DATE UNLESS SIGNED AND A COPY IS RETURNED TO BIDDER

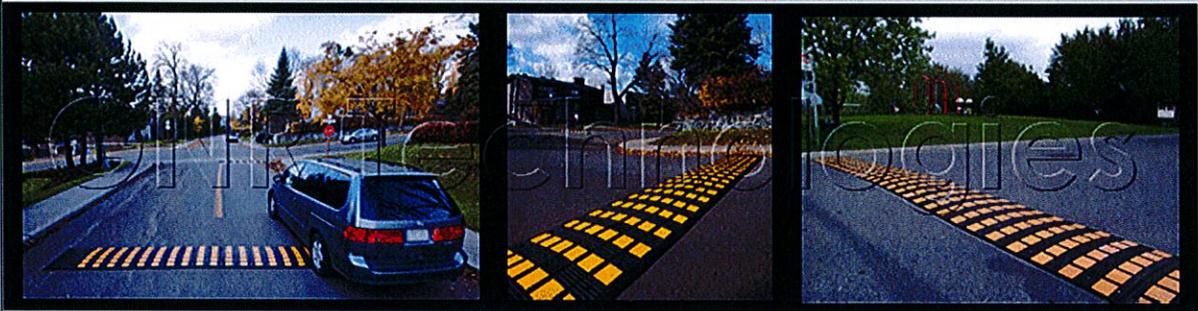


 SHAUN HARRIS
 ESTIMATOR

Parking Lots



Residential Areas



City of Gulf Breeze Traffic Calming Policy and Guidelines

1.0 Traffic Calming Approach Summary:

The primary purpose of the policy is to inform residents about the processes for implementing measures to improve traffic conditions on residential streets. When traffic problems such as speeding and unnecessary cut through traffic become a routine occurrence, public safety and the preservation of “hometown character” could be compromised. The City’s goal in the *City of Gulf Breeze Traffic Calming Policy* is to give residents and individuals who live in areas that experience traffic problems the opportunity to become involved in the planning and decision-making process. While traffic calming devices have been in use for many years, research on effective “traffic calming” methods is a relatively new practice. The City of Gulf Breeze uses the Institute of Transportation Engineers (ITE) definition for traffic calming:

“Traffic calming is the combination of mainly physical measures that reduce the negative effects of motor vehicle use, alter driver behavior and improve conditions for non-motorized street users.”

1.2 Objectives:

The overall objectives in City of Gulf Breeze Traffic Calming Policy and Guidelines include:

- A. Maintaining and/or improving neighborhood livability by mitigating the impact of vehicular traffic on residential neighborhoods;
- B. Promoting safe and attractive streets that maintain and/or improve the quality of life in neighborhoods;
- C. Promoting conditions that provide safe neighborhoods for motorists, bicyclists, pedestrians and residents of the neighborhood while maintaining access to the neighborhood;
- D. Minimizing “cut-through” traffic in neighborhoods;
- E. Encouraging citizen involvement in all phases of neighborhood traffic calming activities;
- F. Making efficient use of City resources by prioritizing traffic calming requests; and
- G. Supporting the elements identified and goals contained within the City of Gulf Breeze Master Plan.

1.3 Definitions:

- A. Arterial Street – A heavily traveled street of considerable continuity used primarily as a main traffic artery.
- B. Local Street – Any two lane street with a primary purpose of providing direct access to residential properties.
- C. Collector Street – Any street which links an arterial street with another collector or local street.
- D. Residential Cut-Through Traffic – traffic which uses local or collector streets to travel through a residential neighborhood without having an origin or destination within the neighborhood.
- E. Street Segment – An area of a street that lies between logical features such as major thoroughfares, changes in land use, major driveway entrances, or changes in geographical features.

- F. 85th Percentile Speed - The 85% percentile speed is the speed exceeded by the fastest 15% of vehicles.

This policy addresses residential local and collector streets. Residential local streets make up the majority of the city's street system. These streets serve local circulation needs for motor vehicle, bicycle, and pedestrian traffic and provide access to residences and some businesses. Local service streets are not intended to carry significant volumes of through traffic. Residential collector streets typically provide access from local service streets to arterial thoroughfares. Collector streets often carry some amounts of through traffic. A collector street must be primarily residential to be considered in this policy. Flexibility should be applied in defining "primarily residential," and determined on a case by case basis by the City of Gulf Breeze staff. Consideration of defining "primarily residential" collector streets should take into account land use factors such as the presence of parks and schools.

2.0 Request, Evaluation and Plan Development

2.1 Initiating a Request for Evaluation:

Evaluation of the perceived traffic problem streets will be focused to street segments. A street segment can be added to the list of streets to be studied for potential traffic calming in a number of ways:

- A. A resident or group of residents contacts the City directly to express their concerns. The City representative provides the resident or group with a *Traffic Calming Questionnaire* that will allow the resident to outline the perceived traffic problem. The residents should include in their submission an overview of how the perceived traffic problem relates to concerns such as vehicle safety, pedestrian safety, congestion, environmental impact, speeding or cut-through traffic;
- B. A recommendation to evaluate is made by a member of the City Council;
- C. The Gulf Breeze Police Department recommends the addition of a street segment to be considered based upon its enforcement efforts; or
- D. City staff initiates an evaluation based on field observations.

2.2 Problem Evaluation

After review of the initial request for evaluation, the City will inspect the street segment(s), review the city ordinances to determine the established speed limit and define impact area or street segment(s). Street segments impacted will be defined as:

- A. Every lot/parcel having frontage on the street segments within the project area, and
- B. Every lot/parcel on cross streets up to the next major intersecting street that must use the project street as primary access.

The City will submit a recommendation to the City Council for consideration. If the recommendation is approved, the City will proceed with collecting traffic volume and speed data using electronic traffic recorders over a period of days. Depending on the problem issue, the following data may be collected:

- A. Speed data to determine the 85th percentile speed as well as the median speed and average speed;

- B. The volume of street segment traffic per a typical day, including weekday and weekends if necessary; and
- C. Peak traffic data to determine the specific times of day when traffic speeds are higher.

2.3 Post Evaluation

Following the collection of data, City staff will make a recommendation to the City Council on whether the reported issue warrants developing a plan for traffic calming solutions. City staff may include recommendations for immediate or traditional responses and considerations for long term traffic calming solutions.

2.4 Plan Development

Citizen participation is essential in developing a plan for traffic calming. After approval to move forward to develop a plan for calming solutions, proposed solutions will be presented to the City Council for consideration within a published City Council meeting for public hearing. If it is determined that long term traffic calming solutions are the best response, and the solutions are approved by City Council, then a petition process will be requested from the resident originator or group of residents completing the [Traffic Calming Questionnaire](#). (Link)

2.5 Immediate Response

Recommendations for immediate strategies should be considered when applicable and could offer further interpretation of the data derived in the evaluation period. The following could be acceptable immediate or interim responses:

- A. Police enforcement;
- B. Speed display signage;
- C. Awareness campaigns; and
- D. Low-cost traffic control device changes (temporary speed humps, rumble strips, striping, etc).

2.6 Long Term Traffic Calming Solutions

If a long-term traffic calming solution requiring construction is approved, the following criteria may be important in consideration of adopted measures:

- A. Impact on emergency response time;
- B. Impact on school transportation;
- C. Impact on business traffic circulation; and
- D. Street grades or alignment yielding inadequate stopping site distance.

School authorities should be consulted in any proposed process of traffic calming solutions if a school route is considered.

3.0 Petitions and Cost Share:

When a proposed solution is approved by the City Council, the resident or group of residents originating the request will be given a petition package to be dispersed to the defined street segment(s) residents. The petition package includes the name and address of each of the property owners or residents in the defined street segment(s) as well as the description of the proposed solution. The petition package can be picked up by the resident originator at City Hall.

Petitions must be delivered by the resident originator in a legally acceptable manner. A positive response must be obtained by eighty-five (85%) percent or more of the property owners or residents in the defined street segment(s). Only one signature per household will be accepted. Percentages will be calculated, based on individual lots/parcels where the owners sign positively, divided by the total number of lots/parcels in the street segment(s). The petition package must be returned within three months after the date of approval by the City Council by the resident originator.

Roadway changes that influence traffic calming can result in costly construction. The Gulf Breeze City Council establishes an annual budget which may include funding for traffic calming construction. Once the annual budget has been fully encumbered for a given budget year, the following alternatives are left as options for residents who desire traffic calming measures.

- A. Waiting list (for next budget year); or
- B. Cost share assessment of residents within the affected street segment.

For a resident originating request requiring a cost share, the City will fund 50% of the cost, and residents within the affected street segment will fund 50% of the cost necessary for construction of the device(s). During the petitioning phase, City staff will advise all residents within the defined street segment(s) of the requirements of the cost share assessment.

4.0 Implementation:

With approval of the plan by the affected residents in the defined street segment and the City Council, funding of 50% of the construction costs from resident originating plans, City staff will initiate the design and implementation process for the proposed traffic calming measures.

5.0 Measuring Effectiveness:

All installed solutions will be monitored by the City for desired effectiveness. Evaluation may include resident and motorist reaction, field observation, traffic counts, speed study, and other data collection as needed. If the solution has not met the intent, then a report will be submitted by staff to the City Manager for presentation to the City Council.

6.0 Removal of Traffic Calming Solutions:

Removal of any Traffic Calming solution will be considered 12 months after deployment or construction of the solution and after a new petition with eighty-five (85%) percent response for removal is approved by the City Council. If field conditions have changed, removal of the device can also occur, as recommended by the City and approval of the City Council. As in installation, the City will fund 50% of the cost, and residents within the affected street segment will fund 50% of the cost necessary for removal of the device(s).



City of Gulf Breeze

TO: Mayor and City Council
FROM:  Edwin A. Eddy, City Manager
DATE: May 13, 2016
RE: City Investment Portfolio Managers

At the May 11th Executive Session, staff was requested to provide background information regarding selection and performance of the City's portfolio managers. We were also asked to provide copies of the "council policy" governing the activity.

The City Council determined in 2011, through the approval of Ordinance 03-11, to adopt an investment policy. A copy is attached. This policy allows the City more latitude than is provided in state law in managing municipal financial assets.

The investment policies approved in 2011 were amended in 2014. A copy of the material provided to the City Council at that time is also attached.

Ed Gray advised me that the selection process used to select BB&T and FS Advisors as our portfolio managers involved solicitation of proposals, review, evaluation and selection. Each manager earns fees based on assets invested. More detail will be forth coming.

RECOMMENDATION

THAT THE CITY COUNCIL DIRECT STAFF TO PREPARE A REQUEST FOR PROPOSALS FOR A PORTFOLIO MANAGER TO REPLACE BB&T.

ORDINANCE NO. 03-11

AN ORDINANCE RELATING TO INVESTMENT POLICIES; ADOPTING AN INVESTMENT POLICY FOR CITY OF GULF BREEZE; MAKING FINDINGS; PROVIDING AN EFFECTIVE DATE.

WHEREAS, Section 218.415, Florida Statutes, authorizes any unit of local government to conduct investment and reinvestment activity outside the statutory framework, provided such activity is consistent with a written investment plan adopted by the governing body; and

WHEREAS, it is the desire of the City Council and in the best interest of the citizens of the City of Gulf Breeze that a written investment plan be adopted on behalf of the City.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA:

SECTION 1. The foregoing findings are incorporated herein by reference and made a part hereof.

SECTION 2. The City of Gulf Breeze Investment Policy, attached hereto as Exhibit "A" and effective upon approval on Second Reading, is hereby found to be consistent and in conformance with the requirements of Section 218.415, Florida Statutes, and is hereby adopted as a written investment plan for the conduct of investment activity of surplus public funds.

SECTION 3. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

SECTION 4. If any word, sentence, clause, phrase, or provision of this ordinance, for any reason, is held to be unconstitutional, void, or invalid, the validity of the remainder of this ordinance shall not be affected thereby.

SECTION 5. This ordinance shall take effect immediately upon its passage.

PASSED AND CERTIFIED AS TO PASSAGE this 4th day of Apr, AD. 2011.

ATTEST: Marita Rhodes
Marita Rhodes, CITY CLERK

Beverly Zimmerman
Beverly Zimmerman, MAYOR

Exhibit 'A'

**City of Gulf Breeze
Investment Policy**

I. SCOPE

This policy applies to the investment of all monies of the City of Gulf Breeze, its enterprise funds, and including those held within Gulf Breeze Financial Services (the "City"), both short and long-term, with the exception of City pension funds, if any, or any other monies invested under separate ordinance, resolution, policy, or agreement.

1. **Pooling of Funds.** Except for cash in certain restricted and special funds, the City may consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation in each investment pool and in accordance with generally accepted accounting principles. Such pooling of funds shall be done when advantageous, but not an administrative requirement.

II. GENERAL OBJECTIVES

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

1. **Safety.** Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
 - a. **Credit Risk.** The City will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:
 - Limiting investments to the safest types of securities;
 - Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business; and
 - Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

b. Interest Rate Risk. The City will minimize the risk that change in the market value of securities in the portfolio caused by changes in general interest rates will result in any losses, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

2. Liquidity. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. A portion of the portfolio, sufficient to meet regular operating needs, should be placed in money market mutual funds or local government investment pools which offer same-day liquidity at par for short-term funds. The remainder of the portfolio should be structured so that securities mature concurrent with known, longer-term, cash needs (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portion of the portfolio not invested in cash-equivalent investments and not otherwise matched to specific cash flow requirements should be laddered appropriately consistent with the maturity limitations provided for in section IV and Attachment 1. The portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).

2. Yield. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments should be limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity, with the following exceptions:

- Liquidity needs of the portfolio require that the security be sold.
- A security with declining credit may be sold early to minimize loss of principal.
- A security swap would improve the quality, yield, or target duration in the portfolio.

III. STANDARDS OF CARE

1. **Prudence.** The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The Investments Administrator, or other employee of the City, acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

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.

If and to the extent any derivative products authorized under section are used, the Investments Administrator shall have developed sufficient understanding and expertise in managing the instruments in question and have researched available investment options and determined that the derivative products to be used are appropriate and cost effective for the strategic portfolio management goals to be addressed. The Investments Administrator will comply with the policies, procedures and other requirements provided for in the City's Derivatives Policy, including but not limited to:

- Obtaining authorization from the Gulf Breeze City Council prior to entering into each derivative transaction;
 - Quantifying all risks associated with any proposed transactions;
 - Limiting participation in any swap transaction to counterparties with credit ratings of AA- or better; and
 - Reporting annually on the financial performance of existing derivative transactions.
2. **Ethics and Conflicts of Interest.** Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose

any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the City.

3. **Delegation of Authority.** Authority to manage the investment program is granted to the Finance Director, City Manager, or the Executive Director of Gulf Breeze Financial Services [hereinafter referred to as the Investments Administrator] as may be appointed. Responsibility for the operation of the investment program is hereby delegated to the Investments Administrator, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. To manage the investments program, the Investments Administrator may enter into agreements with financial dealers and institutions, and is authorized to appoint personnel to invest City funds in accordance with this policy and to initiate or validate wire transfers as required. In no event will anyone other than the Investments Administrator enter into written or verbal agreements or contracts, relating to investments or banking services with financial institutions or dealers, without the express written consent of the Investments Administrator.
4. **Continuing Education.** City investment personnel shall annually complete at least 4 hours of continuing education in subjects or courses of study related to investment practices and products.
5. **Business Procedures**
 - a. **Authorized Financial Dealers and Institutions.** A list will be maintained of financial institutions authorized to provide investment services. Each broker/dealer must comply with the Securities and Exchange Commission's Rule 15c3-1 regarding net capital requirements for brokers or dealers. The City will utilize only those financial institutions who meet the following criteria:
 - (1) Broker/dealer institutions designated as "Primary Dealers" by the Federal Reserve Bank of New York.

- (2) Banking institutions that maintain a local office in the State of Florida and are broker/dealers in U.S. Government securities.
- (3) Other broker/dealers in U.S. Government securities, approved by the Investments Administrator, who meet the other requirements of this section.

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following, as applicable:

- Audited financial statements
- Proof of National Association of Securities Dealers (NASD) certification
- Completed broker/dealer questionnaire, included as Attachment 2
- Certification of having read and understood and agreeing to comply with the City's investment policy, using firm's letterhead, signed by an authorized representative of the firm.
- Proof of Qualified Public Depository (if applicable)

These standards are understood to be a continuing requirement for all dealers and institutions. Dealers and institutions conducting business with the City are hereby required under this policy to immediately notify the City upon failure to retain the above listed standards. An annual review of the financial condition and registration of qualified financial institutions and broker/dealers will be conducted by the Investments Administrator or his designee.

From time to time, the Investments Administrator may choose to invest in instruments offered by community financial institutions or other banking institutions within the State of Florida. In such situations, a waiver to the criteria under Paragraph 1 may be granted. All terms and relationships will be consistent with state or local law including designation of the institution as a Qualified Public Depository under Florida Statutes, Chapter 280.

- b. Internal Controls.** The Investments Administrator is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1)

the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgments by management.

Accordingly, the Investments Administrator shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- Control of collusion
 - Separation of transaction authority from accounting and record keeping
 - Custodial safekeeping
 - Avoidance of physical delivery securities
 - Clear delegation of authority to subordinate staff members
 - Written confirmation of transactions for investments and wire transfers
 - Development of a wire transfer agreement with the lead bank
- c. **Delivery vs. Payment.** All trades where applicable will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Safekeeping receipts or other evidence of ownership will be audited on a semi-annual basis with a variance report issued to the Investments Administrator.

IV. SUITABLE AND AUTHORIZED INVESTMENTS

1. **Investment Types.** Consistent with the Governmental Finance Officers' Association (GFOA) Policy Statement on State and Local Laws Concerning Investment Practices, and/or Chapter 218.415 of the Florida Statutes, the following investments will be permitted by this policy:
 - U.S. government obligations, U.S. government agency or instrumentality obligations, and the obligations of federal government sponsored enterprises (GSEs), which have a liquid market with a readily determinable market value;
 - Securities whose timely payment of principal and interest are fully guaranteed by any of the above;
 - Certificates of deposit and other evidences of deposit at financial institutions, provided that any such investments shall be in a

- qualified public depository (as defined in Chapter 280 of the Florida Statutes) and/or be covered by FDIC insurance;
- Investment-grade obligations of state and local governments and public authorities;
 - Repurchase agreements whose underlying purchased securities consist of the foregoing;
 - Guaranteed Investment Contracts (GIC's) which are collateralized by the foregoing;
 - Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities; and
 - Local government investment pools (LGIPs) either state administered or through joint powers statutes and other intergovernmental agreement legislation;
 - High grade corporate debt consisting of U.S. dollar denominated debt obligations of domestic or foreign corporations, or foreign sovereignties issued in the U.S. or in foreign markets. This shall include, but not be limited to corporate notes and bonds, medium term notes, Eurodollar notes and bonds, asset backed securities, and commercial paper, rated in a high tier (e.g., A-1, P-1, or F-1 or higher) by a nationally recognized rating agency. Any such longer-term investments in this category shall be rated investment grade or better by at least two nationally recognized rating agencies, one of which shall be Moody's or Standard & Poor's; and
 - Any other qualified investment permitted under Florida Statutes then in effect.

2. **Competitive Bid.** When appropriate, the City will attempt to obtain three (3) competitive bids from qualified Dealers and Institutions prior to awarding an investment. The competitive bids may be verbal or written quotes. The investment will be awarded to the bidder who provides the greatest effective yield (best bid) on the investment. Where multiple maturities are bid, the City reserves the right to either award the investment to the bidder which provides the best bid in aggregate for all maturities, or the City may award bids by individual maturity. Any tie bid will be awarded to the financial institution which submits the earlier bid. When purchases are made in the open market by an investment manager contracted by the City, bids are not required.
3. **Repurchase Agreements.** Repurchase agreements shall be consistent with GFOA Recommended Practices on Repurchase Agreements. The City will utilize the basic form of the Master Repurchase Agreement,

recommended by The Bond Market Association, when investing funds in repurchase agreements with financial institutions. However, the Investments Administrator is authorized to amend the form of the Master Repurchase Agreement as required to achieve specific investment goals and objectives.

4. **Use of Mutual Funds and Managed Investments.** The Investments Administrator may purchase mutual funds and other managed investments either directly or through an investment manager or advisor, provided that the investments in any such mutual fund shall be materially consistent with the allowable investments provided for in this investment policy. The Investments Administrator shall monitor the composition and value of the investments in any such fund to ensure that, in combination with other investments, the other limitations of this investment policy are complied with.
5. **Securities Lending.** The Investment Administrator is authorized to participate in one or more securities lending programs. Securities from the City's portfolio may be made available to any such program, provided that participation therein will not restrict the City's ability to sell such securities as the Investment Administrator deems appropriate. Any such securities lending program will require that lent securities be collateralized at 102%, and that collateral be valued daily. The City may participate in a securities lending program through an agent or manager, acting on behalf of the City. The agents or managers of such lending programs will maintain current credit analyses of the borrowers to whom they lend, and a list of the participating borrowers will be submitted for approval by the City. The agent or manager of any lending program shall indemnify the City for any losses arising from a borrower's failure to perform.
6. **Derivatives.** The City is authorized to utilize derivative instruments, including interest rate swaps, for the limited purpose of meeting strategic investment portfolio goals such as hedging the portfolio's exposure to interest rate risk. In order to insure that these derivative instruments are utilized only for these purposes, such derivative instruments shall be appropriately matched against existing or maturing assets. The notional amount and remaining term to maturity of all derivative transactions related to the investment portfolio shall at all times be less than or equal to a like par value and remaining term to maturity of otherwise permitted investment instruments either existing or contemplated at the maturity of existing investments. Any such derivative instruments and the

related investment assets shall be maintained in complementary interest rate modes (fixed or variable).

7. **Investment Parameters**

a. **Diversification.** The investments shall be diversified by:

- limiting investments to avoid over-concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities and U.S. agency obligations),
- limiting the portion of total investments in any single security,
- limiting the portion of any single security purchased to maximize the liquidity of the City's investments,
- limiting investment in securities that have higher credit risks, investing in securities with varying maturities, and
- Continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIP's), money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

Investments are subject to the numerical limitations included in Attachment 1.

b. **Maximum Maturities.** To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than ten (10) years from the date of purchase or in accordance with state and local statutes and ordinances. The City shall adopt weighted average maturity limitations consistent with the investment objectives.

Reserve funds and non-operating funds (example: Bond Sinking Funds, Electric & Water Meter Deposits) with longer-term investment horizons may be invested in securities exceeding ten years if, in the judgment of Investments Administrator, any such investments are sufficiently liquid to provide for the unexpected use of such funds. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as LGIPs, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations. For purposes of meeting this requirement, the City may invest in securities with ostensible maturities in excess of ten

years if said securities have, in the judgment of the Investments Administrator, adequate liquidity features (e.g., VRDNs with bank supported puts) or other market liquidity sufficient to ensure the high likelihood of the City being able to access funds at par on short notice. Additionally, notwithstanding the limits provided for in Attachment 1, the City may increase the limit on State and Local Government obligations to 30% of the portfolio, for purposes of investing in liquid obligations as provided for in the previous paragraph, if, in the judgment of the Investments Administrator, said obligations provide sufficient additional return.

V. REPORTING

1. **Methods.** The Investments Administrator shall prepare an investment report at least annually, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last year. This management summary will be prepared in a manner, which will allow the City to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report will be available to the City Manager and City Council upon request. The report will include the following:
 - Listing of individual securities held at the end of the reporting period
 - Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration that are not intended to be held until maturity
 - Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks
 - Listing of investment by maturity date
 - Percentage of the total portfolio -by type of investment
2. **Performance Standards.** The investment portfolio will be managed in accordance with the parameters specified within this policy.
3. **Marking to Market.** The market value of the portfolio shall be calculated at least annually and a statement of the market value of the portfolio shall be issued at least annually.

VI. POLICY CONSIDERATIONS

1. **Exemption.** Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.
2. **Amendments.** This policy may be reviewed on an annual basis. Any changes must be approved by the City Council.

VII. LIST OF ATTACHMENTS

The following documents are attached to this policy:

- Attachment 1 - Schedule of Investment Type Limitations (based on market value)
- Attachment 2 - Broker Questionnaire

ATTACHMENT 1
SCHEDULE OF INVESTMENT TYPE LIMITATIONS
 (Market Value)

Type of Security	% of Total Maximum
US Government Obligations	75%
Local Government Investment Pools	75%
Certificates of Deposit	25%
Federal Agency & Instrumentality Obligations	75%
Collateralized Repurchase Agreements	15%
Other Investment Pools (rated "A" or better)	10%
State and Local Government Obligations	20%
High Grade Corporate Debt & CP	15%
* Except as provided for in section IV.7.b	

Maturity Limitations	% of Total Maximum
≤ 1 Year	100%
> 1 - 3 Years	75%
> 3 - 5 Years	50%
> 5 - 10 Years	25%
> 10 Years	0%
*Except as provided for in section IV.7.b	

"Maximums" are not to exceed percentages within the investment category

ATTACHMENT 2

BROKER/DEALER QUESTIONNAIRE

Name of Firm: _____
(parent company also, if applicable)

Address: _____

_____ Phone: () _____

Account Representative: _____ Title: _____

Email Address _____

Backup Representative: _____ Title: _____

Email Address _____

Please answer each question below on your firm's letterhead and attach to this form.

Is the address shown above the location of the primary and backup account representatives? If not please provide other applicable addresses and contact information.

Has the representative been given clearance by the firm to be the sole representative for this account? If so, by whom?

How long has the representative been an institutional governmental securities broker at the firm?

How long has the representative been an institutional fixed-income broker at this and other firms?

Signature of Authorized Officer



City of Gulf Breeze

Memorandum

To: Edwin A. Eddy, City Manager

From: Curt Carver, Deputy City Manager

Date: 10/2/2014

Subject: Investment Policy

Enclosed is an ordinance approving a revised investment policy for the City. This revision is necessary to implement the changes proposed by Mr. Gray at the Executive Session on October 1st. Please note that the revision provides that "High Grade Equity Funds" are an authorized investment under the policy.

High Grade Funds are described as mutual funds or exchange traded funds that are comprised primarily of U.S. based, large market capitalized companies that are dividend achievers or dividend aristocrats. These later terms refer to companies that have increased dividends for the last 10 years and companies that have increased dividends for the last 25 years respectively. I have included definition references for your information. The revision also includes a change to Attachment 1 adding High Grade Equity Funds to the list with a 25% limitation.

The proposed draft has been reviewed by Mr. Gray and he has indicated that it satisfies the intent of his recommendation to the City Council. Should you have any questions, please do not hesitate to contact me.

Recommendation: That the City Council approve the enclosed ordinance adopting a revised investment policy for the City on a First Reading on October 6, 2014 and hold a public hearing on October 20, 2014 and approve it on a Second Reading on that date.

Enclosure

Investment Profitable Trading InvestingAnswers TheStockAnalyst Dividend Opportunities

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A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Large Cap

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What it is:

Generally speaking, large cap companies have at least \$8 billion of market capitalization.

How it works/Example:

Market capitalization refers to the value of a company's outstanding shares. The formula for market capitalization is:

Market Capitalization = Current Stock Price x Shares Outstanding

It is important to note that market cap is not the same as equity value, nor is it equal to a company's debt plus its shareholders' equity (although that too is sometimes referred to as simply the company's capitalization).

Let's assume Company XYZ has 10 million shares outstanding and the current share price is \$9. Based on this information and the formula above, we can calculate that Company XYZ's market capitalization is 100 million x \$90 = \$9 billion. Company XYZ is a large cap stock.

Why it Matters:

Many investors regard large cap stocks as more mature and more stable. Accordingly, they are often attractive to conservative investors and income investors. However, capitalization reflects the theoretical value of a company, not what the company could be purchased for in a normal merger transaction. One reason for this is that the value of material nonpublic information, management changes, operating synergies between the acquirer and the company, and other intangible factors may not be reflected in the stock price or the financial statements.

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Cash Conversion Cycle
Qualified Automatic Contribution Arrangement (QACA)
Face Value
Short Selling
Tax-Free Spinoff
Net Revenue
Burn Rate

Term of the Day



Best Execution

Best execution refers to the imperative that a broker, market maker, or other agent acting on behalf of an investor is obligated to execute the investor's order in a way that is most advantageous to the investor rather than the agent.

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Financial Dictionary



A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

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Dividend Achievers

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What it is:

The term "dividend achievers" is used to describe an elite group of companies that have improved their annual regular dividends for at least 10 consecutive years and meet certain liquidity requirements.

How it works/Example:

Additional eligibility requirements for *dividend achievers* include: 1) being listed in the NYSE or Nasdaq and 2) having a minimum average daily cash volume of \$500,000 per day for the months of November and December prior to the Index's reconstitution date.

If a company meets these requirements they qualify for the Broad Dividend Achievers™ Index. They do not have to be on the S&P 500 list to qualify.

The Broad Dividend Achievers™ Index was created by Mergent and is now overseen by its subsidiary Indx. The index has been published by the American Stock Exchange (ASE) under the ticker symbol DAA since December 5, 2003. (Source: <http://www.indx.com/USBroad.html>)

There are now several Dividend Achievers Indices, including:

U.S. Broad Dividend Achievers™ Index -- this index is comprised of U.S.-incorporated companies that have improved their annual regular dividends for at least 10 consecutive years and meet certain liquidity requirements.

Broad Canadian Dividend Achievers™ Index -- this index tracks Canadian companies that trade on a major Canadian exchange and have increased their annual regular dividends for at least five consecutive years.

BuyBack Achievers™ Index -- this index tracks U.S. companies that trade on NYSE or Nasdaq and have bought back 5% or more of its common stock within the last 12 months.

The Dividend Achievers Select™ Index -- this index tracks the performance of U.S. dividend achievers who also meet additional standards of stock liquidity and investibility.

UK Dividend Achievers™ Index -- this index tracks U.K. companies that have improved their annual regular dividends for at least five consecutive years.

The Dividend Achievers 50™ Index -- this index tracks the 50 highest-yielding stocks on the Broad Dividend Achievers Index.

International Dividend Achievers™ Index -- this index tracks companies incorporated outside the U.S. that trade on the NYSE, Nasdaq or London Stock Exchange and that have improved annual regular dividends for at least five consecutive years.

NASDAQ Dividend Achievers™ Index -- this index is designed to track dividend achievers companies who trade on the Nasdaq.

Select Canadian Dividend Index™ -- this index is comprised of companies from the Broad Canadian Dividend Index who also meet additional standards of average daily cash volume, indicated annual dividend (IAD) yield, and market capitalization.

The High Growth Rate Dividend Achievers™ Index -- this index filters the Broad Dividend Achievers Index to the 100 stocks with the fastest-growing dividends -- showing investors a snapshot of the market's most active and aggressive dividend achievers.

Why it Matters:

Related Terms

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- [Qualified Automatic Contribution Arrangement \(QACA\)](#)
- [Face Value](#)
- [Short Selling](#)
- [Tax-Free Spinoff](#)
- [Net Revenue](#)
- [Burn Rate](#)

Term of the Day



Best Execution

Best execution refers to the imperative that a broker, market maker, or other agent acting on behalf of an investor is obligated to execute the investor's order in a way that is most advantageous to the investor rather than the agent.

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Financial Dictionary



A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Dividend Aristocrats

Like  0 Tweet    8+1  2

What it is:

The term "dividend aristocrats" is used to describe Standard & Poor's (S&P) 500® Index companies that have consistently improved their dividend rates every year for at least 25 consecutive years.

How it works/Example:

Typically, a *dividend aristocrat* is a large and relatively stable blue-chip company with a healthy balance sheet. Companies on the list are often household names with storied pasts and ubiquitous brands, such as McDonald's (NYSE: MCD) and Coca-Cola (NYSE: KO).

S&P has several indexes for dividend aristocrats, including:

S&P 500 Dividend Aristocrats -- this index measures the performance of large cap, blue chip companies within the S&P 500 that have consistently improved their dividend rates every year for at least 25 consecutive years.

S&P 500 Dividend Aristocrats Risk Control Indices -- By utilizing an overlying mathematical algorithm and methodology, these indices offer greater stability and control of the S&P 500 Dividend Aristocrats Index's risk level.

S&P 500 Europe 350 Dividend Aristocrats -- this index measures the performance of S&P 350 index constituents that have consistently improved their dividend rates every year for at least 10 consecutive years. These companies must also have a float adjusted market capitalization of at least U.S. \$3 billion and an average daily trading volume of at least U.S. \$5 million.

S&P 500 High Yield Dividend Aristocrats -- this index measures the performance of the 60 highest dividend yielding S&P Composite 1500 companies that have consistently increased dividends every year for at least 25 years.

S&P 500 Pan Asia Dividend Aristocrats -- this index measures the performance of companies within the S&P Pan Asia Broad Market Index (BMI) that have consistently increased dividends every year for at least seven years.

S&P 500/TSX Canadian Dividend Aristocrats -- this index measures the performance of S&P Canadian Broad Market Index (BMI) that have consistently increased dividends every year for at least five years.

Investors can track the performance of the dividend aristocrats online, via the [S&P website](#).

Why it Matters:

A dividend aristocrat is considered the "gold standard" for dividend-generating stocks. Income investors seeking safety and a steady stream of income gravitate toward the dividend aristocrats. However, it's important to note that extreme events can cause even the aristocrats to fall out of favor and off the list, so following a dividend aristocrat investing strategy is not fool-proof.

For example, during the Great Recession of 2008-09, many financial institutions once considered to be rock-solid dividend plays were dumped from the list. If a company fails to increase its dividends from the previous year, it is removed. This is what happened during the recent economic downturn and financial meltdown, when brand-name companies ordinarily associated with dividend stability were cut, notably Bank of America.

Read on to find out: [How to Create a Stream of Lasting Dividend Income](#).

And don't miss these [4 Steps to Finding the S&P 500's Safest Dividend](#).

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[Net Revenue](#)
[Burn Rate](#)

Term of the Day

 **Best Execution**

Best execution refers to the imperative that a broker, market maker, or other agent acting on behalf of an investor is obligated to execute the investor's order in a way that is most advantageous to the investor rather than the agent.

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City of Gulf Breeze

Memorandum

To: Edwin A. Eddy, City Manager

From: Curt Carver, Deputy City Manager

Date: 10/7/2014

Subject: Investment Policy

Enclosed is the proposed ordinance approving a revised investment policy for the City. This is the same ordinance approved by the City Council at their meeting on October 6th. It includes the "High Grade Equity Funds" approval (see page #7 and Attachment A) and the reference to the 1985 Loan Program.

As was previously discussed, High Grade Equity Funds are described as mutual funds or exchange traded funds that are comprised primarily of U.S. based, large market capitalized companies that are dividend achievers or dividend aristocrats. These later terms refer to companies that have improved their annual dividends for at least 10 consecutive years and S&P 500 companies that have consistently increased their dividend rates for at least 25 years respectively.

As you know, this draft has been reviewed by Mr. Gray and he has indicated that it satisfies the intent of his recommendation to the City Council. Should you have any questions, please do not hesitate to contact me.

Recommendation: That the City Council approve the enclosed ordinance adopting a revised investment policy for the City and hold a public hearing on October 20, 2014 and approve it on a Second Reading on that date.

Enclosure

ORDINANCE NO. 07-14

**AN ORDINANCE RELATING TO INVESTMENT POLICIES; ADOPTING
A REVISED INVESTMENT POLICY FOR CITY OF GULF BREEZE;
MAKING FINDINGS; PROVIDING AN EFFECTIVE DATE.**

WHEREAS, Section 218.415, Florida Statutes, authorizes any unit of local government to conduct investment and reinvestment activity outside the statutory framework, provided such activity is consistent with a written investment plan adopted by the governing body; and

WHEREAS, the City of Gulf Breeze approved an investment plan on April 4, 2011; and

WHEREAS, it is the desire of the City Council and in the best interest of the citizens of the City of Gulf Breeze that said investment plan be revised.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA:

SECTION 1. The foregoing findings are incorporated herein by reference and made a part hereof.

SECTION 2. The City of Gulf Breeze Investment Policy, attached hereto as Exhibit "A," and effective upon approval on Second Reading, is hereby found to be consistent and in conformance with the requirements of Section 218.415, Florida Statutes, and is hereby adopted as a written investment plan for the conduct of investment activity of surplus public funds.

SECTION 3. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

SECTION 4. If any word, sentence, clause, phrase, or provision of this ordinance, for any reason, is held to be unconstitutional, void, or invalid, the validity of the remainder of this ordinance shall not be affected thereby.

SECTION 5. This Ordinance shall become effective upon its adoption by the City Council.

PASSED ON THE FIRST READING ON THE 6th DAY OF OCTOBER, 2014.

ADVERTISED ON THE 9th DAY OF OCTOBER, 2014.

PASSED ON THE SECOND READING ON THE 20th DAY OF OCTOBER, 2014.

By: 
Beverly Zimmern, MAYOR

ATTEST TO BY:

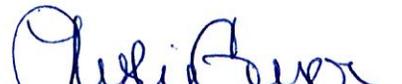

Leshe Guyer, CITY CLERK

Exhibit A
City of Gulf Breeze
Investment Policy

Approved April 4, 2011
Revised October 6, 2014

I. SCOPE

This policy applies to the investment of all monies of the City of Gulf Breeze (the "City"), its Enterprise Funds, and including those held within Gulf Breeze Financial Services, to include the 1985 Loan Program, both short and long-term, with the exception of City pension funds, if any, or any other monies invested under separate ordinance, resolution, policy, or agreement.

1. **Pooling of Funds.** Except for cash in certain restricted and special funds, the City may consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation in each investment pool and in accordance with generally accepted accounting principles. Such pooling of funds shall be done when advantageous, but not an administrative requirement.

II. GENERAL OBJECTIVES

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

1. **Safety.** Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
 - a. **Credit Risk.** The City will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:
 - Limiting investments to the safest types of securities;
 - Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business; and
 - Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

b. Interest Rate Risk. The City will minimize the risk that change in the market value of securities in the portfolio caused by changes in general interest rates will result in any losses, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

2. **Liquidity.** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. A portion of the portfolio, sufficient to meet regular operating needs, should be placed in money market mutual funds or local government investment pools which offer same-day liquidity at par for short-term funds. The remainder of the portfolio should be structured so that securities mature concurrent with known, longer-term, cash needs (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portion of the portfolio not invested in cash-equivalent investments and not otherwise matched to specific cash flow requirements should be laddered appropriately consistent with the maturity limitations provided for in section IV and Attachment 1. The portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).

2. **Yield.** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments should be limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity, with the following exceptions:

- Liquidity needs of the portfolio require that the security be sold.
- A security with declining credit may be sold early to minimize loss of principal.
- A security swap would improve the quality, yield, or target duration in the portfolio.

III. STANDARDS OF CARE

1. **Prudence.** The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall

portfolio. The Investments Administrator, or other employee of the City, acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

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.

If and to the extent any derivative products authorized under section are used, the Investments Administrator shall have developed sufficient understanding and expertise in managing the instruments in question and have researched available investment options and determined that the derivative products to be used are appropriate and cost effective for the strategic portfolio management goals to be addressed. The Investments Administrator will comply with the policies, procedures and other requirements provided for in the City's Derivatives Policy, including but not limited to:

- Obtaining authorization from the Gulf Breeze City Council prior to entering into each derivative transaction;
- Quantifying all risks associated with any proposed transactions;
- Limiting participation in any swap transaction to counter-parties with credit ratings of AA- or better; and
- Reporting annually on the financial performance of existing derivative transactions.

2. **Ethics and Conflicts of Interest.** Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the City.

3. **Delegation of Authority.** Authority to manage the investment program is granted to the Finance Director, City Manager, or the Executive Director of Gulf Breeze Financial Services [hereinafter referred to as the Investments Administrator] as may be

appointed. Responsibility for the operation of the investment program is hereby delegated to the Investments Administrator, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. To manage the investments program, the Investments Administrator may enter into agreements with financial dealers and institutions, and is authorized to appoint personnel to invest City funds in accordance with this policy and to initiate or validate wire transfers as required. In no event will anyone other than the Investments Administrator enter into written or verbal agreements or contracts, relating to investments or banking services with financial institutions or dealers, without the express written consent of the Investments Administrator.

4. **Continuing Education.** City investment personnel shall annually complete at least 4 hours of continuing education in subjects or courses of study related to investment practices and products.

5. **Business Procedures**

a. **Authorized Financial Dealers and Institutions.** A list will be maintained of financial institutions authorized to provide investment services. Each broker/dealer must comply with the Securities and Exchange Commission's Rule 15c3-1 regarding net capital requirements for brokers or dealers. The City will utilize only those financial institutions who meet the following criteria:

- (1) Broker/dealer institutions designated as "Primary Dealers" by the Federal Reserve Bank of New York.
- (2) Banking institutions that maintain a local office in the State of Florida and are broker/dealers in U.S. Government securities.
- (3) Other broker/dealers in U.S. Government securities, approved by the Investments Administrator, who meet the other requirements of this section.

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following, as applicable:

- Audited financial statements
- Proof of National Association of Securities Dealers (NASD) certification
- Completed broker/dealer questionnaire, included as Attachment 2
- Certification of having read and understood and agreeing to comply with the City's investment policy, using firm's letterhead, signed by an authorized representative of the firm.

- Proof of Qualified Public Depository (if applicable)

These standards are understood to be a continuing requirement for all dealers and institutions. Dealers and institutions conducting business with the City are hereby required under this policy to immediately notify the City upon failure to retain the above listed standards. An annual review of the financial condition and registration of qualified financial institutions and broker/dealers will be conducted by the Investments Administrator or his designee.

From time to time, the Investments Administrator may choose to invest in instruments offered by community financial institutions or other banking institutions within the State of Florida. In such situations, a waiver to the criteria under Paragraph 1 may be granted. All terms and relationships will be consistent with state or local law including designation of the institution as a Qualified Public Depository under Florida Statutes, Chapter 280.

- b. Internal Controls.** The Investments Administrator is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgments by management.

Accordingly, the Investments Administrator shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Development of a wire transfer agreement with the lead bank

- c. **Delivery vs. Payment.** All trades where applicable will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Safekeeping receipts or other evidence of ownership will be audited on a semi-annual basis with a variance report issued to the Investments Administrator.

IV. **SUITABLE AND AUTHORIZED INVESTMENTS**

1. **Investment Types.** Consistent with the Governmental Finance Officers' Association (GFOA) Policy Statement on State and Local Laws Concerning Investment Practices, and/or Chapter 218.415 of the Florida Statutes, the following investments will be permitted by this policy:
 - U.S. government obligations, U.S. government agency or instrumentality obligations, and the obligations of federal government sponsored enterprises (GSEs), which have a liquid market with a readily determinable market value;
 - Securities whose timely payment of principal and interest are fully guaranteed by any of the above;
 - Certificates of deposit and other evidences of deposit at financial institutions, provided that any such investments shall be in a qualified public depository (as defined in Chapter 280 of the Florida Statutes) and/or be covered by FDIC insurance;
 - Investment-grade obligations of state and local governments and public authorities;
 - Repurchase agreements whose underlying purchased securities consist of the foregoing;
 - Guaranteed Investment Contracts (GIC's) which are collateralized by the foregoing;
 - Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities; and
 - Local government investment pools (LGIPs) either state administered or through joint powers statutes and other intergovernmental agreement legislation;

- Mutual Funds or Exchange Traded Funds (“High Grade Equity Funds”) that are comprised primarily of U.S. based, Large Cap companies that are dividend achievers or dividend aristocrats.
 - High grade corporate debt consisting of U.S. dollar denominated debt obligations of domestic or foreign corporations, or foreign sovereignties issued in the U.S. or in foreign markets. This shall include, but not be limited to corporate notes and bonds, medium term notes, Eurodollar notes and bonds, asset backed securities, and commercial paper, rated in a high tier (e.g., A-1, P-1, or F-1 or higher) by a nationally recognized rating agency. Any such longer-term investments in this category shall be rated investment grade or better by at least two nationally recognized rating agencies, one of which shall be Moody's or Standard & Poor's; and
 - Any other qualified investment permitted under Florida Statutes then in effect.
2. **Competitive Bid.** When appropriate, the City will attempt to obtain three (3) competitive bids from qualified Dealers and Institutions prior to awarding an investment. The competitive bids may be verbal or written quotes. The investment will be awarded to the bidder who provides the greatest effective yield (best bid) on the investment. Where multiple maturities are bid, the City reserves the right to either award the investment to the bidder which provides the best bid in aggregate for all maturities, or the City may award bids by individual maturity. Any tie bid will be awarded to the financial institution which submits the earlier bid. When purchases are made in the open market by an investment manager contracted by the City, bids are not required.
 3. **Repurchase Agreements.** Repurchase agreements shall be consistent with GFOA Recommended Practices on Repurchase Agreements. The City will utilize the basic form of the Master Repurchase Agreement, recommended by The Bond Market Association, when investing funds in repurchase agreements with financial institutions. However, the Investments Administrator is authorized to amend the form of the Master Repurchase Agreement as required to achieve specific investment goals and objectives.
 4. **Use of Mutual Funds and Managed Investments.** The Investments Administrator may purchase mutual funds and other managed investments either directly or through an investment manager or advisor, provided that the investments in any such mutual fund shall be materially consistent with the allowable investments provided for in this investment policy. The Investments Administrator shall monitor the composition and value of the investments in any such fund to ensure that, in combination with other investments, the other limitations of this investment policy are complied with.

5. **Securities Lending.** The Investment Administrator is authorized to participate in one or more securities lending programs. Securities from the City's portfolio may be made available to any such program, provided that participation therein will not restrict the City's ability to sell such securities as the Investment Administrator deems appropriate. Any such securities lending program will require that lent securities be collateralized at 102%, and that collateral be valued daily. The City may participate in a securities lending program through an agent or manager, acting on behalf of the City. The agents or managers of such lending programs will maintain current credit analyses of the borrowers to whom they lend, and a list of the participating borrowers will be submitted for approval by the City. The agent or manager of any lending program shall indemnify the City for any losses arising from a borrower's failure to perform.

6. **Derivatives.** The City is authorized to utilize derivative instruments, including interest rate swaps, for the limited purpose of meeting strategic investment portfolio goals such as hedging the portfolio's exposure to interest rate risk. In order to insure that these derivative instruments are utilized only for these purposes, such derivative instruments shall be appropriately matched against existing or maturing assets. The notional amount and remaining term to maturity of all derivative transactions related to the investment portfolio shall at all times be less than or equal to a like par value and remaining term to maturity of otherwise permitted investment instruments either existing or contemplated at the maturity of existing investments. Any such derivative instruments and the related investment assets shall be maintained in complementary interest rate modes (fixed or variable).

7. **Investment Parameters**
 - a. **Diversification.** The investments shall be diversified by:
 - Limiting investments to avoid over-concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities and U.S. agency obligations),
 - Limiting the portion of total investments in any single security,
 - Limiting the portion of any single security purchased to maximize the liquidity of the City's investments,
 - Limiting investment in securities that have higher credit risks, investing in securities with varying maturities, and
 - Continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIP's), money market funds or

overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

Investments are subject to the numerical limitations included in Attachment 1.

- b. Maximum Maturities.** To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than ten (10) years from the date of purchase or in accordance with state and local statutes and ordinances. The City shall adopt weighted average maturity limitations consistent with the investment objectives.

Reserve funds and non-operating funds (example: Bond Sinking Funds, Electric & Water Meter Deposits) with longer-term investment horizons may be invested in securities exceeding ten years if, in the judgment of Investments Administrator, any such investments are sufficiently liquid to provide for the unexpected use of such funds. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as LGIPs, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations. For purposes of meeting this requirement, the City may invest in securities with ostensible maturities in excess of ten years if said securities have, in the judgment of the Investments Administrator, adequate liquidity features (e.g., VRDNs with bank supported puts) or other market liquidity sufficient to ensure the high likelihood of the City being able to access funds at par on short notice. Additionally, notwithstanding the limits provided for in Attachment 1, the City may increase the limit on State and Local Government obligations to 30% of the portfolio, for purposes of investing in liquid obligations as provided for in the previous paragraph, if, in the judgment of the Investments Administrator, said obligations provide sufficient additional return.

V. REPORTING

- 1. Methods.** The Investments Administrator shall prepare an investment report at least annually, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last year. This management summary will be prepared in a manner, which will allow the City to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report will be available to the City Manager and City Council upon request. The report will include the following:
 - Listing of individual securities held at the end of the reporting period

- Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration that are not intended to be held until maturity
 - Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks
 - Listing of investment by maturity date
 - Percentage of the total portfolio -by type of investment
2. **Performance Standards.** The investment portfolio will be managed in accordance with the parameters specified within this policy.
 3. **Marking to Market.** The market value of the portfolio shall be calculated at least annually and a statement of the market value of the portfolio shall be issued at least annually.

VI. POLICY CONSIDERATIONS

1. **Exemption.** Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.
3. **Amendments.** This policy may be reviewed on an annual basis. Any changes must be approved by the City Council.

VII. LIST OF ATTACHMENTS

The following documents are attached to this policy:

- Attachment 1 - Schedule of Investment Type Limitations (based on market value)
- Attachment 2 - Broker Questionnaire

ATTACHMENT 1

SCHEDULE OF INVESTMENT TYPE LIMITATIONS
(Market Value)

Type of Security	% of Total Maximum
US Government Obligations	100%
Local Government Investment Pools	100%
Certificates of Deposit	25%
Federal Agency & Instrumentality Obligations	100%
Collateralized Repurchase Agreements	15%
Other Investment Pools (rated "A" or better)	10%
State and Local Government Obligations	30%
High Grade Corporate Debt & CP	15%
High Grade Equity Fund	25%

Maturity Limitations	% of Total Maximum
≤ 1 Year	100%
> 1 - 3 Years	75%
> 3 - 5 Years	50%
> 5 - 10 Years	25%
> 10 Years	0%
*Except as provided for in section IV.7.b	

Other Limitations	% of Total Maximum
Portion of Individual Issue Purchase	50%
Portion of Fixed-Income Portfolio in a Single Security (except for investments with daily liquidity at par)	15%

"Maximums" are not to exceed percentages within the investment category

ATTACHMENT 2

BROKER/DEALER QUESTIONNAIRE

Name of Firm: _____
(Parent company also, if applicable)

Address: _____

_____ Phone: () _____

Account Representative: _____ Title: _____

Email Address _____

Backup Representative: _____ Title: _____

Email Address _____

Please answer each question below on your firm's letterhead and attach to this form.

Is the address shown above the location of the primary and backup account representatives? If not please provide other applicable addresses and contact information.

Has the representative been given clearance by the firm to be the sole representative for this account? If so, by whom?

How long has the representative been an institutional governmental securities broker at the firm?

How long has the representative been an institutional fixed-income broker at this and other firms?

Signature of Authorized Officer

July 13, 2011

Memo to: Mayor Beverly Zimmern, Buz Eddy, Steve Milford
as members of the Investment Committee appointed by the City of Gulf Breeze

From: Ed Gray, III



Selection of an Investment Manager and Providing for a Credit Facility

In anticipation of our meeting next Tuesday at noon in the GBFS office, I am providing the enclosed materials submitted by 4 potential investment management firms. Certainly, you can read these and grasp the details to whatever degree you desire. Candidly, the statutory limitations of what types of securities and other investment instruments that can be purchased by the city's funds result in most of the proposals having essentially the same investment choices. This will mean yields will track closely among the firms. The proposals in your packet in the order of how they were assembled are Synovus (parent of Coastal Bank), BB&T Bank with its Investment Subsidiary Sterling Capital, O'Sullivan Creel, and Regions Bank and its subsidiary Morgan Keegan.

It has been my objective to pursue leveraging the portfolio of investments to also serve as a means to obtain a line of credit available to the city. I have no reason to believe there is any immediate need to draw on a credit facility, but having one established for managing emergency borrowings or cash flow associated with projects underway can be of benefit to the city. A line of credit of this type will certainly save borrowing costs when compared to other loan or bond structures. It will, however, only be for short term needs.

With the premise that the investment management services are priced comparably, and the investment types will be quite similar, the pricing of the line of credit becomes the primary determining factor in assessing which proposals are more beneficial to the city.

Two of these stand out with aggressive pricing on the line of credit:

- 1- O'Sullivan Creel Wealth Advisors through its association with Charles Schwab & Co. is offering a credit line that would price today at 1.5%. The percentage of the account that can be borrowed (often referred to as the margin percentage) will be 50%.
- 2- BB&T is offering a credit line that would price today at 1.14%. The margin percentage is 75% with a maximum total line of \$3,000,000.

It is my recommendation to select these two firms and divide the investment management between the two of them. This will enable the establishment two credit lines. We will also have a comparison of how the two perform over time with the investments.

Ed Gray III

From: Alex Bell
Sent: Wednesday, July 13, 2011 11:23 AM
To: Ed Gray III
Subject: Sent from Snipping Tool

Fed Funds @ 25bps; (2)

LIBOR, other interest rate indexes

Updated 7/6/2011

	This week	Month ago	Year ago
<u>Bond Buyer's 20 bond index</u>	4.65	4.49	4.36
<u>FRMA 30 yr Mtd Com del 60 days</u>	4.43	4.29	4.14
<u>1 Month LIBOR Rate</u>	0.19	0.19	0.34
<u>3 Month LIBOR Rate</u>	0.25	0.25	0.53
<u>6 Month LIBOR Rate</u>	0.40	0.39	0.76
<u>Call Money</u>	2.00	2.00	2.00
<u>1 Year LIBOR Rate</u>	0.74	0.72	1.15

(1) BB + T rate - add .95% to this
(2) O'Sullivan rate - add 1.25% to this

Ed Gray III

From: Michael Hardin [michaelhardin@synovustrust.com]
Sent: Thursday, January 13, 2011 3:44 PM
To: Ed Gray III
Cc: Lynn Arnold; Rex McKinney
Subject: Investment Management Services
Attachments: (2011.01.13) Gulf Breeze Fin Services Proposal - Bios.pdf; (2011.01.13) Gulf Breeze Intermediate Proposal.pdf; (2011.01.13) Gulf Breeze Proposed Fee Schedule.pdf; (2011.01.13) Gulf Breeze 3 yr Proposal.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Ed,

In follow up to our conversation last week, I have attached two proposed portfolios for the \$8 million (\$4 million per account) in governmental funds we discussed. The proposed portfolios are grouped by maturity to illustrate an average yield to maturity for each portfolio. For the short-term portfolio, the illustrated average yield to maturity is 1.92%. For the intermediate duration portfolio, the illustrated average yield to maturity is 2.85%.

The illustrated yields included projected trading costs but do not include our investment management fee which would be .25% or 25 basis points. I have attached a proposed fee schedule also for your consideration.

Finally, I have attached a list of biographies of our institutional trust team that would be working with you.

On behalf of Coastal Bank & Trust and Synovus Trust Company, N.A., we appreciate the opportunity to present our services to you and would consider it a great privilege to work with you.

Lynn will be following up on the credit side and if you have any questions, please don't hesitate to contact me.

Best regards,

Michael

SYNOVUS

Michael E. Hardin
Synovus Trust Company, N.A.
Executive Vice President, Institutional Trust Services
1148 Broadway, 3rd Floor
Columbus, GA 31901
(706) 649-7074 Phone
(706) 649-4860 Fax
michaelhardin@synovustrust.com

"IRS CIRCULAR 230 Disclosure: Under U.S. Treasury regulations, we are required to inform you that any tax advice contained in this communication or any attachment hereto is not intended to be used, and cannot be used, to avoid penalties imposed under the Internal Revenue Code."

NOTICE: This communication is intended only for the person or entity to whom it is addressed and may contain confidential, proprietary, and/or privileged material. Unless you are the intended addressee, any

Synovus Institutional Trust

***Michael E. Hardin, JD, CFP®*, Executive Vice President, Director, Institutional Trust Services**

Michael is Executive Vice President and Director of Institutional Trust Services for Synovus Trust Company, N.A. in Columbus, Georgia. Michael has been with Synovus Trust since 1997. He has over 12 years of trust and investment experience. Michael earned his Juris Doctorate from the University of Georgia School of Law. He received a BBA degree, *summa cum laude*, in Finance and Economics from Mercer University in Macon, Georgia. Prior to joining Synovus Trust, Michael practiced law in Atlanta and Columbus, Georgia. Michael is a Certified Financial Planner. In the community, Michael has served on several charitable boards including the Homeless Resource Network in Columbus, Georgia.

Megan L. Busby, CFA, Senior Vice President, Portfolio Manager

Ms. Busby joined GLOBALT in 2007 and serves the firm as the lead fixed income portfolio manager. She has over twenty years experience with Synovus Financial Corporation, including personal trust and institutional management, fixed income account management and served as interim Chief Investment Officer of Synovus Investment Advisors. Ms. Busby holds an undergraduate degree from the Georgia Institute of Technology, an M.B.A from Georgia State University, and in 1990, earned the right to use the Chartered Financial Analyst designation. Ms. Busby entered the investment field in 1987.

Michael Upshaw, JD, CFP®, ChFC, Vice President & Senior Portfolio Manager

Michael is a Vice President and Senior Portfolio Manager for Synovus Trust Company, N.A. in Columbus, Georgia. Michael has been with Synovus Trust since 1994 and has over 18 years of financial services experience. Michael earned a BS degree in finance with honors from Auburn University, a Juris Doctorate from the University of Georgia School of Law, and graduated with honors from the Cannon Financial Institute. Michael is a member of the Georgia Bar Association, holds a Certified Financial Planner designation, and earned the right to use the Chartered Financial Consultant designation. He serves as a member of the Asset Allocation Committee and primarily services the Foundation & Endowments and Institutional area.

Jennifer G. Wellborn, JD, Relationship Manager

Jennifer is the Relationship Manager for Foundations and Endowments for Synovus Trust Company, N.A. in Columbus, Georgia. Jennifer joined Synovus' Family Asset Management group in 2002 where she served as a financial and legal advisor for family office clients before joining Foundations and Endowments. Jennifer graduated magna cum laude from the University of Georgia and received a Juris Doctorate from the University of Georgia School of Law. She practiced private law in the areas of fiduciary, corporate, and environmental law before joining Synovus.

Lorrie Russell, Senior Trust Specialist/Coordinator

Lorrie, a graduate of Southern Trust School, has worked with the Synovus Family of Companies for 23 years. During that time, she has gained experience in the banking, brokerage and the trust industries. Starting her career in banking operations, she went on to serve five years in Synovus' Personal Trust Division before joining the Foundation & Endowments Services team as a Senior Trust Specialist in 2001. In 2004, she was promoted to Senior Trust Specialist/Coordinator and now oversees all the daily administration of our accounts, including both split-interest trusts and institutional accounts.

SYNOVUS

PROPOSED INVESTMENT STRATEGY AND BOND PORTFOLIO

The following proposed investment portfolio assumes that the local government has in place investment policy guidelines which allow the following securities:

U.S. Treasury debt

U. S. Agency debt, defined as debt issued by Federal Farm Credit Banks, Federal Home Loan Mortgage Corporation, Federal Home Loan Bank, and Federal National Mortgage Association.

U.S. corporate debt, limited to those which have a S&P or Moody's rating in the top three rating categories (AAA/Aaa, AA/Aa, and A/A)

Investment Strategy

Maximize yield given a three year time horizon.

Bond Portfolio

	Avg. Yield (%)
500,000 U.S. Corporate Bonds, due in 1 year	1.01
1,500,000 U.S. Corporate Bonds, due in 18 months – 2 years	1.76
2,000,000 U.S. Corporate Bonds, due in 30 months – 3 years	2.26
4,000,000 TOTAL PORTFOLIO	AVG YIELD 1.92

PROPOSED INVESTMENT STRATEGY AND BOND PORTFOLIO

The following proposed investment portfolio assumes that the local government has in place investment policy guidelines which allow the following securities:

U.S. Treasury debt

U. S. Agency debt, defined as debt issued by Federal Farm Credit Banks, Federal Home Loan Mortgage Corporation, Federal Home Loan Bank, and Federal National Mortgage Association.

U.S. corporate debt, limited to those which have a S&P or Moody's rating in the top three rating categories (AAA/Aaa, AA/Aa, and A/A)

Investment Strategy

Maximize total return given an intermediate-term time horizon

Bond Portfolio

	YTM (%)
750,000 U.S. Corporate Bonds, due in 3 years	2.26
850,000 U.S. Treasury Inflation Protected Bonds, due in 4 years	negligible
900,000 U.S. Agency Bonds, due in 3 to 5 years	2.34
1,500,000 U.S. Corporate bonds, due in 4 to 6 years	3.46
4,000,000 TOTAL PORTFOLIO (excl. TIPS) AVG Yield to Maturity	2.85

SYNOVUS TRUST COMPANY, N. A.

INVESTMENT MANAGEMENT COMPENSATION SCHEDULE

As Investment Manager, we provide all the features of the custody account, and we function as the manager of your investments. Synovus Trust Company, N. A. ("Synovus") provides a full range of investment services, regularly monitoring your account in keeping with your needs and investment objectives. Periodic reviews, regular statements of transactions, and annual tax reporting information are provided.

The following compensation schedule shall be effective for a primarily fixed income focused strategy beginning with the date of our becoming your Investment Manager.

Account Size	Based on Percentage of Market Value of Assets
\$0 to \$25,000,000	.25%
\$25,000,000 to 50,000,000	.20%
\$50,000,000 and above	.15%

Annual charges for investment management services are based on the market value of assets held in the account and are charged monthly and taken from the account.

Additional Services:

Synovus makes every effort to provide our customers with a broad spectrum of services within our regular compensation schedule. However, when services are required that fall outside our normal compensation schedule, our compensation will include reasonable charges and/or out-of-pocket expenses based upon the nature and extent of services required and responsibility assumed. Such as, but not limited to:

- An additional charge of \$2.00 per thousand of market value will be collected on all real estate assets.
- Any customary charges for securities trading within the account will be borne by the account. Unless prohibited by law or the account's underlying agreement, securities transactions may be executed through Synovus Securities, Inc. Any brokerage commissions paid to Synovus Securities, Inc. will be charged at its then prevailing rates and charges.
- Reasonable costs incurred in the withdrawal of assets or upon termination of the account will be borne by the account or reimbursed to Synovus, as applicable.

Synovus may use affiliated or unaffiliated third parties in servicing the account and may compensate such third parties for their services rendered. Use of third parties by Synovus will be in accordance with applicable law and the account's underlying agreement.

APPROVED, this _____ day of January, 2011.

Gulf Breeze Financial Services

Ed Gray, III
Executive Director

Institutional Fixed Income
Investment Management - Agency
(NOT TRUSTEE)

For Institutional Accounts of \$3 million or greater the MIAM Fixed Income Tiered Fee Schedule specific to the style of management would apply as per the below.

	MIAM Enhanced Cash & Low Duration*	MIAM Core (Aggregate) & A-Intermediate**	Large Cap Equity**
First 10 million	25 bps	40 bps	80 bps
Next 15 million	15 bps	30 bps	75 bps
Next 25 million	12 bps	25 bps	40 bps
Next 100 million	10 bps	20 bps	30 bps
Excess	8 bps	10 bps	20 bps

* Minimum Annual Fee of \$7,500

** Minimum Annual Fee of \$12,000

January 20, 2011

Ed Gray III
Executive Director
Gulf Breeze Financial Services
Edgray3@muniad.com

RE: Letter of Intent—City of Gulf Breeze
Line of Credit

Dear Ed,

I am pleased to inform you of Coastal Bank and Trust's intent to provide financing to the City of Gulf Breeze for the purpose of a working capital line of credit. The general terms and conditions would be as follows:

Borrower:	City of Gulf Breeze
Loan Amount:	\$6,000,000.00 : two separate lines of credit, (1) secured by the treasury based portion of the proposed investment portfolio with (2) the second line secured with the remaining investments.
Loan Term:	Structured as revolving lines of credit with an annual maturity date. Draws subject to (1) 90% loan to value on the treasury based secured line and (2) 75% loan to value on the remaining investments proposed by Michael Hardin of Synovus Trust Company as US Corporate Bonds rated AAA/Aaa, AA/Aa, and A/A.
Interest Rate:	(1) Index of Libor plus 1.50% based on three month libor subject to change as the index changes. (2) Index of Libor plus 2.25% based on three month libor subject to change as the index changes. Three month libor currently .30%.

Page Two
City of Gulf Breeze
January 18, 2011

Origination
Fees: \$500.00 fee per line

Collateral: Proposed \$8,000,000. investment portfolio placed
with Synovus Trust Company

Closing
Costs: Loan to be closed with a bank approved attorney if
an attorney closing is required. Borrower will be
responsible for all closing costs associated with loan.

Coastal Bank and Trust's ultimate obligation to fund will arise upon the satisfactory preparation, execution, and delivery of documentation in form and substance satisfactory to the bank, including, but not necessarily limited to the terms set forth above. The terms, rates, and conditions stated in this letter will expire on March 1, 2011.

I appreciate the opportunity to provide this letter of intent. Please call me at 934-7767 or email me at lynnarnold@coastalbankandtrust.com should you have any questions or concerns about these terms and conditions.

Sincerely,

Lynn F. Arnold
Vice President



Branch Banking & Trust Co.

Commercial
5061 North 12th Avenue
Pensacola, FL 32504
Fax (850) 475-9366

May 9, 2011

Mr. Ed Gray
City of Gulf Breeze
315 Fairpoint Drive
Gulf Breeze, FL 32561

To Whom it May Concern:

Thank you for the opportunity to submit this proposal to you to become the primary relationship bank for The City of Gulf Breeze. Branch Banking and Trust Company (the "Bank") is pleased to extend its Commitment to provide financing on the following terms and conditions:

- Borrower: The City of Gulf Breeze ("Borrower").
- Loan: A Revolving Line of Credit up to \$3,000,000 (the "Revolver") that will include any Letters of Credit. Existing Letter of Credit requirements need to be disclosed and acceptable to Bank and will have a sub-limit of \$500,000).
- Loan Purpose: To provide funding for small working capital needs for the City as they may arise.
- Advances: Advances under the Revolver will be limited to the lesser of (a) \$3,000,000 or, (b) the sum of 75% of Eligible Investments held by Sterling Funds
- A deduction against availability will be made for the amount of any letters of credit outstanding issued by Bank on the City's behalf and as otherwise directed by the Bank.
- Interest Rate: Interest will accrue at the floating rate of LIBOR plus 0.95% adjusted monthly on the first day of each month. All interest shall be calculated on the basis of a 360-day year. Any Letters of Credit issued under the Revolver will be priced at 1.00 % of the face amount. The subject pricing is contingent upon the Bank receiving the investments which will be managed by Sterling Funds.

- Fees: A \$1,500 Commitment Fee will be earned and payable in full upon closing.
- Security: The Revolver shall be secured by a first priority blanket lien on all assets of Borrower which are held by BB&T Sterling Funds.
- Payment Terms: The Revolver will require monthly payments of interest only and will have a maturity of 12 months with principal due at maturity. The entire principal balance and all accrued, but unpaid, interest shall be due in a single installment at maturity.
- Due-on-Sale or Encumbrance: The Loan(s) will be immediately due and payable, at the option of the Bank, in the event the Collateral or any interest therein is sold or transferred, in the event any other encumbrances are created or permitted to exist with respect to the Collateral, without the prior written consent of Bank, which consent may be granted or refused by Bank in Bank's sole discretion.
- Reporting: All books and records of Borrower will be properly maintained and made available by Borrower for inspection by representatives of Bank. Along with other requirements set forth in the Loan Documents, maintenance of the Loans requires that Borrower provide Bank with the following regular reports:
- (i) Audited financial statements of Borrower for each fiscal year end beginning with the fiscal year ending September 30, 2010 prepared in accordance with GAAP by an independent certified public accountant satisfactory to Bank,
 - (ii) Quarterly brokerage statements which state the current portfolio value of the Sterling Fund Account(s).
- Documentation: The Loan(s) will be represented by such documentation properly prepared and executed and in form and content satisfactory to Bank, as Bank may require. Satisfactory documentation must include a satisfactory legal opinion on Borrower's contracts with (i) expert witnesses, and (ii) customers. The rights of Borrower and its expert witnesses must be secondary/subordinate to Bank. Once executed the Loan Documents ("Loan Documents") will replace this Commitment.
- Expenses: All expenses incurred in the attempt to close the Loans including without limitation all appraisal fees and expenses, field exam fees and expenses,

fees and expenses related to the real estate (surveys, title insurance, environmental, etc.), legal fees and expenses, recording fees and expenses and including the fees of Bank's legal counsel, whether or not the Loan(s) close, are the direct responsibility and liability of Borrower and shall be paid by Borrower.

(i) Deposit: All Commitment Fees are due and payable in full at closing.

Other:

The Loan Documents may contain additional material terms and conditions designed to protect the position of the Bank and its collateral.

Borrower will furnish Bank with any other information or documentation as Bank may reasonably require to close the Loan(s) and throughout the term of the commitment period.

We appreciate the opportunity to make the foregoing commitment to you and hope you find it acceptable. If so, please sign in the space provided below and return the original of this letter to me along with the required deposit. This commitment will expire if not accepted or extended in writing by the close of business on June 01, 2011 and if closing does not occur within 60 days from the date of your acceptance of this letter. Your confidentiality as it relates to the terms of this commitment will be greatly appreciated.

Again, thank you for this opportunity to be of service. We are prepared to move forward promptly at your direction, or to provide any other service you might allow us to render.

Sincerely,
BRANCH BANKING AND TRUST COMPANY

By: 
Perry A. Palmer
Business Service Officer

ACCEPTED:
THE CITY OF GULF BREEZE

The City of Gulf Breeze
May 9, 2011
Page 4

By: _____ (SEAL)

Title: _____

Date: _____