

City of South Daytona

Office of the City Manager / Department of Finance

Post Office Box 214960 • South Daytona, FL 32121 • 386/322-3060 • FAX 386/322-3099



MEMORANDUM

To: James L. Gillis, Jr., City Manager
From: Jason E. Oliva, Deputy Finance Director
Re: Resolution No. 2022-18, Investing with FLSTAR
Date: August 22, 2022

Resolution No. 2022-18 is the companion piece to Resolution No. 2202-17 (the previous item on the current agenda). While Resolution No. 2022-17 proposes to amend the City's Investment Policy, Resolution No. 2022-18 authorizes the City to enter into an Interlocal Agreement with other cities in Florida to invest funds in an intergovernmental investment pool known as the Florida Short Term Asset Reserve (FLSTAR).

If approved, the surplus funds received from the sale of the City's cell tower and American Rescue Plan Act (ARPA) funds will be invested into the FLSTAR pool for a higher return as compared to our Wells Fargo account where the funds currently reside.

FLSTAR is a local government investment pool program that meets the City's investment objectives of preservation of principal, daily liquidity, and competitive yield. FLSTAR is a conservatively managed investment pool providing daily liquidity & competitive yields. It was created by local governments for local governments in full compliance with state statutes and rated AAAM by Standard & Poor's. The pool offers same day availability of funds with late day transactions deadline until 5:00 p.m. EST. FLSTAR also had a higher current, and 7-day Net Yield rate than other investment pools. FLSTAR current rate is 2.1944% compared to the .40% the City is currently earning with Wells Fargo.

J.P. Morgan Asset Management and Hilltop Securities serve as Co-Administrators for FLSTAR. Bryant Miller Olive serves as legal counsel for FLSTAR. PricewaterhouseCoopers provides independent auditing services to FLSTAR.

Our plans for enrollment in FLSTAR have been reviewed by the City's auditor James Moore & Co. and found to be sound. As a result, staff recommends approval of Resolution No. 2022-18 as written which, in conjunction with Resolution No. 2022-17, proposes a higher yield in comparison to our Wells Fargo account.

RESOLUTION NO. 2022-18

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOUTH DAYTONA, FLORIDA AUTHORIZING THE EXECUTION AND DELIVERY OF AN INTERLOCAL AGREEMENT FOR THE PURPOSE OF JOINTLY EXERCISING ITS POWER TO INVEST SURPLUS FUNDS IN AN INTERGOVERNMENTAL INVESTMENT POOL PURSUANT TO SECTION 218.415, FLORIDA STATUTES, AND SECTION 163.01, FLORIDA STATUTES; APPROVING THE INVESTMENT OF CERTAIN SURPLUS FUNDS IN THE FLORIDA SHORT TERM ASSET RESERVE; APPOINTING AN AUTHORIZED REPRESENTATIVE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Section 218.415, Florida Statutes, authorizes any Governmental Entity within the State of Florida (the "State") and not part of State government, including, but not limited to, counties, municipalities, school districts, special districts, clerks of circuit court, sheriffs, property appraisers, tax collectors, supervisors of elections, authorities, boards, public corporations, or any other political subdivision of the State (each a "Unit of Local Government" and, collectively, "Units of Local Government") to invest and reinvest any surplus funds in their control or possession in any intergovernmental investment pool authorized pursuant to Section 163.01, Florida Statutes; and

WHEREAS, Section 163.01, Florida Statutes, permits political subdivisions, agencies, or officers of the State, including, but not limited to State government, counties, cities, school districts, single and multipurpose special districts, single and multipurpose public authorities, metropolitan or consolidated governments, separate legal entities or administrative entities created under Section 163.01(7), Florida Statutes, or independently elected county officers (each a "Public Agency" and, collectively, "Public Agencies"), to enter into an interlocal agreement to jointly exercise any power, privilege, or authority which such Public Agencies share in common and which each might exercise separately, permitting the Public Agencies to make the most efficient use of their powers by enabling them to cooperate on a basis of mutual advantage and thereby provide for the sharing of their powers in a manner and pursuant to forms of governmental organization that are in the best interests of the Public Agencies; and

WHEREAS, the City of South Daytona is a Unit of Local Government and Public Agency, and is authorized pursuant to Section 218.415 of the Florida Statutes, and its own local laws to invest certain of its surplus funds in statutorily permitted investments, including, but not limited to, any intergovernmental investment pool authorized pursuant to Section 163.01, Florida Statutes; and

WHEREAS, the City of Ocoee, Florida and the City of Haines City, Florida, entered into that certain Interlocal Agreement and Trust Agreement, dated as of March 21, 2019 and filed of record with the Clerk of the Court of Ocoee and Orange Counties, respectively (as amended to date and as set forth on www.flstar.org, the "**Interlocal Agreement**"), in order to provide the Participants (as defined in the Interlocal Agreement), a substantial benefit by establishing the intergovernmental investment pool to be known as the Florida Short Term Asset Reserve ("FLSTAR"), which is an intergovernmental investment pool as described in Section 218.415, Florida Statutes, and managed,

operated, and supervised by a board of trustees, which is a separate legal entity and public body corporate and politic pursuant to Section 163.01(7), Florida Statutes; and

WHEREAS, the City of South Daytona desires to join the Interlocal Agreement and execute and deliver the Additional Party Agreement, in order to jointly exercise its investment power and invest its surplus funds in concert with the other Participants pursuant to the Interlocal Agreement in order (a) participate in diversified and professionally managed Portfolios (as defined in the Interlocal Agreement) to meet its investment needs, (b) create greater purchasing powers through economies of scale, (c) lower the costs associated with the investment and reinvestment of its surplus funds; and (d) be provided assistance on investment alternatives and other investment issues of concern; and

WHEREAS, the City of South Daytona further desires to invest and reinvest a portion of its surplus funds in FLSTAR; and

WHEREAS, the City of South Daytona has adopted written investment policies authorizing investment in intergovernmental investment pools authorized pursuant to Section 163.01, Florida Statutes, and with respect to the funds to be invested in such intergovernmental investment pools, all authorized investments set forth in the investment policies of such intergovernmental investment pools.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of South Daytona as follows:

SECTION 1. AUTHORITY. This Resolution of the City of South Daytona is adopted pursuant to the provisions of Section 163.01, Florida Statutes (the "Interlocal Act"), Section 218.415, Florida Statutes (the "Local Government Investment Act") and Chapter 166, Part II, Florida Statutes, Chapter 125, Florida Statutes, and other provisions of law to the extent applicable (collectively, the "Act").

SECTION 2. INTERLOCAL AGREEMENT.

- a) Pursuant to Article VI of the Interlocal Agreement, the City of South Daytona hereby approves and joins the Interlocal Agreement as a Participant and agrees to be bound by all of the terms and provisions thereof.
- b) The City Manager, or his or her duly authorized designee, is hereby authorized and directed to execute and deliver the Additional Party Agreement, which is in substantially the form attached hereto as Exhibit A with such changes, amendments, modifications, deletions, and additions as may be approved by such officer, or his or her duly authorized designee, the execution thereof being conclusive evidence of such approval.
- c) The Interlocal Agreement constitutes a joint exercise of power, privilege, or authority by and between the Participants thereunder and is deemed to be an "interlocal agreement" within the meaning of the Interlocal Act.

SECTION 3. INVESTMENT IN FLSTAR; APPOINTMENT OF AUTHORIZED REPRESENTATIVE; TAX PAYER IDENTIFICATION NUMBER; CONTACT INFORMATION.

- a) The City of South Daytona is hereby authorized to invest and reinvest a portion of its surplus funds in one or more Portfolios of FLSTAR. The City of South Daytona hereby acknowledges the board of trustees' power to supervise FLSTAR and hereby agrees the surplus funds transferred to FLSTAR shall be held and managed in trust by the board of trustees for the City of South Daytona's benefit.
- b) The following officers, officials, or employees of the City of South Daytona are hereby designated as "Authorized Representatives" within the meaning of the Interlocal Agreement, with full power and authority to, among other things, execute the Interlocal Agreement, the Additional Party Agreement, an application to join FLSTAR, and any other documents required to become a Participant; deposit money to and withdraw money from the City of South Daytona's FLSTAR account from time to time in accordance with the Interlocal Agreement and the Information Statement; to agree to the terms for the use of the website for online transactions; and take all other actions deemed necessary or appropriate for the investment of funds of the City of South Daytona:

- 1. Name: James L. Gillis, Jr. Signature: _____
Title: City Manager
Phone: 386 322-3014
Email: lgillis@southdaytona.org
- 2. Name: Jason Oliva Signature: _____
Title: Finance Director
Phone: 386 322-3063
Email: joliva@southdaytona.org

In accordance with FLSTAR's procedures, an Authorized Representative shall promptly notify FLSTAR in writing of any changes in who is serving as Authorized Representatives.

(c) The name of the Authorized Representative listed above that will be designated as the primary contact and will receive all FLSTAR correspondence, including transaction conformations and monthly statements, is:

Name: Jason Oliva, Finance Director

(d) The following additional City of South Daytona representative (not listed above) is designated as an inquiry only representative authorized to obtain account information:

Name: Dennis Carlson Signature: _____
Title: Assistant Finance Director
Phone: 386 322-3023
Email: dcarlson@southdaytona.org

(e) The City of South Daytona may designate other Authorized Representatives by written instrument signed by an existing Authorized Representative or the City of South Daytona's City Manager.

(f) The taxpayer identification number for the City of South Daytona is 596000430.

(g) The contact information for the City of South Daytona is: Primary mailing address: PO BOX 214960, South Daytona, FL 32121-4960

(h) Physical address (if different): 1672 S. Ridgewood Avenue South Daytona, FL 32119

Main phone number: 386 322-3063

Main fax number: 386 322-3099

SECTION 4. DIRECTION AND AUTHORITY. The officials, officers, attorneys, and other agents or employees of the City of South Daytona are directed and authorized to do all acts and things required of them by this Resolution and the Interlocal Agreement for the full, punctual, and complete performance of all the terms, covenants, and agreements provided for herein and therein, and each of the officials, officers, attorneys, or other agents or employees are hereby authorized and directed to execute and deliver any and all papers and instruments (including any agreements required for use of online portals related to FLSTAR) and to do and cause to be done all acts and things necessary or proper for carrying out the activities and actions contemplated by this Resolution and the Interlocal Agreement.

SECTION 5. INVESTMENT POLICIES. With respect to the surplus funds to be invested in FLSTAR, to the extent the written investment policies of the City of South Daytona adopted pursuant to Section 218.415, Florida Statutes (the "Investment Policies"), are inconsistent with the investment policies of FLSTAR, the City of South Daytona hereby amends the Investment Policies to include as an authorized investment FLSTAR and all authorized investments set forth in the investment policies of FLSTAR, as such investment policies may be amended from time to time in accordance with the Interlocal Agreement.

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PASSED AND ADOPTED at a meeting held on the 12th day of September 2022.

CITY OF SOUTH DAYTONA, FLORIDA

William C. Hall, Mayor

ATTEST: _____
James L. Gillis Jr, City Manager

APPROVED AS TO FORM AND LEGALITY:

Wade Vose, City Attorney

**ADDITIONAL PARTY AGREEMENT
of that certain
INTERLOCAL AGREEMENT AND TRUST INSTRUMENT
for the
FLORIDA SHORT TERM ASSET RESERVE**

This Additional Party Agreement (this "Agreement") is executed as of the 12th day of September, 2022, by and on behalf of the City of South Daytona, Florida (the "Participant").

The City of Ocoee, Florida and the City of Haines City, Florida (collectively, the "Initial Members") entered into that certain Interlocal Agreement and Trust Instrument, dated as of March 21, 2019 and filed of record with the Clerk of the Court of Ocoee and Orange Counties, respectively (as amended to date and as set forth on www.flstar.org, the "Interlocal Agreement"), in order to establish and maintain an intergovernmental investment pool as described in Section 218.415, Florida Statutes. All capitalized undefined terms used herein shall have the meanings set forth in the Interlocal Agreement.

The Initial Members through due execution and delivery of the Interlocal Agreement have thereby created the Florida Short Term Asset Reserve ("FLSTAR"), an intergovernmental investment pool as described in Section 218.415, Florida Statutes, which is managed, operated, and supervised by the Board, a separate legal entity and public body corporate and politic pursuant to Section 163.01(7), Florida Statutes.

The Participant hereby represents and warrants that (a) prior to the Participant's execution of this Agreement, the Participant has received and reviewed the Interlocal Agreement and finds it proper to invest all or a portion of its Surplus Funds in one or more Portfolios of FLSTAR in accordance with the terms of the Interlocal Agreement; (b) the Participant is a Unit of Local Government and Public Agency; (c) the Person executing this Agreement on behalf of the Participant is an officer of the Unit of Local Government who is properly authorized to invest the Surplus Funds of the Participant and execute this Agreement; (d) the Participant (i) has taken all required official action to adopt and authorize the execution of the Interlocal Agreement including, without limitation, adopting or enacting a resolution or ordinance, or taking any other action necessary to authorize participation and investment in FLSTAR (for example, adopting written investment policies or amending or modifying any existing written investment policies to authorize the investment in intergovernmental investment pools), and (ii) has furnished to the Board evidence satisfactory to FLSTAR that such official action has been taken; and (e) the Participant has tendered or has agreed to tender to the Custodian Surplus Funds for investment under the Interlocal Agreement.

By executing this Agreement, the Participant agrees that (a) it will be a Participant in FLSTAR and may appoint an officer or employee to serve as a Trustee as described in the Interlocal Agreement; and (b) it will become a party to the Interlocal Agreement to which this Agreement is attached, and thereby will be bound by all terms and conditions of the Interlocal Agreement, as amended from time to time, including without limitation that it will maintain written investment policies consistent with the provisions of the Investment Policies, as the same may be amended from time to time.

IN WITNESS WHEREOF, the undersigned has executed and sealed this Agreement as of the day first above written.

Name of Unit of Local Government:

OFFICIAL SEAL OF UNIT OF LOCAL
GOVERNMENT
Required Below

By: _____
Authorized Representative Signature

Printed Name and Title

Attest: _____
Authorized Representative Signature

Printed Name and Title

Approved and accepted:

FLORIDA SHORT TERM ASSET RESERVE

By: Hilltop Securities Inc., as Co-Administrator

By: _____
Authorized Signer

Date: _____