

12. CITY MANAGER

a. Informational Items

xii. Status report regarding the State Board of Administration (SBA)



MEMORANDUM

TO: JUDIE ZIMOMRA, CITY MANAGER
FROM: SYLVIA EDWARDS, FINANCE DIRECTOR
DATE: APRIL 1, 2009

REPORT ON STATE BOARD OF ADMINISTRATION (SBA) INVESTMENT POOL as of March 31, 2009

In accordance with Council's direction staff has continued to monitor and drawdown funds from the City's SBA accounts as the funds have become available for investment into treasury bills.

The aggregate balance in the City's Pool A and Pool B accounts as of March 31, 2009 is \$1,223,505.86.

The Pool B balance is \$1,223,111.11. The current market value as of February 29, 2009 is \$756,140.69 (approximately 62% of the City's Pool B balance). The City has booked the September 30, 2008 unrealized loss of \$273,321.22. The additional February 29, 2009 unrealized loss of \$193,649.20 has not been booked.

Pool B's termination horizon is seven to nine years. The City's investment policy requires that idle funds not needed for immediate operating purposes should not exceed five (5) year maturities with the exception of reserve funds (such as debt reserves) which may exceed the five (5) years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

The sewer fund's Pool B meets the City's investment policy criteria. The SBA provided an opportunity to merge the three (3) Pool B accounts into one account. The deadline for making the decision was March 31. The other two Pool B accounts were merged into the sewer fund's Pool B debt reserve account. The internal transfer will be made at market value.

A schedule of activities is attached for Council's review.

ATTACHMENT

CITY OF SANIBEL
HISTORY OF LOCAL GOVERNMENT INVESTMENT POOL PLAN B
ADMINISTERED BY THE STATE BOARD OF ADMINISTRATION (SBA)
From November 30, 2007 through March 6, 2009

Updated 03/06/09

Date	Description	Gen'l Acct # xxx021		Sewer Acct # xxx022		Rec Ctr # xxx024		Fund B
		Activity	Balance	Activity	Balance	Activity	Balance	Combined Total
11/30/07	Beginning Balance							\$ -
12/05/07	Initial Split to Plans A & B	3,094,957.50	3,094,957.50	978,838.79	978,838.79	260,520.98	260,520.98	4,334,317.27
01/31/08	Transfer back from Pool B	(77,009.99)	3,017,947.51	(24,355.86)	954,482.93	(6,482.39)	254,038.59	4,226,469.03
02/08/08	Transfer back from Pool B	(797,823.50)	2,220,124.01	(252,326.76)	702,156.17	(67,157.55)	186,881.04	3,109,161.22
03/17/08	Transfer back from Pool B	(324,289.07)	1,895,834.94	(102,562.55)	599,593.62	(27,297.34)	159,583.70	2,655,012.26
04/18/08	Transfer back from Pool B	(163,261.18)	1,732,573.76	(51,634.43)	547,959.19	(13,742.66)	145,841.04	2,426,373.99
06/20/08	Transfer back from Pool B	(448,968.25)	1,283,605.51	(141,994.69)	405,964.50	(37,792.33)	108,048.71	1,797,618.72
06/25/08	Transfer back from Pool B	(231,800.07)	1,051,805.44	(73,311.15)	332,653.35	(19,511.99)	88,536.72	1,472,995.51
07/03/08	Transfer back from Pool B	(53,444.93)	998,360.51	(16,902.97)	315,750.38	(4,498.78)	84,037.94	1,398,148.83
08/06/08	Transfer back from Pool B	(16,018.08)	982,342.43	(5,066.02)	310,684.36	(1,348.34)	82,689.60	1,375,716.39
09/05/08	Transfer back from Pool B	(14,323.86)	968,018.57	(4,530.19)	306,154.17	(1,205.72)	81,483.88	1,355,656.62
10/06/08	Transfer back from Pool B	(18,097.35)	949,921.22	(5,723.63)	300,430.54	(1,523.36)	79,960.52	1,330,312.28
11/06/08	Transfer back from Pool B	(13,399.74)	936,521.48	(4,237.92)	296,192.62	(1,127.94)	78,832.58	1,311,546.68
12/04/08	Transfer back from Pool B	(31,574.10)	904,947.38	(9,985.90)	286,206.72	(2,657.78)	76,174.80	1,267,328.90
01/08/09	Transfer back from Pool B	(12,167.58)	892,779.80	(3,848.23)	282,358.49	(1,024.22)	75,150.58	1,250,288.87
02/06/09	Transfer back from Pool B	(10,473.36)	882,306.44	(3,312.40)	279,046.09	(881.60)	74,268.98	1,235,621.51
03/06/09	Transfer back from Pool B	(8,933.16)	873,373.28	(2,825.28)	276,220.81	(751.96)	73,517.02	1,223,111.11
09/30/08	Unrealized Loss FY 2008		(195,167.43)		(61,725.39)		(16,428.40)	(273,321.22)
02/29/08	Unrealized Loss FYTD 2009		(138,276.92)		(43,732.69)		(11,639.59)	(193,649.20)
03/06/09	Market Value		539,928.93		170,762.73		45,449.03	756,140.69

62%

Return of Fund B Principal

The table below details SBA's progress in returning principal to investors in Fund B. Through the end of February 2009 investors cumulatively received distributions from Fund B totaling \$1.43 billion or over 71% of their original balances. The \$6.8 million distribution on February 9 consisted of principal pay-downs and income from the securities in the Fund.

The securities remaining in Fund B are legacy items from the four issuers whose financial circumstances gave rise to the November 2007 run (in addition to overnight instruments temporarily holding fund earnings). As of January 29, 2009 their par value (amortized cost) was \$739.0 million, or 29.0% more than remaining participant positions in Fund B. Conversely, the current market value of these securities is pegged at \$356.0 million or 62.1% of remaining participant positions.

It is important to note that due to the lack of an actively traded market for Fund B securities, their "market value" is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources in the marketplace. Although the estimate represents an attempt to reasonably reflect the stressed circumstances that currently exist, the amount actually realized if the securities were liquidated at this time could be more or less than the estimate. Moreover, these estimates of current market value may not be predictive of the ultimate amount likely to be realized from these securities. Fund B's investment objective is to maximize the present value of distributions to participants. If, in the judgment of the portfolio manager, fair value exceeds current value at points in the future, then complete or partial liquidations of securities could be deferred for an extended period of time; e.g., a seven to nine year horizon for complete termination or self-liquidation of Fund B. In the interim, the SBA will continue to make regular monthly distributions from Fund B based on receipts from these securities.

Fund B Distributions to Participants

	(1)	(2)	(3)	(4)
	Distributions to Participants	Cumulative Distributions	Participant Principal	Proportion of Original Principal Returned
12/05/07	\$	\$	\$ 2,009,451,941	0.0%
01/18/08	\$ 50,000,000	\$ 50,000,000	\$ 1,959,451,941	2.5%
02/11/08	\$ 518,000,000	\$ 568,000,000	\$ 1,441,451,941	28.3%
03/18/08	\$ 210,550,000	\$ 778,550,000	\$ 1,230,901,941	38.7%
04/21/08	\$ 106,000,000	\$ 884,550,000	\$ 1,124,901,941	44.0%
06/19/08	\$ 291,500,000	\$ 1,176,050,000	\$ 833,401,941	58.5%
06/26/08	\$ 150,500,000	\$ 1,326,550,000	\$ 682,901,941	66.0%
07/07/08	\$ 34,700,000	\$ 1,361,250,000	\$ 648,201,941	67.7%
08/06/08	\$ 10,400,000	\$ 1,371,650,000	\$ 637,801,941	68.3%
09/05/08	\$ 9,300,000	\$ 1,380,950,000	\$ 628,501,941	68.7%
10/07/08	\$ 11,750,000	\$ 1,392,700,000	\$ 616,751,941	69.3%
11/07/08	\$ 8,700,000	\$ 1,401,400,000	\$ 608,051,941	69.7%
12/04/08	\$ 20,500,000	\$ 1,421,900,000	\$ 587,551,941	70.8%
01/09/09	\$ 7,900,000	\$ 1,429,800,000	\$ 579,651,941	71.2%
02/09/09	\$ 6,800,000	\$ 1,436,600,000	\$ 572,851,941	71.5%

CITY OF SANIBEL
HISTORY OF LOCAL GOVERNMENT INVESTMENT POOL PLAN B
ADMINISTERED BY THE STATE BOARD OF ADMINISTRATION (SBA)
From November 30, 2007 through March 6, 2009

Updated 03/06/09

Date	Description	Gen'l Acct # xxx021		Sewer Acct # xxx022		Rec Ctr # xxx024		Fund B
		Activity	Balance	Activity	Balance	Activity	Balance	Combined Total
11/30/07	Beginning Balance							\$ -
12/05/07	Initial Split to Plans A & B	3,094,957.50	3,094,957.50	978,838.79	978,838.79	260,520.98	260,520.98	4,334,317.27
01/31/08	Transfer back from Pool B	(77,009.99)	3,017,947.51	(24,355.86)	954,482.93	(6,482.39)	254,038.59	4,226,469.03
02/08/08	Transfer back from Pool B	(797,823.50)	2,220,124.01	(252,326.76)	702,156.17	(67,157.55)	186,881.04	3,109,161.22
03/17/08	Transfer back from Pool B	(324,289.07)	1,895,834.94	(102,562.55)	599,593.62	(27,297.34)	159,583.70	2,655,012.26
04/18/08	Transfer back from Pool B	(163,261.18)	1,732,573.76	(51,634.43)	547,959.19	(13,742.66)	145,841.04	2,426,373.99
06/20/08	Transfer back from Pool B	(448,968.25)	1,283,605.51	(141,994.69)	405,964.50	(37,792.33)	108,048.71	1,797,618.72
06/25/08	Transfer back from Pool B	(231,800.07)	1,051,805.44	(73,311.15)	332,653.35	(19,511.99)	88,536.72	1,472,995.51
07/03/08	Transfer back from Pool B	(53,444.93)	998,360.51	(16,902.97)	315,750.38	(4,498.78)	84,037.94	1,398,148.83
08/06/08	Transfer back from Pool B	(16,018.08)	982,342.43	(5,066.02)	310,684.36	(1,348.34)	82,689.60	1,375,716.39
09/05/08	Transfer back from Pool B	(14,323.86)	968,018.57	(4,530.19)	306,154.17	(1,205.72)	81,483.88	1,355,656.62
10/06/08	Transfer back from Pool B	(18,097.35)	949,921.22	(5,723.63)	300,430.54	(1,523.36)	79,960.52	1,330,312.28
11/06/08	Transfer back from Pool B	(13,399.74)	936,521.48	(4,237.92)	296,192.62	(1,127.94)	78,832.58	1,311,546.68
12/04/08	Transfer back from Pool B	(31,574.10)	904,947.38	(9,985.90)	286,206.72	(2,657.78)	76,174.80	1,267,328.90
01/08/09	Transfer back from Pool B	(12,167.58)	892,779.80	(3,848.23)	282,358.49	(1,024.22)	75,150.58	1,250,288.87
02/06/09	Transfer back from Pool B	(10,473.36)	882,306.44	(3,312.40)	279,046.09	(881.60)	74,268.98	1,235,621.51
03/06/09	Transfer back from Pool B	(8,933.16)	873,373.28	(2,825.28)	276,220.81	(751.96)	73,517.02	1,223,111.11
09/30/08	Unrealized Loss FY 2008		(195,167.43)		(61,725.39)		(16,428.40)	(273,321.22)
02/29/08	Unrealized Loss FYTD 2009		(138,276.92)		(43,732.69)		(11,639.59)	(193,649.20)
03/06/09	Book Value		539,928.93		170,762.73		45,449.03	756,140.69

62%

CITY OF SANIBEL
HISTORY OF LOCAL GOVERNMENT INVESTMENT POOL (LGIP)
ADMINISTERED BY THE STATE BOARD OF ADMINISTRATION (SBA)
From November 30, 2007 through March 31, 2009

Updated 03/31/09

Balances @ 03/31/2009		\$ 136.12	\$ 873,373.28	\$ 216.38	\$ 276,220.81	\$ 42.25	\$ 73,517.02	\$ 394.75	\$ 1,223,111.11	\$ 1,223,505.86
		Gen'l Acct # xxx021		Sewer Acct # xxx022		Rec Ctr # xxx024		TOTAL DEPOSITS/WITHDRAWALS		
Date	Description	Plan A	Plan B	Plan A	Plan B	Plan A	Plan B	Plan A	Plan B	Combined Plans
11/30/07	Beginning Balance	\$ 18,943,020.28		\$ 6,804,885.29		\$ 1,811,141.36		\$ 27,559,046.93	\$ -	\$ 27,559,046.93
12/05/07	Initial Split to Plans A & B	(3,094,957.50)	3,094,957.50	(978,838.79)	978,838.79	(260,520.98)	260,520.98	(4,334,317.27)	4,334,317.27	-
12/14/07	Deposit from Tax Collector	2,573,118.00		-		-		2,573,118.00	-	2,573,118.00
12/31/07	December Interest	75,526.40		24,315.58		6,471.67		106,313.65	-	106,313.65
01/31/08	January Interest	72,662.64		22,982.62		6,116.89		101,762.15	-	101,762.15
01/31/08	Transfer back from Pool B	77,009.99	(77,009.99)	24,355.86	(24,355.86)	6,482.39	(6,482.39)	107,848.24	(107,848.24)	-
02/06/08	Deposit to SBA	5,000,000.00		-		-		5,000,000.00	-	5,000,000.00
02/07/08	Trans to Cash to Pay Expenses	-		-		(950,000.00)		(950,000.00)	-	(950,000.00)
02/08/08	Transfer back from Pool B	797,823.50	(797,823.50)	252,326.76	(252,326.76)	67,157.55	(67,157.55)	1,117,307.81	(1,117,307.81)	-
02/29/08	February Interest	68,405.58		17,808.36		2,536.20		88,750.14	-	88,750.14
03/17/08	Transfer back from Pool B	324,289.07	(324,289.07)	102,562.55	(102,562.55)	27,297.34	(27,297.34)	454,148.96	(454,148.96)	-
03/31/08	March Interest	64,264.11		16,196.49		1,830.27		82,290.87	-	82,290.87
04/02/08	Withdrawal for T-bill Investment	(13,231,303.33)		(4,444,288.53)		(716,682.42)		(18,392,274.28)	-	(18,392,274.28)
04/18/08	Transfer back from Pool B	163,261.18	(163,261.18)	51,634.43	(51,634.43)	13,742.66	(13,742.66)	228,638.27	(228,638.27)	-
04/21/08	Withdrawal for T-bill Investment	(227,776.00)		(67,894.12)		(15,572.93)		(311,243.05)	-	(311,243.05)
04/30/08	April Interest	27,217.14		4,474.53		5.85		31,697.52	-	31,697.52
05/16/08	Withdrawal for T-bill Investment	(4,027,217.00)		(1,830,521.03)		-		(5,857,738.03)	-	(5,857,738.03)
05/31/08	May Interest	20,189.90		1,871.78		(0.99)		22,060.69	-	22,060.69
06/01/08	Withdrawal for T-bill Investment	(4,000,000.00)		-		-		(4,000,000.00)	-	(4,000,000.00)
06/20/08	Transfer back from Pool B	448,968.25	(448,968.25)	141,994.69	(141,994.69)	37,792.33	(37,792.33)	628,755.27	(628,755.27)	-
06/25/08	Transfer back from Pool B	231,800.07	(231,800.07)	73,311.15	(73,311.15)	19,511.99	(19,511.99)	324,623.21	(324,623.21)	-
06/30/08	June Interest (net admin charges)	7,993.75		155.39		39.64		8,188.78	-	8,188.78
07/03/08	Transfer back from Pool B	53,444.93	(53,444.93)	16,902.97	(16,902.97)	4,498.78	(4,498.78)	74,846.68	(74,846.68)	-
07/31/08	July Interest (net admin charges)	9,042.77		483.08		126.86		9,652.71	-	9,652.71
08/06/08	Transfer back from Pool B	16,018.08	(16,018.08)	5,066.02	(5,066.02)	1,348.34	(1,348.34)	22,432.44	(22,432.44)	-
08/14/08	Withdrawal for T-bill Investment	(787,450.00)		(239,780.00)		(63,320.00)		(1,090,550.00)	-	(1,090,550.00)
08/31/08	August Interest (net admin charges)	8,248.49		208.69		54.37		8,511.55	-	8,511.55
09/05/08	Transfer back from Pool B	14,323.86	(14,323.86)	4,530.19	(4,530.19)	1,205.72	(1,205.72)	20,059.77	(20,059.77)	-
09/16/08	Withdrawal for T-bill Investment	(22,580.26)		(4,743.96)		(1,262.89)		(28,587.11)	-	(28,587.11)
09/25/08	Withdrawal for T-bill Investment	(2,763,177.12)						(2,763,177.12)	-	(2,763,177.12)
09/30/08	Sept Interest (net admin charge)	6,124.68		3.54		0.94		6,129.16	-	6,129.16
10/06/08	Transfer back from Pool B	18,097.35	(18,097.35)	5,723.63	(5,723.63)	1,523.36	(1,523.36)	25,344.34	(25,344.34)	-
10/05/08	Withdrawal for T-bill Investment	(24,220.00)		(5,725.00)		(1,524.00)		(31,469.00)	-	(31,469.00)
10/31/08	Oct Interest (net admin charge)	1,441.73		(0.37)		(0.12)		1,441.24	-	1,441.24
11/06/08	Transfer back from Pool B	13,399.74	(13,399.74)	4,237.92	(4,237.92)	1,127.94	(1,127.94)	18,765.60	(18,765.60)	-
11/30/08	Nov Interest (net admin charge)	998.31		3.15		0.10		1,001.56	-	1,001.56
12/04/08	Transfer back from Pool B	31,574.10	(31,574.10)	9,985.90	(9,985.90)	2,657.78	(2,657.78)	44,217.78	(44,217.78)	-
12/08/08	Withdrawal for Investment	(47,000.00)		(14,000.00)		(3,500.00)		(64,500.00)	-	(64,500.00)
12/31/08	Dec Interest (net admin charge)	736.88		1.12		(0.28)		737.72	-	737.72
01/08/09	Transfer back from Pool B	12,167.58	(12,167.58)	3,848.23	(3,848.23)	1,024.22	(1,024.22)	17,040.03	(17,040.03)	-
01/13/09	Withdrawal for Investment	(855,000.00)		(4,000.00)		(1,300.00)		(860,300.00)	-	(860,300.00)
01/31/09	Jan Interest (net admin charge)	236.66		(0.45)		(0.79)		235.42	-	235.42
02/06/09	Transfer back from Pool B	10,473.36	(10,473.36)	3,312.40	(3,312.40)	881.60	(881.60)	14,667.36	(14,667.36)	-
02/28/09	Feb Interest (net admin charge)	5.79		1.03		(0.46)		6.36	-	6.36
03/06/09	Transfer back from Pool B	8,933.16	(8,933.16)	2,825.28	(2,825.28)	751.96	(751.96)	12,510.40	(12,510.40)	-
03/10/09	Withdrawal for Investment	(20,000.00)		(6,000.00)		(1,600.00)		(27,600.00)	-	(27,600.00)