

TOWN OF MALABAR

**COUNCIL WORKSHOP MEETING
MONDAY, JUNE 11, 2018
7:30 P.M.
MALABAR TOWN HALL
2725 MALABAR ROAD
MALABAR, FLORIDA**

AGENDA

- A. CALL TO ORDER, PRAYER AND PLEDGE**
- B. ROLL CALL**
- C. WORKSHOP ACTION:**
 - 1. Investment Advisor Presentation (Dana Investment Advisors)**
 - 2. Discussion: Council Priorities for FY 2019**
- D. Items for Discussion at Next Workshop on June 25**
 - Capital Improvement Plan (CIP) Goals for 2018/2019**
 - Information on Impact Fee Implementation**
 - Referendum Questions for Ballot**
- E. ADJOURNMENT**

WORKSHOPS ARE INTENDED AS “SHIRTSLEEVE” MEETINGS WHERE COUNCIL DISCUSSES TOPICS INFORMALLY IN ORDER TO ACHIEVE A BETTER UNDERSTANDING.

WORKSHOPS ARE NOT FORMAL LEGISLATIVE MEETINGS; THEREFORE, NO OFFICIAL ACTION CAN BE TAKEN. IN ORDER TO ALLOW SOME UNDERSTANDING OF THE STATUS OF DISCUSSION ITEMS, UNOFFICIAL “STRAW VOTES” MAY BE TAKEN TO DETERMINE THE SENSE OF COUNCIL

If any individual decides to appeal any decision made by this Council with respect to any matter considered at this meeting, a verbatim transcript may be required and the individual may need to insure that a verbatim transcript of the proceeding is made (FS 286.0105). The Town does not provide this service.

In compliance with the Americans with Disabilities Act (ADA), anyone who needs a special accommodation for this meeting should contact the Town Clerk at 727-7764 at least 48 hours in advance of this meeting.

TOWN OF MALABAR AGENDA ITEM REPORT

AGENDA ITEM NO: 1
Meeting Date: June 11, 2018

Prepared By: Mathew Stinnett, Deputy Town Clerk/Treasurer

SUBJECT: Dana Investment Advisors Presentation

BACKGROUND/HISTORY:

Enclosed is a presentation put together by Dana Investment Advisors that details their organization, investment strategy, comparable clients, and a hypothetical portfolio tailored to the Town of Malabar's cashflow needs and investment policy constraints. Council's approval of the updated investment policy was a necessary first step to be taken in order to make decisions about the most effective management of the Town's financial resources. Evaluation and approval of a suitable investment advisor is the next step.

As the Deputy Clerk/Treasurer I have had the opportunity to attend various continuing education courses and conferences including the Florida League of Cities, Florida Government Finance Officers Association, Government Finance Officers Association (national conference) and most recently the completion of the Treasury and Investment Management course at the Georgia State University Center for State and Local Finance as part of their Executive Education in Public Finance program. At these trainings, I have been able to listen to and have discussions with finance professionals from other states, cities, counties and specialists from the private sector that support our government operations from software providers to auditors and the investment advisor that I have asked to present this evening. Dave Mazza, Matt Slowinsky, and Greg Peters from Dana Investment Advisors have worked together with me to implement their investment strategy and develop a portfolio that I believe will make a significant improvement to the Town's investment returns without exposing it to additional risk in terms of safety and liquidity.

ATTACHMENTS: Dana Investment Advisors Presentation

ACTION OPTIONS: Discussion and Direction.



LIMITED VOLATILITY BOND STRATEGY

www.DanaInvestment.com

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Dana Investment Advisors was built on the belief that adhering to a defined investment process allows our professionals to focus on the fundamentals of consistent outperformance through security selection.

- Founded in 1980
- Employee-owned
- Domestic equity, taxable and tax-exempt fixed income, and ESG asset manager
- Manage \$7.4 billion as of March 31, 2018
- Headquartered in Brookfield, Wisconsin

We've never wavered from our goal of providing above market returns while reducing volatility for our clients.



**PENSIONS & INVESTMENTS
BEST PLACES TO WORK AWARD
2017 / 2016 / 2015 / 2014 / 2013 / 2012**

Dana Investment Advisors has been recognized as the top place to work “2017 Best Places to Work in Money Management” by Pensions & Investments. This is the sixth year in a row Dana Investment Advisors has been awarded this industry distinction.

“We are honored that Pensions & Investments has again recognized us for our strong culture, dedication to our employees, and social impact” stated Mark Mirsberger, Firm CEO, adding, “Our strong family/employee culture directly impacts our client experience as clients benefit from working with and developing strong relationships with a passionate team that essentially has little to no turnover for decades.”

- **Dana's Limited Volatility strategy has proven itself through many interest rate and economic cycles**
 - A seasoned 27 year history of positive annual total returns

- **Dana's Limited Volatility strategy is built on the foundation of**
 - Principal preservation
 - Liquidity to meet our clients' cash flow needs
 - Higher yield than other high quality and short duration investment alternatives while maintaining lower levels of risk

- **Personalized service with over 30 years of public management experience**
 - Work directly the Dana's Portfolio Managers to create a customized portfolio, analyze cash flows, review your Investment Policy Statement (IPS) and attend Committee/Council meetings

- **Active members of the Government Finance Officers Association (GFOA)**

- **Guest speaker at the Center for State and Local Finance within the Andrew Young School of Policy Studies at Georgia State University**

- **Deep experience in managing assets for municipal and public sector clients**
 - Manage over \$900 million in assets for municipal and public sector clients
 - Proudly serve over 100 municipal and public sector clients with an average client tenure of over 10 years

Arcadia Police & Firefighters Ret System, FL

Auburndale Municipal Police and Firefighters Pen Tr, FL

Avon Park Police Retirement Sys, FL

Belle Glade General Employees Ret Trust, FL

Belle Glade Ret Public Safety Officers, FL

Belleair Municipal Police Officers Ret, FL

Bonita Springs Fire Control & Rescue, FL

Bucks County Employees Ret Syst & Trust, PA

City of Baraboo WI

City of Beaver Dam, WI

City of Brookfield, WI

City of Dubuque, IA

City of Homestead, FL

City of Neenah, WI

City of Oak Creek, WI

City of Oconomowoc, WI

City of Racine, WI

City of Waukesha, WI

Columbus County, NC

Crestview General Employees' Ret Plan, FL

Crestview Police & Fire Retirement Plan, FL

Deltona Firefighters' Pension Plan, FL

Dodge County, WI

Door County, WI

East Lake Tarpon Special Fire Control, FL

Englewood Area Fire Control District, FL

Eustis Municipal Firefighters Pension Fd, FL

Gulfport Police Officers Trust Fund, FL

Gulfport Firefighters Ret Pension Fd, FL

Haines City General Employees Ret Plan, FL

Harford County, MD

Jefferson County, WI

Kenosha County, WI

Utility Board of Key West, FL

Kissimmee General Employees' Ret Plan, FL

Kissimmee Utility Authority Empl Ret Pl, FL

La Crosse County, WI

Lake Alfred Police Officers Ret System, FL

Lakeland Employee Pension Plan, FL

Lower Makefield Township, PA

Lynn Haven Firefighters', FL

Madison Metropolitan Sewerage District, WI

Maitland Police and Fire Pension Fund, FL

Melbourne General Employees Pension Plan, FL

Melbourne Beach Police Officers Ret Sys, FL

Milwaukee County, WI

Milwaukee Metropolitan Sewerage Dist., WI

Neptune Beach Police Officers Ret Trust, FL

North Collier Fire Control & Rescue Dist, FL

North River Fire District Firefighters, FL

Okeechobee Municipal Police Officers Pension, FL

Orange Park Firefighters Pension Tr Fd, FL

Oakbrook Terrace Police Pension Fund, IL

Okaloosa Island Fire District Ret Trust, FL

Okeechobee General Employees Ret Systems, FL

Outagamie County General Fund, WI

Outagamie County General Fund, WI

Oviedo Police Officers Ret Fund, FL

Oviedo Firefighters Pension Trust, FL

Ozaukee County, WI

Palm Beach Gardens Firefighters Ret Syst, FL

Perry Municipal Firefighters Ret System, FL

Punta Gorda Police Officers Pension Fund, FL

Punta Gorda Firefighters Ret, FL

Racine County, WI

Sanibel General Employee's Ret System, FL

Sebring Municipal Firefighters Pension, FL

Sebring Police Officers Ret Trust, FL

South Pasadena Firefighters Ret System, FL

St Cloud General Employees Ret System, FL

St Cloud Police Officers & Firefighters, FL

St Louis County Library Pension Plan, MO

Tequesta General Employees Pension Fund, FL

Town of Vail, CO

Town of Trumbull, CT

Upper Makefield Township, PA

Vero Beach Police Officers Ret. Fund, FL

Vilas County, WI

Waukesha County, WI

West Manatee Fire and Rescue District, FL

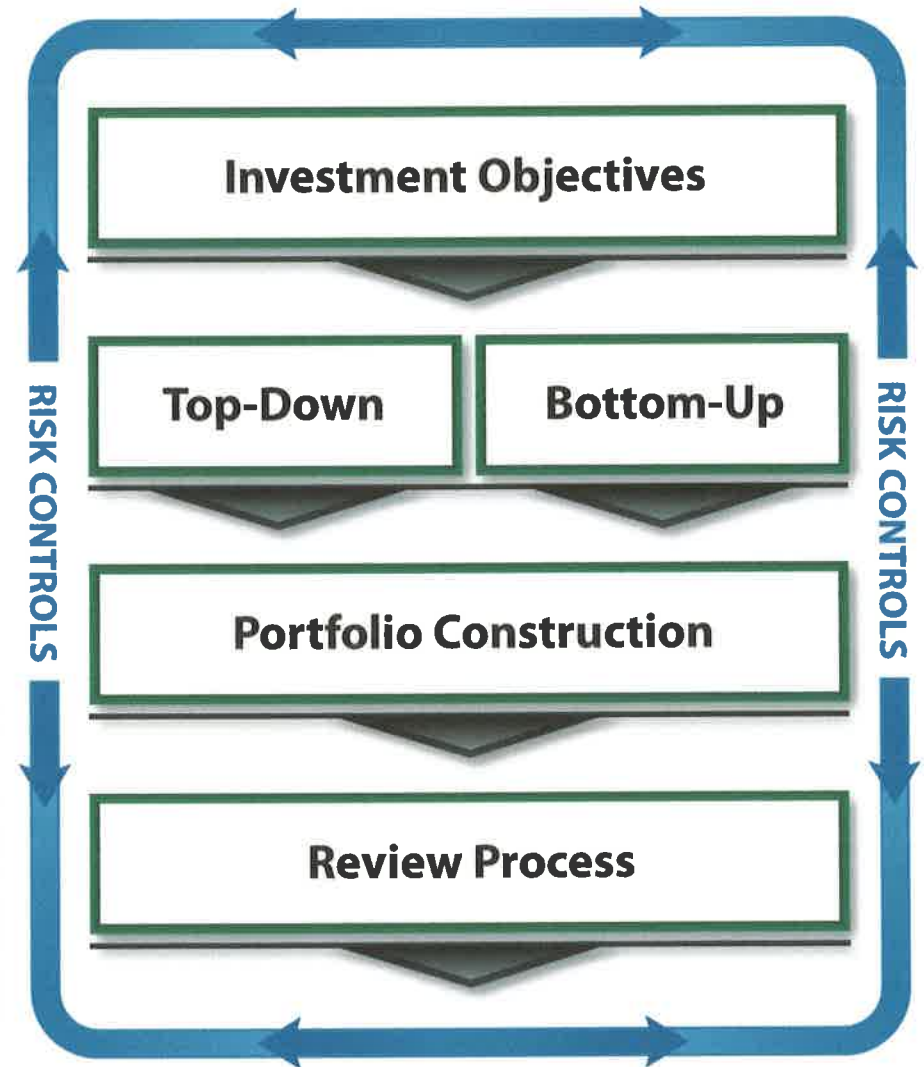
West Palm Beach Restated Employee, FL

Winnebago County, WI

Winter Haven Police Officers Retirement, FL

Investment Philosophy

We strive to generate excess *risk-adjusted returns* through a *consistent and disciplined* investment process.



Asset Classes Used:

- Treasury Inflation Protected Securities – Short duration treasury bonds indexed for inflation
- U.S. Agency Bonds – Step-coupon, callable and bullet bonds issued by Agencies of the U.S. Government
- Taxable Muni Bonds – Bonds issued by U.S. Municipalities
- Corporate Bonds – Fixed and adjustable rate corporate bonds
- U.S. Treasury Bonds – Securities issued by the U.S. Government
- SBA – Adjustable rate pools issued by the small business administration
- U.S. Agency Mortgage Backed Securities – fixed and adjustable-rate MBS/CMBS/CMO securities issued by U.S. Agencies

Common Issuers

Fannie Mae: A federally chartered, but privately owned, corporation which traces its roots to a government agency created in 1938 to provide additional liquidity to the residential mortgage market. In 1968 Ginnie Mae was spun off from Fannie Mae and Fannie Mae became a government sponsored private corporation. Fannie Mae has had regular capital infusions from the Treasury, and has been under the direction of the Federal Housing Finance Agency since 2008.

Ginnie Mae (GNMA): In 1968, Congress established the Government National Mortgage Association, commonly known as Ginnie Mae, as a government-owned corporation within the Department of Housing and Urban Development (HUD). Ginnie Mae securities carry the full faith and credit guarantee of the United States government.

Freddie Mac: A publicly owned or privately owned corporation established by Congress in 1970 to provide a continuous flow of funds to mortgage lenders, primarily through developing and maintaining an active nationwide secondary market in conventional residential mortgages. Like Fannie Mae, Freddie Mac purchases a large volume of conventional residential mortgages and uses them to collateralize mortgage backed securities. Freddie Mac is currently under the direction of the Federal Housing Finance Agency.

U. S. Small Business Administration: SBA was created in 1953 as a government agency that provides financing programs to assist small businesses in the U. S. Small business loans are made by banks under standards maintained by the SBA, and the guaranteed portion of the loan can be securitized and sold in the secondary market. These securities typically adjust their coupon monthly or quarterly at a spread above or below the prime rate.

Sample \$1 million Portfolio

as of April 30, 2018

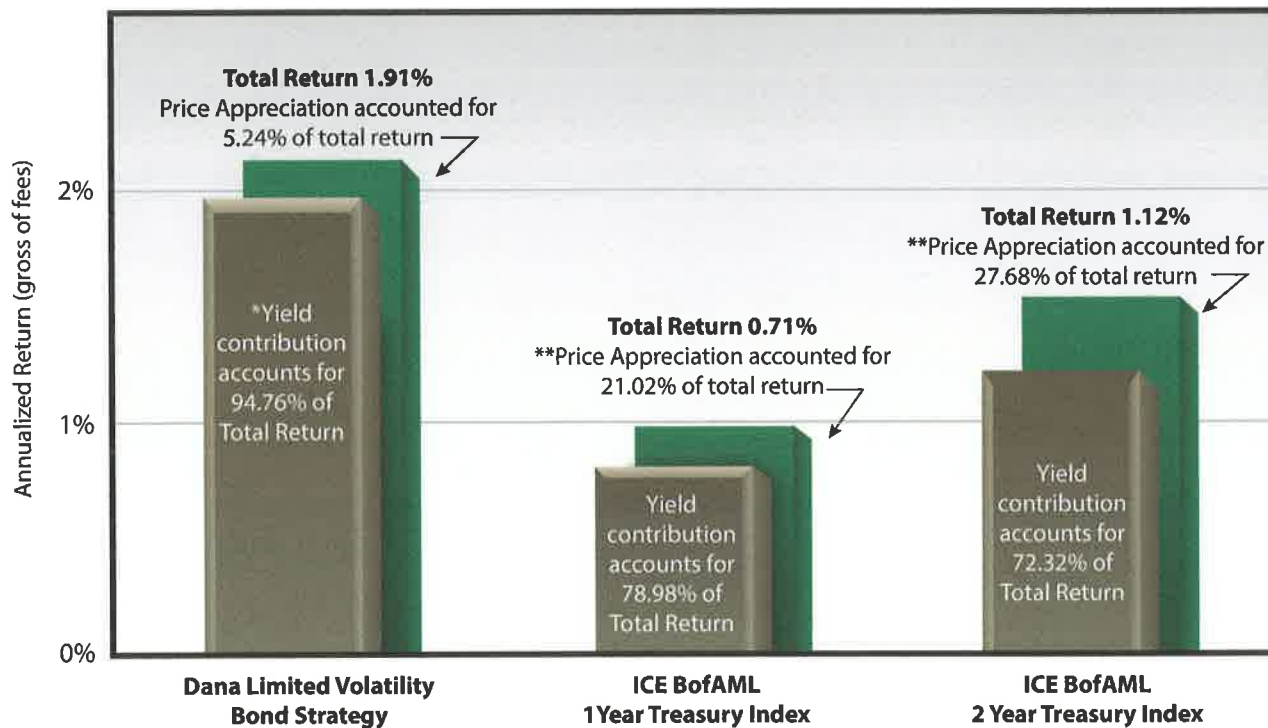
<i>Cusip</i>	<i>Issuer Name</i>	<i>Mdys</i>	<i>S&P</i>	<i>Maturity</i>	<i>Price</i>	<i>Mkt Val (000)</i>	<i>YTW (net of fees*)</i>	<i>Effective Duration</i>	<i>Call Date</i>
3134GAUY8	FEDERAL HOME LN MTG CORP	AGY	AA+	10/26/2018	99.860	90	2.094	0.314	07/26/2018
3134GAUT9	FEDERAL HOME LN MTG CORP	AGY	AA+	11/15/2018	99.350	90	2.213	0.536	05/15/2018
3134GAXX7	FEDERAL HOME LN MTG CORP	AGY	AA+	11/30/2018	99.280	90	2.249	0.577	N/A
3130AAE46	FEDERAL HOME LOAN BANKS	AGY	AA+	01/16/2019	99.360	90	2.161	0.704	N/A
3137EAEB1	FEDERAL HOME LN MTG CORP	AGY	AA+	07/19/2019	98.211	89	2.372	1.198	N/A
3134GBG30	FEDERAL HOME LN MTG CORP	AGY	AA+	09/27/2019	98.650	89	2.481	1.351	06/27/2018
3135G0R47	FEDERAL NATL MTG ASSN	AGY	AA+	10/28/2019	98.060	88	2.531	1.477	07/28/2018
313381PT6	FEDERAL HOME LOAN BANKS	AGY	AA+	01/09/2020	98.116	89	2.544	1.650	01/09/2018
3133EJHL6	FEDERAL FARM CR BKS	AGY	AA+	03/27/2020	99.640	90	2.569	1.850	N/A
3130AE2M1	FEDERAL HOME LOAN BANKS	AGY	AA+	04/20/2020	99.954	90	2.524	1.081	07/20/2018
3130ADF72	FEDERAL HOME LOAN BANKS	AGY	AA+	01/29/2021	98.800	89	2.790	2.066	01/29/2019
	Cash and Equivalent					17			
		Aaa	AA+	1.344	99.026	1,000	2.411 *	1.162	

Benefits of this sample portfolio as of 4/30/2018 include:

- Portfolio Yield (YTW) net of fees of 2.41% compared to FL PRIME of 1.97%
- Very low interest rate sensitivity via an effective duration of 1.16
- Highest quality portfolio with all AAA rated U.S. Government and U.S. Government Agency securities to minimize price movement
- Built to provide a higher yield than the FL PRIME and also provide liquidity with bonds staggered to mature multiple times during each year for the next three years
- Tactically allocated a portion of the portfolio to callable bonds for additional yield pick-up
- Fees: \$0-\$5 million at 0.18%, the next \$20 million at 0.15%, all assets over \$25 million at 0.12%

Consistency and Stability • Yield Drives Dana Limited Volatility Total Returns *

Comparison of 10 Year Annualized Averages
As of March 31, 2018 (gross of fees)



A larger yield contribution helps deliver consistent performance in various market environments.

Source: Bloomberg
*Effective Yield for the Strategy is calculated based on the annualized total return for the period less the average price appreciation for the period.
**Price appreciation for the benchmarks is calculated based on the annualized total return for the period less the average effective yield for the period.
See Important Disclosure Information

Consistent Positive Rolling Returns

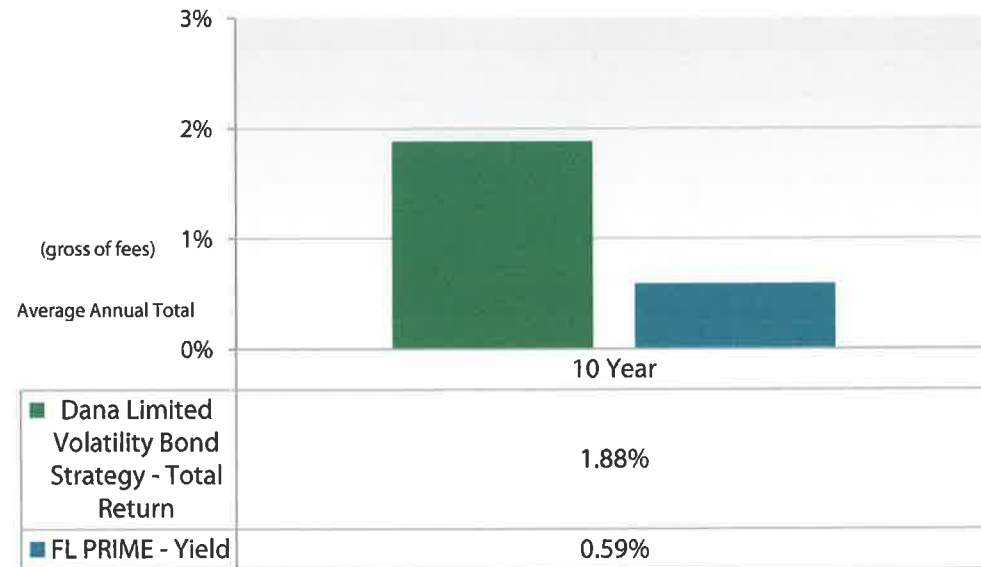
Through 4/30/2018 (gross of fees)

Based on \$10 Million Account
 Excess Return for 10 Year Period Ending 4/30/2018
 Cumulative: \$ 1,540,005
 Annualized: \$ 154,000

As of 4/30/2018:

Dana Limited Volatility Composite
 Yield to Maturity 2.64%

FL PRIME Current Yield 1.97%





J. JOSEPH VERANTH, CFA
Chief Investment Officer and Portfolio Manager

Joe joined Dana Investment Advisors in December 1994 and is currently the Chief Investment Officer and a Portfolio Manager. Joe graduated from Northwestern University with a BA in Humanities in 1984. He earned an MBA in Finance and International Business from the Stern School of Business at New York University in 1991. Joe is a CFA® charterholder and a member of the CFA Institute and the CFA Society of Milwaukee.



ROBERT LEUTY, CFA
Director of Fixed Income and Portfolio Manager

Rob joined Dana Investment Advisors in October 2002 and is currently the Director of Fixed Income and a Portfolio Manager. Rob graduated from the University of Wisconsin-Madison with a BBA in Accounting in 1988. He earned an MBA in Finance from the University of St. Thomas in 1994. Rob is a CFA® charterholder and a member of the CFA Institute and the CFA Society of Milwaukee.



MATTHEW R. SLOWINSKI, CFA
Vice President, Portfolio Manager

Matt joined Dana Investment Advisors in March 2008 and is currently a Vice President, Portfolio Manager. Matt graduated from the University of Wisconsin-Milwaukee with a BBA in Finance in 2003 and earned an MBA from The Pennsylvania State University in 2009. Matt has been in the investment industry since 2003. Prior to joining Dana, he worked for Wells Fargo Funds Management Group and Wells Capital Management. Matt is a CFA® charterholder and a member of the CFA Institute and the CFA Society of Milwaukee.



BRIAN V. LEHKY
Vice President, Portfolio Manager

Brian joined Dana Investment Advisors in June 2008 and is currently a Vice President, Portfolio Manager. Brian graduated from Marquette University with a BS in Finance in 1999. Brian has been in the investment industry since 2006, with credit analysis experience with a focus on municipal credits. Prior to joining Dana, he worked for Stifel, Nicolaus & Company as a Vice President in their Fixed Income Group.



NOAMAN SHARIEF
Vice President, Portfolio Manager

Noaman joined Dana Investment Advisors in June 2008 and is currently a Vice President, Portfolio Manager. Noaman graduated from the University of Illinois at Urbana-Champaign with a BS in 1999 and earned an MBA in Finance from the University of Wisconsin-Milwaukee (UWM) in 2009. Noaman has been in the investment industry since 2002. He currently teaches a graduate level fixed income securities course as an adjunct lecturer at UWM, as well as serves as a board member on their Investment Management Certificate Program. He also serves as a member of the board of directors of Waukesha County Crimestoppers.



DAVID MAZZA
Vice President
Director of Fixed Income Sales and Marketing

Dave joined Dana Investment Advisors in February 2016 and is currently a Vice President, Director of Fixed Income Sales and Marketing. Dave graduated with honors from Xavier University in 1993 with a BSBA in Finance and Accounting. He has been in the investment industry since 1999 and has worked in multiple roles including Senior National Account Manager at Calvert Investments and National Marketing Director at Summit Investment Partners.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD 2018
Total Return Gross of Fees	4.31%	5.43%	3.80%	6.15%	2.85%	2.09%	2.15%	0.23%	1.02%	0.56%	0.89%	1.00%	-0.01%
Total Return Net of Fees	4.05%	5.15%	3.54%	5.91%	2.61%	1.86%	1.92%	0.02%	0.82%	0.37%	0.70%	0.83%	-0.06%
Benchmark Return	4.32%	5.95%	4.75%	0.80%	0.83%	0.57%	0.24%	0.26%	0.18%	0.15%	0.76%	0.57%	0.25%
Composite 36 Month Standard Deviation	0.54%	0.48%	0.55%	0.66%	0.74%	0.74%	0.44%	0.48%	0.39%	0.29%	0.28%	0.25%	0.27%
Benchmark 36 Month Standard Deviation	0.63%	0.69%	0.88%	1.07%	0.94%	0.31%	0.20%	0.14%	0.11%	0.16%	0.25%	0.26%	0.26%
Number of Portfolios	57	51	48	50	79	91	94	132	138	124	131	113	104
Internal Dispersion	0.32%	0.47%	0.95%	1.46%	0.51%	0.39%	0.46%	0.41%	0.40%	0.28%	0.36%	0.27%	N/A
Composite Assets (US\$ millions)	734.5	587.3	576.0	692.0	877.5	1119.3	1137.4	1141.0	1225.2	1170.6	1,234.5	1,104.4	997.1
Strategy Assets (US\$ millions)	734.5	587.3	576.0	692.0	877.5	1119.3	1137.4	1141.0	1225.2	1170.6	1,234.5	1,104.4	997.1
Total Firm Assets (US\$ millions)	2,777.2	2,752.9	2,307.2	2,424.8	2,638.4	3,061.2	3,264.2	3,664.9	4,091.7	4,490.7	4,769.4	4,865.7	4,756.5
Total Entity Assets (US\$ millions)	2,814.9	2,794.3	2,327.2	2,667.0	2,854.5	3,294.4	3,622.2	4,486.3	5,383.3	6,634.5	7,172.0	7,538.4	7,440.4

Strategy Assets include composite assets and model portfolio assets and are presented as supplemental information. Total Firm Assets do not include model portfolio assets. Total Entity Assets include model portfolio assets. Dana does not have final trading authority on model portfolios and as a result their assets are excluded from GIPS AUM. Total Entity Assets are presented as supplemental information.

Dana Investment Advisors, Inc. ("Dana") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Dana has been independently verified for the periods January 1, 1992 through December 31, 2016. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

- **Definition of Firm:** Dana Investment Advisors, Inc. is a SEC registered independent investment management firm established in 1980 and is not affiliated with any parent organization. Dana manages a variety of equity, fixed income and balanced portfolios for primarily U.S. institutional, individual and mutual fund clients.
- **Composite Creation Date:** December 31, 1985. The composite was known as the Dana Limited Volatility II composite through December 31, 2009.
- **Composite Definition:** The Dana Limited Volatility composite includes all institutional fixed income portfolios that invest in short duration U.S. fixed income securities with the goal of providing limited price volatility and competitive current yield within a well-diversified, high credit quality, short duration fixed income strategy. The composite does not have a minimum size criterion for membership. A complete list of composite descriptions is available upon request.
- **Benchmark Description:** The current benchmark for the Dana Limited Volatility composite is the ICE BofAML 1 Year Treasury Bill Index ("BofAML 1 Yr Treas Index"). The composite's benchmark was the Merrill Lynch 1 Year Treasury Bill Index from January 1, 1986 to its discontinuance on August 31, 2001.
- **Performance and Fees:** Valuations are computed and performance is reported in U.S. dollars. Gross-of-fees returns are presented before investment management and custodial fees but after all trading expenses. Net-of-fees returns are calculated by deducting actual Dana investment management fees from the monthly gross-of-fees returns. Dana's investment management fees may vary based upon the differences in size, composition and servicing needs of client accounts. A complete description of Dana's investment advisory fee schedule is contained in the Firm's Form ADV Part 2A, a copy of which is available upon request. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.
- **Standard Deviation:** The 36 month annualized standard deviation measures the variability of the monthly gross-of-fees composite and the benchmark monthly returns for the period.
- **Internal Dispersion:** Dispersion is calculated using the equal-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year.

Past performance is not indicative of future results.



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TOWN OF MALABAR AGENDA ITEM REPORT

AGENDA ITEM NO: 2
Meeting Date: June 11, 2018

Prepared By: Mathew Stinnett, Deputy Town Clerk/Treasurer

SUBJECT: Council Priorities for FY 2019

BACKGROUND/HISTORY:

Every year the Town Council and Staff have the opportunity to evaluate the Town's financial performance during the past year and plan for the next year's governmental activities.

While Town Council and Staff are always on the lookout for ways to make the most efficient use of the Town's financial resources, it is also important to focus on the most effective use of them. During subsequent meetings there will be discussions about long term priorities with items such as the capital improvement plan, referendum questions for the ballot, and impact fees. The purpose of this discussion is to identify, in general terms, the most immediate priorities that staff should focus on devoting resources toward, in the budget proposal.

Examples of priorities:

- General government
 - Comprehensive planning
 - Clerical improvements (i.e. Finance, accounting, customer service, records management.)
- Physical environment
 - Stormwater/ Roadway maintenance
 - Stormwater/ Roadway improvements
 - Building maintenance, replacement, improvements.
- Public Safety
 - Fire Department Service improvements
 - Building Department improvements
- Parks and Recreation
 - Maintenance or improvements
 - Community outreach (i.e. Town events, newsletters)

The above list is certainly not intended to be all inclusive. For the purpose of this discussion, strong consideration should be given to limiting priorities to what projects or services can realistically be provided for within the next year. Given the various staffing, equipment, financial and scheduling constraints, a clear, unified focus in the direction of Council will provide Staff with a framework for developing effective solutions to meet those service priorities.

ATTACHMENTS: None.

ACTION OPTIONS: Discussion and Direction.