

Exhibit B - Investment Policy

LAKELAND AREA MASS TRANSIT DISTRICT

RESOLUTION NO. 10-10

A RESOLUTION RELATING TO INVESTMENT POLICIES; AMENDING THE LAKELAND AREA MASS TRANSIT DISTRICT INVESTMENT POLICY; MAKING FINDINGS; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Lakeland Area Mass Transit District (the "District") is required to invest and reinvest any surplus public funds in its control and possession; and

WHEREAS, Section 218.415, Florida Statutes, authorizes any unit of local government to conduct such 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 District adopted an Investment Policy on October 1, 1995 pursuant to Resolution 95-8; and

WHEREAS, it is the desire of the District and in the best interest of the residents of the District that the policy be amended.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE LAKELAND AREA MASS TRANSIT DISTRICT:

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

SECTION 2. The Lakeland Area Mass Transit District Investment Policy, attached hereto as Exhibit "A" and effective July 13, 2010, 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.

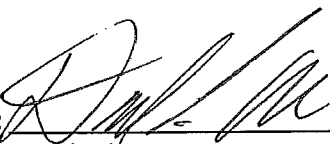
SECTION 3. All resolutions or parts of resolutions in conflict herewith are hereby repealed.

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

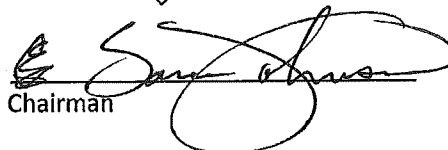
SECTION 5. This resolution shall take effect immediately upon its passage.

PASSED AND CERTIFIED AS TO PASSAGE THIS 13 DAY OF July, 2010.

ATTEST:

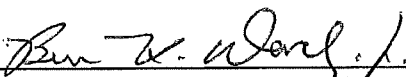


Transit Director



Chairman

APPROVED AS TO FORM AND CORRECTNESS:



Ben H. Darby, Jr., Counsel for the District

LAKELAND AREA MASS TRANSIT DISTRICT

INVESTMENT POLICY

INTRODUCTION

It is the policy of the Lakeland Area Mass Transit District (the "District") to invest public funds in a manner which will provide the highest investment return with the maximum security while providing for the daily cash flow demands and conforming to all state and local statutes governing the investment of public funds.

SCOPE

This investment policy applies to all investments of the District. The scope of this policy is not intended to include those funds which are governed by a separate resolution or any trust debenture.

INVESTMENT OBJECTIVES

The following investment objectives will be applied in the Management of the District's funds:

1. Legality – To ensure that all investment transactions will be in accordance with applicable federal, state, and local laws and the investment policies and procedures set forth in this Investment Policy.
2. Safety – To ensure the preservation of capital and the protection of investment principal.
3. Liquidity – To maintain the portfolio in a structure which enables the immediate cash flow needs of the District to be met through the maturity or sale of investment securities. Investments, as far as possible, will be made in accordance with known/anticipated cash needs and cash-flow requirements. The District's general objective will be to hold investments until maturity and not actively trade securities in the portfolio. However, in order to provide adequate cash-flow the District may occasionally have to sell a security prior to maturity. The Board will attempt to avoid selling any security at a loss provided the market value of the securities remaining in the portfolio exceed the amortized cost of such securities by the amount of the loss incurred.
4. Return on Investment – To strive to maximize the return on the portfolio, considering both safety and liquidity, while minimizing investment risk.
5. Diversification of Portfolio – The District will control risks through diversification of security types, maturities, and qualified financial institutions.

PRUDENCE AND ETHICAL STANDARDS

The standard of prudence to be applied shall be the "prudent investor" Rule, which states, "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." The prudent investor rule shall be applied in the context of managing the overall portfolio.

Personnel included in the District's investment activities, including but not limited to the Board of Directors, the Executive Director, and the head of the finance department, shall not be held personally liable for changes in the market value, credit risk or other investment risks inherent in the portfolio, of damages and losses incurred by the District while acting in good faith on behalf of the District utilizing the Prudent Investor Rule. The District will defend same against third party claims arising from all investment activities carried out in the due course of business.

LAKELAND AREA MASS TRANSIT DISTRICT

INVESTMENT POLICY

PERFORMANCE MEASUREMENT

The District's investment portfolio shall be designed with the objective of regularly exceeding the average return on the six-month U.S. Treasury Bills, or the average rate of Fed Funds, whichever is higher. These indices are considered benchmarks for riskless investment transactions and therefore comprise a minimum standard for the portfolio's rate of return. The investment program shall seek to augment returns above this threshold, consistent with risk limitations identified therein and prudent investment principles.

DELEGATION OF AUTHORITY

The responsibility for conducting investment transactions resides with the Board. The Board shall establish written procedures for the operation of the investment program, consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of the policy and the procedures established by the Board. The Board shall establish a system of controls to regulate the activities of District officials.

CONTINUING EDUCATION

District personnel charged with responsibilities relating to this policy shall annually complete at least 8 hours of continuing education in subjects or courses of study related to investment practices, policies, and products.

AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

The District may conduct investment activities with any bank or financial institution that has been designated as a Qualified Public Depository under Florida Statutes, Chapter 280.

The District may purchase securities from Securities Dealers not designed as a Qualified Public Depository, including dealers that qualify under Securities and Exchange Commission ("SEC") Rule 15c3-1 (uniform net capital rule).

Any financial institution, dealer, broker desiring to do business with the District will be required to furnish the following:

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- Proof of National Association of Securities Dealer ("NASD") certification (not applicable to Certificate of Deposit counterparties)
- Proof of state registration
- Certification of having read and understood and agreeing to comply with the District's investment policy
- Evidence of adequate insurance coverage

An annual review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted by the Controller.

SAFEKEEPING AND COLLATERAL REQUIREMENTS

Safekeeping services are provided by the bank designated in the District's Banking Services Contract. Deposit-type securities including demand deposit accounts, savings accounts, certificates of deposit, and money market accounts shall be collateralized through the state collateral pool as required by the Florida Security for Public Deposits Act. Other investments including book entry items will be held in safekeeping either by the District's bank or in a third-party safekeeping arrangement.

LAKELAND AREA MASS TRANSIT DISTRICT

INVESTMENT POLICY

All Security transactions, other than "free delivery" type transactions, shall be conducted on a delivery-vs-payment basis. To the extent practical, securities will be held by a third-party custodian designated by the board and evidenced by safekeeping receipts. For Repurchase Agreement transactions, the District shall require the dealer, broker or financial institution to execute its Master Agreement prior to undertaking the transaction. An executed copy of the Repurchase Agreement will be maintained on file by the Executive Director. Deliver-vs-payment will apply to delivery of securities purchased as collateral for Repurchase Agreement transactions.

PERMITTED INVESTMENTS

Permitted investments are listed as follows:

1. U.S. Treasury obligations which carry the full faith and credit guarantee of the United States government and are considered to be the most secure instruments available;
2. U.S. government agency and instrumentality obligations that have a liquid market with a readily determinable market value.
3. Certificates of deposit and other evidences of deposit at financial institutions
4. Bankers' acceptances
5. Commercial paper, rated in the highest tier (eg. A-1, P-1, F-1, or D-1 or higher) by a nationally recognized rating agency
6. Investment-grade obligations of state and local governments and public authorities
7. Repurchase agreements whose underlying purchased securities consist of the aforementioned instruments
8. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities
9. Local government investment pools, whether labeled as such or otherwise, either state-administered or developed through joint powers statutes or other intergovernmental agreements.

MATURITY AND PORTFOLIO DIVERSIFICATION

The District will diversify use of investment instruments to avoid incurring unreasonable risks inherent in over-weighting the portfolio in specific instruments, individual financial institutions or maturities. If a specific maturity date is required for any investment amount, either for cash flow purposes or for conformance to maturity guidelines, bids will be requested for instruments that meet the specific maturity requirement. If no specific maturity is required, a market trend (yield curve) analysis will be conducted to determine which maturities would be most advantageous.

A minimum of three bids, when reasonable and appropriate, will be requested from financial institutions for various options with regards to term and instrument. However, for investments in Certificates of Deposit, a minimum of three bids will be required to ensure the highest possible return is achieved. The District will accept the bid which provides the highest rate of return within the maturity required and within the parameters of these policies.

LAKELAND AREA MASS TRANSIT DISTRICT

INVESTMENT POLICY

In order to comply with tax legislation relating to yield restrictions on bond proceeds, the District may be required from time to time to purchase State and/or local government type securities. The principal amount of securities purchased would depend upon each unique situation. Therefore, no minimum/maximum levels can be predetermined. The district may invest Debt Service Reserve funds for longer than 20 years if it is determined by the Board to be in the best interest of the District.

The maturity and investment type limitations listed above are not applicable to the investment of monies derived from debt proceeds or District funds designated or reserved for construction projects. In these cases the maturity type of investment will be determined by the construction schedule established for the project.

INTERNAL CONTROLS

The Board is responsible for general oversight of the investment program of the Lakeland Area Mass Transit District. The Executive Director shall establish a set of written internal controls designed to protect the District's funds and ensure proper accounting and reporting of the securities and transactions.

ARBITRAGE

The Tax Reform Act of 1986 limits the interest earnings on investments made with proceeds of bond issues to the interest rate of the bond issue. Interest earnings over that limit must be related to the Federal Government every five years.

To comply with the regulations certain information must be kept on the investments until five years after the final maturity. This includes the details of the investment, bids received, interest income, and sale information if the investment is sold prior to maturity. The bid sheets and supporting documents for the investments are also kept on file and not sent to Records Retention.

REPORTING – INTERIM AND ANNUAL

Results of any bid offerings from banks or broker/dealers for surplus cash will be submitted to the Board for review.

The Board will receive annual reports which list all purchases and sales or maturities for the year and current holdings in all funds including pension funds, market values at year end, safekeeping locations, earnings for each fund and any other reports which are requested.