

# Law requires local governments to have written investment plans

Florida lawmakers have passed a bill near and dear to Orange County Comptroller Martha Haynie's heart.

Chair of the Florida Association of Court Clerks and Comptrollers' task force on investment policies, Haynie pushed hard for legislation mandating a written investment plan for every city and county in the state.

On May 1, the state Senate voted unanimous approval.

On May 4, the Florida House of Representatives concurred.

"It basically flew through," says Steve Alexander, investment manager for Orange County.

Horror stories helped — and not just the ones from Escambia County, where Assistant Orange County Comptroller Jim Moye was appointed to clean up a derivatives-driven debacle in that county's finances.

"It wasn't just what was happening in Escambia, it was legislators looking at what's happening across the country," says Alexander, who testified before state legislative committees on behalf of the bill. "Escambia is just one of many stories, and there are many more stories to come."

But the current climate sped passage of the bill.

"Now was definitely the time" to push laws tightening government investment, says Alexander. "I think if we couldn't have gotten it through this year, we might as well have just hung up our hats."

Neither Haynie nor Alexander believe it provides an automatic immunization against goofs.

But, says Alexander, "It's a great start."

Among the bill's provisions: An annual investment report must be made public. Local governments will be required to demonstrate some expertise before investing in complex derivatives, and leverage — one of the great goofs of Or-



**Bulls & Bears**  
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ange County, Calif., — is prohibited, except for cash flow purposes.

The bill is now on Gov. Lawton Chiles' desk. Once signed, it will take effect Oct. 1.

Not much will change in Florida's Orange County. For the past four years, the county has issued an investment report. Alexander — who once hung a "Home of No Derivatives" sign at the entrance of the comptroller's fourth floor offices — had resisted the siren song of bigger, better returns in favor of plain vanilla investments.

"I had better make sure I'm in compliance," says Alexander. "I'm co-author of the bill."

## Coffee takeover feared

What's brewing at Brothers Gourmet Coffee?

The Boca Raton company (NASDAQ: BEAN) approved an anti-takeover pill March 31. According to Securities and Exchange Commission filings, the shareholders rights plan "was designed to ... protect shareholders in the event that an attempt is made to control the company, or a potentially controlling interest in the company, without an offer of fair value."

Brothers has reason to look over its shoulder. Overtures and inquiries have been made, according to the company's filings. The source or sources of those overtures remain unidentified.

If that wasn't enough aggravation, Brothers is also facing what appears to be an incipient green bean dilemma. In November of last year, the 21 coffee-producing countries forming the Association of Coffee Producing Countries — a coffee cartel — met and agreed to withhold 20 percent of the exportable green coffee crop this year.

Brothers has reason to doubt that the coffee-drinking public will take kindly to any rise in prices. When frost leveled 40 percent of Brazil's 1994 coffee crop, consumers were steamed at the resulting hikes in retail prices. Brothers reports "customer resistance to price increases" in third and fourth quarter 1994, and "in light of the events ... the company cannot predict whether it will be able to pass inventory price increases through to its customers in full."