

TAYLOR COUNTY, FLORIDA INVESTMENT POLICY

I. SCOPE

A. Legal authority

These investment policies apply to all financial assets of Taylor County, Florida, which are under the direct joint control of the Board of County Commissioners of Taylor County (Board) and the Taylor County Clerk of the Circuit Court (Clerk), herein after collectively referred to as the County. These policies do not include any financial assets individually under the control of any of the Constitutional Officers of Taylor County. At such time, as the funds under their direct control pass to Taylor County, then these policies will be applicable.

Investments of Taylor County are subject to Florida Statutes, Chapters 125.31 and 218.415. These Investment policies are established in accordance with existing statutory authority. Investments of the County must conform to the provisions of Florida Statutes Chapters 125.31 and 218.415, as amended from time to time; however, these Investment Policies may establish more or less restrictive provisions. The Board of County Commissioners shall have approval and amendment powers over these investment policies, the implementation of which is delegated by statute to the Clerk of Circuit Court, acting in her capacity as the Chief Financial Officer of the County. The Clerk is herewith delegated the responsibility of establishing detailed investment and accounting procedures to govern the day to day investment activities necessary to carry out these Investment Policies.

B. County funds and bond ordinance requirements

Bond proceeds may be further limited or expanded by their respective bond resolutions or covenants and shall not be considered to be in conflict with the Investment Policy.

II. INVESTMENT OBJECTIVES

The County shall strive to achieve with each investment opportunity, the following objectives, in order of priority:

1. **SAFETY** - The primary objective of the County's investment activities is the protection of investment capital.

2. **LIQUIDITY** - The County's investment strategy will provide sufficient liquidity such that cash flow requirements are met through the utilization of marketable securities with structured maturities.
3. **INVESTMENT INCOME** - In investing public funds, the County will strive to maximize the return on the portfolio but will minimize investment risk.

III. INVESTMENT PERFORMANCE AND REPORTING

A portfolio report shall be provided each month to the Clerk of the Circuit Court and Finance Office Supervisor. The report shall include a breakdown of the portfolio as well as its overall performance and the current market pricing at month-end. The Clerk of the Circuit Court shall be notified immediately upon deviations from currently approved investment policies.

Annually, a report shall be prepared summarizing investment activities.

IV. PRUDENCE AND ETHICAL STANDARDS

The "prudent person" standard shall be used in the management of the overall investment portfolio.

The Finance Office Supervisor, or persons performing the investment function, acting as a "prudent person" in accordance with these written policies and procedures, exercising due diligence and investing in investments authorized by law, shall be relieved of personal responsibility for an individual security's credit risk or market price changes provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

The "prudent person" standard is herewith understood to mean the following: Investment 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 from the investment.

V. AUTHORIZED INVESTMENTS

A. Permissible Investments

Taylor County is authorized under Florida Statutes, Section 125.31, to undertake investments in the following authorized investments:

1. The Local Government Surplus Funds Trust Fund operated by the State Board of Administration (SBA).
2. The Florida Counties Investment Trust (FCIT) operated by the Florida Association of Court Clerks and the Florida Association of Counties.
3. Securities and Exchange Commission (SEC) qualified open-end money market mutual funds registered under the Investment Company Act of 1940(15 U.S.C ss 80a-1 et seq.,) as amended from time to time. However, this investment is limited to those mutual funds whose portfolio is limited to U.S. Government Treasuries and to repurchase agreements fully collateralized by such U.S. Government Treasuries and provided that such mutual funds take delivery of such collateral either directly or through an authorized custodian.
4. U. S. Treasuries - direct obligations, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government, including but not limited to the following:
 - a. Cash Management Bills
 - b. Treasury Securities - State and Local Government Series (SLGS)
 - c. Treasury Bills
 - d. Treasury Notes
 - e. Treasury Bonds
 - f. Treasury Strips
5. Federal Agencies - bonds, debentures or notes issued or guaranteed by the United States Agencies, which obligations are backed by the full faith and credit of the United States Government:

No Agency securities are allowed

Although guaranteed by the U.S. Government and allowed under the Florida Statute, Section 125.31, Agency securities are not permissible investments for direct purchase by the County. The Agency securities not allowed, include, but are not limited to the following:

Government National Mortgage Association (GNMA) (Ginnie-Maes)
Export-Import Bank
Farmers Home Administration
Federal Housing Administration
General Services Administration
Penn Central Transportation Certificates
SHIP Financing Bonds Title 13
Small Business Administration
Washington Metropolitan Transit Authority Bonds
U.S. Public Housing Notes and Bonds
U.S. Department of Housing and Urban Development Project Notes

Direct purchase is herewith defined as the purchase of a security from a bank, a broker, or a dealer directly by the County.

However, the County may invest in Agency security obligations guaranteed by the U.S. Government indirectly through its participation in the SBA or the FCIT.

6. Federal Instrumentalities - bonds, debentures, notes or other evidences of indebtedness issued or guaranteed by the United States Government agencies which are not backed by the full faith and credit of the United States Government and are fixed as to rate and maturity, limited to the following:

Federal Farm Credit Bank (FFCB)
Federal Home Loan Bank (FHLB)
Federal Home Loan Mortgage Corporation (FHLMC) (Freddie-Macs)
Federal National Mortgage Association (FNMA) (Fannie-Maes)

This classification of government agency securities shall not include any mortgage debt of any government agency.

7. Time deposits and savings accounts in banks and savings and loan associations, organized under the laws of Florida or the United States, doing business in and situated in this state and qualified as depositories under Chapter 280, Florida Statutes;

Savings Accounts

Money Market Accounts

Negotiated Order of Withdrawal (NOW) Accounts

Certificates of Deposits (non-negotiable type)

8. Tax-exempt obligations of the State of Florida and its various local governments, including Taylor County, but only in cases requiring yield restrictions to comply with Federal tax regulations. Tax-exempt obligations that have an underlying rating of less than Aa/AA, must also be an insured issue through MBIA, AMBAC, FGIC or an equivalent insurance company. Issues rated Aa/AA or higher may or may not carry an insurance backing.
9. Repurchase Agreements (for purchase and subsequent sale) for investments authorized in categories 4. or 6. above.

B. Non-Permissible Investments:

1. Direct purchase of the following investments identified in Florida Statutes, Section 125.31:

Mortgage obligations of, including but not limited to, the Federal Farm Credit Bank, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank or its district banks, or the Federal National Mortgage Association (FNMA).

Direct purchase is herewith defined as the purchase of a security through a bank, a broker, or a dealer directly by the County.

However, the County may invest in obligations guaranteed by a U.S. Government agency or instrumentality (4, 5 and 6 above) indirectly through its participation in the SBA or the FCIT.

2. Direct purchase of any investment that would be considered to be a derivative, or any other form of security, whose value is related to another security, or to an index, or to any other basis.

However, the County may invest in the SBA or the FCIT that may invest in derivatives, or any other security whose value is related to another security, or to an index, or to any other basis.

3. Reverse repurchase agreements where proceeds are intended to provide for leveraging and any reverse repurchase agreement not receiving specific Board of County Commission approval.
4. Any investment not specifically mentioned in this policy.

VI. MATURITY AND LIQUIDITY REQUIREMENTS

To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds in individual securities shall have maturities of no longer than one (1) year with the exception of federal instrumentalities, which shall have a stated final maturity of no more than six (6) months. The maximum maturity for repurchase agreements shall be sixty (60) days. Investments of bond reserves, construction funds and other non-operating funds shall have a term appropriate to the need for funds, and in accordance with debt covenants, but shall not exceed five (5) years, unless specifically required by the terms of the bond documents.

VII. PORTFOLIO COMPOSITION

Prudent investing necessitates that the portfolio be diversified as to instruments and dealers. The following maximum limits are guidelines established for diversification by instrument. These guidelines may be revised by the Clerk of Circuit Court for specific circumstances:

State Investment Pool	100%
FCIT.....	50%
Money Market Funds.....	25%
Certificates of Deposits	50%

U.S. Treasury Bills/Notes	100%
Federal Instrumentalities.....	10%
Tax-exempt obligations (as required to meet IRS Regulations)	
Repurchase Agreements.....	15%

VIII. RISK AND DIVERSIFICATION

Assets held shall be diversified to control the risk of loss resulting from the over concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which these instruments are brought and sold. Diversification strategies within the established guidelines shall be reviewed and revised periodically as necessary by the Clerk of Circuit Court.

IX. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

The County shall only purchase securities from financial institutions which are located within the State of Florida and are qualified as public depositories by the Treasurer of the State of Florida or from primary securities brokers/dealers designated by the Federal Reserve Bank of New York. Documented lists of the authorized financial institutions and dealers/brokers will be developed and maintained by the Finance Office Supervisor and approved by the Clerk of Circuit Court.

Repurchase Agreements will be conducted through, and negotiated only with primary securities broker/dealers or Qualified Public Depository financial institutions. A written Master Repurchase Agreement will be negotiated with any institutions with which the County through the Clerk of Circuit Court enters into a specific repurchase agreement.

X. THIRD PARTY CUSTODIAL AGREEMENTS

The Clerk of Circuit Court will execute a Third-Party Custodial Safekeeping Agreement with a commercial bank's trust department which is separately chartered by the United States Government or the State of Florida. All securities purchased and/or collateral obtained by the Clerk of Circuit Court shall be properly designated as an asset of the County and held in safekeeping by the trust department and no withdrawal of such securities, in whole or in part, shall be made from safekeeping except by an authorized Clerk staff member. The Third-Party Custodial Safekeeping Agreement shall include letters of authority from the Clerk of Circuit Court, details as to responsibilities of each party,

notification of security purchases, sales, delivery, repurchase agreements, wire transfers, safekeeping and transactions costs, procedures in case of wire failure or other unforeseen mishaps including liability of, each party.

Simultaneous to the release of County funds to purchase a security, there will be a delivery of the securities purchased, "delivery vs. payment" (D.V.P.). Accordingly, for any sale of securities, there will be a simultaneous transfer of money to the County before the release of the securities. This policy ensures that the County neither transfers money or securities before receiving the other portion of the transaction. Rather both transfers will happen simultaneous through a custodial bank, authorized to conduct transactions for the County. Delivery in or out of safekeeping with a Federal Reserve Bank will not be done simultaneously.

Collateral for public deposits is controlled by the State of Florida through Chapter 280, Florida Statutes. The County shall not be under any obligation to secure additional collateral beyond the provisions set forth in Chapter 280, except in the case of Repurchase Agreements.

Collateral requirements for Repurchase Agreements will be contained in the Master Repurchase Agreement, executed between the County and the dealer or bank. The actual collateral requirements will be based on economic and financial conditions existing at the time of execution, as well as the credit risk of the particular dealer or financial institution which enters into the Repurchase Agreement with the County.

At no time will the collateral (margin ratios) for repurchase agreements be less than the following provisions:

Margin Ratios - For purposes of calculating the margin amount, the following ratios shall be applied to the market value of the purchased securities, depending on their maturity.

Maturity of
Purchased
Securities

U.S.
Treasury
Securities

Federal
Instrumentalities or
Agencies

Under 1 Year	101%	103%
1 to 5 Years	102%	104%
Over 5 Years	103%	105%

Market Value - In determining market value, dealers' bid prices and accrued interest shall be used, as quoted daily on Bloomberg, or Telerate, or in the absence of either electronic service, The Wall Street Journal.

XI. MASTER REPURCHASE AGREEMENT

There will be a County Master Repurchase Agreement that will be utilized for all Repurchase Agreements. The Clerk of the Circuit Court will require all approved institutions and dealers transacting Repurchase Agreements to execute and perform as stated in the County Master Repurchase Agreement.

XII. BID REQUIREMENTS

All investments, except those placed with the SBA, the FCIT and an SEC qualified money market mutual fund, will be purchased or sold through a competitive bidding process, using the dealers and banks on the approved list. The County is under no obligation to secure competitive bids from all the dealers or banks on the approved list. A minimum of three bids is required on each security or block of securities unless the exceptions mentioned below are met.

It is preferable that the dealer or bank with the last winning bid, and the second place bidder, plus at least one other dealer or bank selected on a rotating basis from the list will be contacted for bids. In the event that a minimum of three bids cannot be obtained or the exceptions mentioned below not met, then the investment purchase must be authorized by the Clerk of the Circuit Court or his or her designee.

Exceptions to the bidding requirements include:

1. When time constraints, due to unusual circumstances, preclude the use of competitive bidding.
2. When no active market exists for the security being traded, due to the age or lack of depth of the issue.

3. When the transaction involves new issues or issues in the "when issued" market.

Documentation will be retained for all bids, with the winning bid clearly identified. If for any reason, the highest interest rate bid was not selected, then the reasons leading to that decision will be clearly indicated on the bid forms.

XIII. INTERNAL CONTROLS

The Clerk of Circuit Court shall exercise and monitor a set of internal controls to be conducted through the Finance Office Supervisor, which said controls are designed to protect the County's funds and ensure proper accounting and reporting of the securities transactions. Such internal controls shall consist of the following:

- A. All securities purchased or sold will be transferred only under the "delivery versus payment" (D.V.P.) method to ensure that funds or securities are not released until all criteria relating to the specific transaction are met.
- B. The Clerk of Circuit Court is authorized to accept, on behalf of and in the name of Taylor County, bank trust receipts or confirmations as evidence of actual delivery of the obligation or securities in return for investment of funds.
- C. Trust receipts or confirmations shall fully describe the various obligations or securities held. The receipt or confirmation shall state that the investment is held in the name of Taylor County,
- D. Written documentation and/or confirmation of telephone transactions and wire transfers will be maintained.
- E. There will be adequate separation of duties with clear delegation of authority among investment personnel.
- F. Custodial safekeeping shall be properly utilized.
- G. Operation review and performance evaluations and reporting, interim and annual, shall be done by the Finance Office Supervisor.

H. There will be an avoidance of bearer-form securities.

I. There will be no physical delivery of securities.

J. There will be specific limitations regarding securities losses and remedial action shall be taken as soon as possible,

K. A development of a wire transfer agreement with the custodial bank outlining the various controls and security provisions for making and receiving wire transfers shall be made,

L. Prohibition of collusion,

M. Written dealer confirmation and monthly and/or quarterly custodial account statements shall be maintained,

N. All daily investment activity will be coordinated and reviewed by the Finance Office Supervisor. Investments are under the direct control of the Clerk of Circuit Court. In the absence of the Finance Office Supervisor and Clerk of Circuit Court, investment activity must be approved by the appropriate, designated Finance office staff and approved by the Finance Office Supervisor or Clerk of Circuit Court,

O. The following positions are designated by the Clerk of Circuit Court as having the authority to initiate all investment activities:

1. Clerk of Circuit Court,
2. Finance Office Supervisor,
3. All other designees will be at the discretion of the Clerk of Circuit Court,

P. Periodic training and educational opportunities will be provided and made available concerning investments and related subjects for appropriate investment personnel.

Q. Such additional internal controls as established by the Clerk of Circuit Court.