

FLORIDA GOVERNMENT FINANCE OFFICERS ASSOCIATION, INC.  
STATEMENT OF INVESTMENT POLICY

I. AUTHORITY

In accordance with the Bylaws of the Florida Government Finance Officers Association, Inc. (the "Association" for "FGFOA"), the Board of Directors (the "Board") shall supervise and control the affairs of the Association and shall have the power and authority to enter into contractual agreements for association services. In accordance with the Bylaws, the Secretary-Treasurer of the Association shall oversee all the necessary financial business of the Association.

Pursuant to the Services Agreement between the Association and The Florida League of Cities (the "Administrator"), dated May, 2, 1996, the Administrator shall provide for the day-to-day management of the financial affairs of the Association and shall provide for proper internal controls, safekeeping, disposal of and recording of all financial assets held or controlled by the Association, pursuant to the *Procedures for Transacting, Recording and Reporting FGFOA Financial Activity* adopted by the Board.

It is the Board's policy that no entity or person may engage in any investment transaction with funds held in a trust relationship by the Association, except as authorized herein or approved by the Board.

II. SCOPE AND PURPOSE

All Financial assets held or controlled by the Association, and not otherwise classified as restricted assets requiring separate investment direction by the Board, shall be invested under the guidelines as herein set forth. These policies and procedures herein are intended to provide sufficient latitude to effectively manage the Association's financial assets so as to maximize the return on assets within an acceptable and permitted exposure to risk. At times, exceptions to the policy may need to be made, on a case-by-case basis, and with the approval of the Board.

III. DUTIES AND RESPONSIBILITIES

It shall be the responsibility of the Administrator to:

1. Provide for the investment of the financial assets of the Association as required and within appropriate levels of liquidity to meet identified current and projected obligations of the Association.
2. Assist the Board in the review of the Association's investment activity and performance for compliance with this policy.
3. Immediately notify the Board in the event of any information that may have a severe or adverse effect on the Association's assets.
4. Advise the Board as to recommended amendments to the policy.

IV. OBJECTIVES

The foremost objective of the Association's short-term investment activity is the preservation of capital in the portfolio. The FGFOA's investment portfolio shall be designed to attain a market rate of return throughout financial and economic cycles, taking into account the Association's investment risk constraints as discussed in Section IX of this investment policy.

V. PRUDENCE AND ETHICS

The standard of prudence to be used by the Administrator, its staff, and investment advisors engaged by the Administrator or the Association, shall be the "prudent person" and shall be applied in the context of managing the overall portfolio. Such person, acting in accordance with established procedures and exercising due diligence, 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 minimize any investment losses. The Administrator, the Association, or its investment advisors shall undertake all reasonable efforts to preclude imprudent transactions involving the funds of the Association.

Individuals involved in the investment process shall refrain from personal business activity that could conflict with the proper management of the Association's investment activities, or which could impair their ability to make impartial investment decisions. All investment advisors engaged by the Association shall have a written policy that addresses the disclosure of potential conflict-of-interests. The Administrator shall disclose to the Board any material financial/investment position or finding that may be contrary to this policy. Any adverse findings of the U.S. Department of Labor and/or the Securities and Exchange Commission regarding any investment advisor, engaged by the Association, or its financial activities shall be brought to the immediate attention of the Board.

## VI. REPORTING AND PERFORMANCE

The Administrator shall submit to the Board at least annually an investment report with information sufficient to provide for a comprehensive review of investment activity and performance for the year. In reporting to the Board, the Administrator may develop and provide appropriate industry and related performance indices to compare and evaluate the performance of the Association's investments. The Administrator shall provide to the Association's independent auditor such information and reports as are requested for the purpose of developing and supporting the annual financial statements of the Association, and the footnotes thereto.

## VII. SAFEKEEPING AND CUSTODY

All securities purchased by the Administrator on behalf of the Association under this policy shall be properly designated as assets of the Association. The Administrator is authorized to enter into such custodial and safekeeping agreements with an institution of such size and expertise as is necessary and required to protect and secure the investment assets of the Association.

## VIII. RISKS

The Board recognizes that investment risks can result from issuer defaults, market price changes, changes in credit rating, reinvestment of principal or interest, or various technical complications leading to temporary liquidity or capital loss. Portfolio diversification, maturity limitations and credit quality are employed as the primary methods of controlling risk. The Administrator or the Association's investment advisors are expected to display prudence in the selection of securities as a way to minimize default risks. In the event of a default by a specific issuer, the Administrator or the Association's investment advisors shall review and, if appropriate, proceed to liquidate securities having comparable credit risks.

## IX. LIQUIDITY

To meet the day-to-day operating needs of the Association and to provide the ready cash to meet unforeseen temporary cash requirements, the Association shall maintain at a minimum the equivalent amount of six months operating expenses in interest bearing demand accounts, savings or money market accounts, money market mutual funds, or negotiable certificates of deposit.

## X. AUTHORIZED INVESTMENTS

In an effort to accomplish the objectives of the FGFOA's portfolio, this policy identifies various authorized investment instruments, issuer diversification, maturity constraints, investment ratings and liquidity parameters.

- A. Interest-bearing checking accounts, savings accounts, money market accounts, and time deposits including non-negotiable certificates of deposit in financial institutions that are FDIC insured. Preference will be given to qualified public depositories as defined in Florida Statutes s. [280.02](#). Total deposits with any one institution shall not exceed the FDIC insurance limit in effect at the time. At least three financial institutions will be contacted regarding the interest rates being offered, any limitations on funds withdrawal and any account fees to ensure that the Association gets the best terms consistent with its operating and investment objectives. Deposits made with a federal credit union must be insured by the National Credit

Union Administration (NCUA), and the total on deposit with any one credit union cannot exceed the NCUA insurance limit in effect at the time. The maximum duration of a time deposit including a certificate of deposit shall be 18 months.

- B. Money market mutual funds or Stable Net Asset Value (NAV) Funds, registered with the Securities Exchange Commission that invest in securities that are of the two highest credit quality ratings assigned by Standard & Poor's, Moody's or Fitch. A money market mutual fund shall be chosen based upon a competitive selection process that takes into account past and present fund performance, fees, and funds withdrawal policy.
- C. Bond (fixed income) mutual funds, or Variable NAV high-quality fixed-income mutual funds, that are registered with the SEC and have an average maturity of less than 3 years that invest in direct obligations of the U.S. Treasury, federal agencies and instrumentalities that are of the highest credit quality ratings from Standard & Poor's, Moody's, or Fitch. Investment providers shall be chosen based upon a competitive selection process that takes into account past and present fund performance, fees, and funds withdrawal policy.
- D. Bond (fixed income) mutual funds, or Variable NAV high-quality fixed-income mutual funds, that are registered with the SEC and have an average maturity of less than 3 years that invest in securities that, on average, are of the two highest credit quality ratings from Standard & Poor's, Moody's, or Fitch. Investment providers shall be chosen based upon a competitive selection process that takes into account past and present fund performance, fees, and funds withdrawal policy. No more than 20% of the average portfolio balance for the preceding fiscal year may be invested at any given time in mutual funds under D.

XI. EFFECTIVE DATE

This investment policy shall become effective immediately upon its adoption by the Board.

As adopted by the Board of Directors on the 13th day of August, 1994  
And As Amended by the Board of Directors on the 17th day of February, 1995  
And As Amended by the Board of Directors on the 26th day of July, 1996  
And As Amended by the Board of Directors on the 1st day of August, 1997  
And As Amended by the Board of Directors on the 16<sup>th</sup> day of November, 2004  
And As Amended by the Board of Directors on the 10<sup>th</sup> day of November, 2010

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President  
Florida Government Finance Officers Association, Inc.

Attest:

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Secretary-Treasurer  
Florida Government Finance Officers Association, Inc.