



## INVESTMENT POLICY

### PURPOSE

To the extent not inconsistent with the terms of any existing or future trust indenture or other instrument securing indebtedness of the organization, this Investment Policy applies to all financial assets owned or controlled by the organization, and under the custodianship of the Executive Director via the Chief Financial Officer or other such official of the organization (each an “Investment Officer”) as shall from time to time be designated to oversee such financial assets.

### SPECIFIC REQUIREMENTS

#### I. IMPLEMENTATION

The Board shall implement this Investment Policy to adequately address the needs of the Agency. Additionally, the Board shall review and evaluate the effectiveness of this Investment Policy as a guide for the investment practices of the Agency. Such review shall be conducted no less than annually.

#### II. INVESTMENT OBJECTIVES

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

- **SAFETY** of financial assets
- **LIQUIDITY** of funds adequate for timely satisfaction of financial obligations
- **YIELD** - maximum achievable given prudent safety and liquidity objectives

#### A. SAFETY

Monies entrusted to the care of the designated Investment Officer represent funds belonging to the organization to be utilized for the operation, maintenance, and improvement of the facilities now owned and/or operated by the organization or which may in the future be acquired and/or operated. Therefore, the primary objective of this Investment Policy is to provide for prudent investment of these funds.

The designated Investment Officer shall avoid assuming unreasonable investment risk, and the safety and soundness of any vehicle shall be the first criterion for any investment decision. The

following methods shall be utilized to mitigate risk:

1. CREDIT RISK (risk of loss due to failure of issuer or credit enhancer)
  - a. Investments shall be limited to the safest types of securities; as provided for herein<sup>1</sup> transactions shall be limited to trades with those pre-qualified and approved financial institutions or issuers.
  - b. Securities shall be transferred “Delivery (to third party safekeeping) vs. Payment” “(to seller)”.
  - c. The investment portfolio should be diversified according to the parameters stated herein, so that the failure of any one issuer or backer shall not place an undue financial burden on the organization.
  - d. The organization’s investment portfolio shall be monitored according to guidelines approved by the Board and Executive Director to anticipate and respond appropriately to a significant reduction of the credit worthiness of any of the issuers
2. INTEREST RATE RISK (risk of loss due to devaluation of market value of portfolio during a period of generally increasing interest rates):
  - a. The organization’s portfolio shall be structured when practicable so that securities mature to meet the organization’s scheduled cash flow requirements, as provided by the designated Investment Officer, thereby avoiding the need to sell securities on the open market prior to their scheduled maturity, and
  - b. In the absence of reliable cash flow forecasts as required above, investment maturities should be scheduled in accordance with those parameters prescribed herein.

## **B. LIQUIDITY**

Cash needs of the organization constrain the investments made by the designated Investment Officer. Bona fide creditors must be paid on a timely basis, therefore investments shall be of sufficient marketability to ensure even unexpected cash needs can be met, without suffering significant loss. This policy consideration means only the highest quality investments, as authorized herein, shall be acquired by the designated official.

## **C. YIELD**

Within safety and liquidity limitations, the highest possible yield should be obtained on



organization funds. The portfolio shall be marked-to-market at least monthly. Investment vehicles shall be purchased via competitive bids as appropriate and whenever possible to best ensure competitive prices and /or yields.

### **III. DELEGATION OF AUTHORITY**

Management responsibility for the investment program is hereby delegated to the Executive Director via the Chief Financial Officer (CFO) who shall be the primary Investment Officer of the Agency. The Executive Director and the Board Treasurer shall also be designated as Investment Officers of the organization and shall be able to approve the purchase and sale of investments and manage the flow of funds in various money market accounts. The Executive Director via the CFO may appoint additional staff members as Investment Officers, thereby granting them the organization to conduct investment transactions and initiate the movement of funds. The CFO shall be required to establish written procedures, as needed, for the operation of the investment program consistent with this Investment Policy. No person may engage in an investment transaction on behalf of the organization except as provided under the terms of this Investment Policy. The Executive Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate Investment Officers.

### **IV. ETHICS AND CONFLICTS OF INTEREST**

The “prudent person” standard shall be used by Investment Officers in the management of the overall investment portfolio.

The “prudent person” standard is understood to mean the following: 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.

Investment Officers and employees involved in the investment process shall refrain from personal business activity that might conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and Investment Officers shall disclose to the Board of the Agency any material financial interest in any financial institutions that conduct business with the organization and they shall further disclose any personal financial/investment positions that could be related to performance, particularly with regard to the time of purchase or sales.

Designated Investment Officers shall perform their duties in accordance with this Investment Policy and internal procedures. In determining whether an Investment Officer has exercised



prudence with respect to an investment decision, the investment of all funds over which the Investment Officer had responsibility, rather than the prudence of a single investment, shall be considered. Investment Officers acting in good faith and in accordance with these policies and procedures shall be relieved of personal liability.

## **V. AUTHORIZED INSTRUMENTS AND RISK DIVERSIFICATION METHODS**

### **A. ELIGIBLE SECURITIES**

Direct obligations of the United States and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee (“Direct Obligations”);

Direct obligations of U.S. agencies and Instrumentalities to include government- sponsored enterprises (GSE’s). Securities falling within this category must be either guaranteed by the government or one of its agencies.

Direct obligations of any state of the United States of America or any subdivision or agency, which obligations are rated at the time of purchase “A” or better by Moody’s and “A” or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured and unguaranteed general obligation and revenue debt is rated at the time of the purchase and “A” or better by S&P. Obligations that otherwise meet the requirements of this paragraph that are outstanding as variable rate demand obligations shall be considered eligible securities only if and so long as (i) the long-term ratings on such obligations are “Aa” or better by Moody’s and “AA” or better by S&P, and (ii) the short-term ratings on such obligations are “VMIG 1” by Moody’s and “A-1+” by S&P;

Corporate obligations with both principal and interest fully guaranteed by the Federal Deposit Insurance Corporation (FDIC) or its successor.

Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, “P-1” by Moody’s and “A-1” or better by S&P;

Deposits of any bank which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are continuously and fully collateralized and, or insured by the Federal Deposit Insurance Corporation or Certificates of Deposits (CDs) from Florida state-approved designated depository institutions. A list of the State Qualified Public Depositories is



published quarterly by the Bureau of Collateral Securities in the *Florida Administrative Weekly*.

SEC-registered, no load money market mutual funds, rated AAA or equivalent by at least one nationally-recognized rating agency and invested exclusively in security types as authorized in this policy. Bank money market funds when used as account sweep vehicles are cash management mechanisms which are normally not rate are excluded from the AAA-rating requirement.

Fully collateralized repurchase agreements having a defined termination date and secured by Government (Treasury or agency) obligations, pledged with a third-party custodian, and having a market value of not less than 103% of the principal amount of the funds disbursed. A signed Master Repurchase Agreement shall govern all repurchase agreement transactions.

## **B. INVESTMENT LIMITATIONS; RISK DIVERSIFICATION**

Portfolios shall be appropriately diversified to control the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issue, a specific instrument, a class of instruments, and an institution through whom these instruments are purchased and sold. Diversification parameters as established herein shall be reviewed and revised periodically as necessary by the CFO and presented to the Board.

### **A. INVESTMENT QUALITY RATINGS**

The Executive Director may invest in instruments as authorized herein with ratings equivalent to those issued by Standard & Poor's, Moody's and Fitch as suggested herein. The Executive Director via the CFO may consider ratings of comparable rating agency to be used when Standard & Poor's, Moody's and Fitch ratings are not available.

A comparable rating service is one for which name recognition is widespread in the banking, investment banking, or investment communities and with a corporate existence of five (5) years or longer.

An Investment that requires a minimum rating does not qualify as an authorized investment during the period the investment does not have the minimum rating. The organization shall take all prudent measures that are consistent with this Investment Policy to liquidate an investment that does not have the minimum rating.

Wherever a minimum rating is specified in this Investment Policy, unless the context expressly requires otherwise, such rating shall include all ratings within the specified rating category. By way of example, where this Investment Policy specifies a minimum rating from Moody's of "A",



such minimum rating shall include obligations rated “A1”, “A2” and “A3”.

#### B. INVESTMENT TERM TO MATURITY - PORTFOLIO DISTRIBUTION

Term to maturity shall be governed by the organization’s safety and liquidity constraints. As previously stated, maturities shall be timed to coincide as closely as possible with known cash needs. *Unless matched to a specific cash flow requirement*, the designated official shall invest only in securities with either a final maturity or an average life of (5) five years or less. Additionally, the average maturity of the portfolio as a whole may not exceed three (3) years. These calculations exclude the underlying securities of a guaranteed investment contract (GIC) or flexible repurchase agreement related to construction funds. For purposes of this paragraph, the final maturity of an eligible security outstanding as a variable rate demand obligation shall be the number of days required for the beneficial owner of such obligation to complete the exercise of the irrevocable “put” or “optional tender for purchase” feature of such obligation. By way of example, if the beneficial owner of such obligation has the irrevocable right to demand payment of the principal of and accrued interest on such obligation upon the giving of seven days prior notice, such obligation shall be considered to have a maturity of seven days for purposes of this paragraph.

### VII. FINANCIAL INSTITUTIONS

#### 1. SAFEKEEPING – THIRD-PARTY CUSTODIAL AGREEMENTS

All securities purchased by an Investment Officer under this section shall be properly designated as an asset of the organization and held in safekeeping by a third-party custodial institution.

No withdrawal of such securities, in whole or in part, shall be made from safekeeping except by an Investment Officer, or his/her respective designee, as authorized herein.

Eligibility requirements for the Agency’s third-party custodial institutions shall include continued maintenance of the institutions’:

- Capital and surplus stock of at least \$500,000,000, and
- Separate custody account at the Federal Reserve Bank specifically designated by the Federal Reserve Bank as restricted for the safekeeping of the member bank’s customer-owned securities only.
- Federal Reserve Bank clearing account



Custodial agreements between the organization and bank(s) or depository institution(s) may include letters of organization details as to responsibilities of each party, method of notification of securities purchases, sales, delivery, procedures related to repurchase agreements and wire transfers, safekeeping and transaction costs, procedures in case of wire failure or other unforeseen mishaps and describing the liability of each party.

## 2. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

Securities may be purchased only through financial institutions that provide the services of a securities dealer or a broker/dealer who is a member in good standing of the Financial Industry Regulatory Organization (FINRA) and who meets the capital adequacy standard established by the Federal Reserve Bank of New York.

## 3. INVESTMENT ADVISORS

The Board may select an Investment Advisor to advise the organization in the investment of its funds and other responsibilities including but not limited to broker compliance, security selection, competitive bidding, investment reporting, and security documentation. The Investment Advisor must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisors Act of 1940 and must have complied with the requirements of Section 517.12 of the Florida Statutes, or any successor provision, to the extent applicable.

## VIII. PROGRAM EVALUATION AND CONTROL

### A. INTERNAL CONTROLS

The CFO shall maintain a set of written internal controls designed to protect the Agency's investment assets and ensure proper accounting and reporting of the transactions related thereto.

Such internal controls shall include details of delivery vs. payment procedures and trust receipt documentation. Such controls and procedures shall be reviewed by the independent auditors as part of the annual financial audit.

#### 1. DELIVERY VERSUS PAYMENT

All securities purchased or sold will be transferred Delivery versus Payment (DVP) to ensure that funds or securities are not released until all criteria relating to the specific transaction are met.

## 2. TRUST RECEIPT AND CONFIRMATION

Investment Officers are authorized to accept, on behalf of and in the name of the organization, bank trust receipts or safekeeping confirmations in return for investments of temporarily idle funds as evidence of actual delivery of the obligations or securities. Any such trust receipt or confirmation should fully describe the various obligations or securities held, together with the specific identification number of each obligation or security held and that they are held for the organization.

The actual obligations or securities, whether in book-entry or physical form, on which trust receipts or confirmations are issued may be held by a third party custodial bank and/or institution or a designated corresponding bank or custodian institution which has a correspondent relationship to the Agency's third party custodian or its designated correspondent institution, who is acting on behalf of and under the same obligation as the Agency's third party custodian.

The above shall apply to all investments.

## IX. PROGRAM MONITORING

### A. REPORTING REQUIREMENTS

Investment Officers shall prepare, or cause to be prepared, investment reports at least quarterly, for submission to the Board. Reports shall include securities in the portfolio by type, book value, and market value as of the report date. Reports shall be available to the public.

### B. PERFORMANCE MEASURES

The portfolio shall be designed to attain a market rate of return taking into account risk constraints and cash flow requirements. Performance shall be measured with the use of periodic reports which reports shall include appropriate information necessary to evaluate the portfolio. The measurement focus shall be the portfolio as a whole versus individual investments.

### C. INVESTMENT TRAINING

Investment Officer(s) must annually complete eight (8) hours of continuing education in subjects or courses of study related to investment practices and products.

### D. ANNUAL REVIEW

Investment policies must be reviewed on an annual basis for changes to state statutes/or others.

This policy shall be effective on the date on which it is adopted by the Governing Board and at such time this policy rescinds all prior policies relating to Investments.

Adopted by the Governing Board on the 27<sup>th</sup> of September, 2023.