Board of County Commissioners
Leon County, Florida

Policy No. 02 - 12

Title:	Leon County Investment Policy
Date Adopted:	~~September 2, 2008~~ September 14, 2010
Effective Date:	~~September 2, 2008~~ September 14, 2010
Reference:	N/A
Policy Superseded:	Policy No. 02-12, Leon County Investment Policy, revised September 2, 2008; Policy No. 02-12, revised January 11, 2005; Policy No. 02-12, adopted September 17, 2002

It shall be the policy of the Board of County Commissioners of Leon County, Florida, that Policy No. 02-12, revised ~~January 11, 2005~~ September 2, 2008, is superseded and a revised Policy ~~No. 02-12, Leon County Investment Policy,~~ is hereby adopted, to wit:

It is the policy of the Leon County Finance Division that:

Introduction

The following Investment Policy, within the context of the County's Investment Ordinance, is intended to set forth the framework within which the County's investment activities will be conducted. The Investment Policy establishes parameters for investment activity, which may be further restricted by the Investment Oversight Committee or by investment staff. The Investment Policy provides parameters to limit risk and ensure a broadly diversified portfolio. Upon approval of changes to the Investment Policy, existing holdings which are inconsistent with the requirements are exempt from the new Policy. These holdings will be managed prudently, while efforts are made to bring into compliance with new Policy.

In establishing this Investment Policy, the Board of County Commissioners recognizes the traditional relationship between risk and return and acknowledges that all investments whether they are for one day or years, involve a variety of risks related to maturity, duration, credit, market and reinvestment risk.

When choosing between alternative investments, staff should structure the portfolio based on an understanding of the variety of risks and basic principles of diversification on the structure of the portfolio. With adoption of this Investment Policy, the County recognizes the goals of preservation of principal, maintaining adequate liquidity and ultimately pursuing attractive total return in the portfolio management, in that order. Ongoing portfolio management is to add economic value to a portfolio under circumstances prevailing during the management process. This may necessitate the sale of securities at a loss in order to reduce portfolio risk (without material reduction in return) or to achieve a greater overall return (without assuming material amounts of additional risk) that could have been obtained if the original position had been held.

The Board recognizes the value of external, as well as internal, management. External management is best employed where greater knowledge and skills are required due to either the nature of the investment instruments, the risks associated with longer duration, or the need to closely monitor credit considerations. Internal management is best employed when risks are low, maturity considerations limited, and the ability for external management to enhance yield is limited by low overall interest rates.

I. SCOPE

This Policy applies to all funds held by the County in excess of those required to meet current expenses.

II. GOALS

The goal of the investment program, to the extent feasible, should be:

A. To ensure that all of the public funds in possession of the County are invested 100% of the time in either interest-earning accounts or interest bearing securities;

B. To produce investment income and price return (total return) at a level determined to be reasonable based on market dynamics or appropriate benchmarks.

III. INVESTMENT OBJECTIVES

The primary objectives of all investment activities for the County should be safety of principal, maintenance of adequate liquidity, and finally, return maximization.

A. Safety of Principal-This is the foremost investment objective. Investment transactions should seek to keep capital losses to a minimum, whether the result of security defaults or erosion of market value. This is best insured by establishing minimum acceptable credit ratings limiting the portfolio's overall duration setting maximum exposures by sector, defining appropriate levels of diversification and authorized transactions and limiting exceptions.

B. Maintenance of Adequate Liquidity-A portion of the County's overall portfolio should be maintained very liquid in order to meet operating, payroll, and ongoing capital requirements. Maintaining a core level of assets with the government pools, such as the Treasury Special Purpose Investment Account (SPIA) or other short-term entities, is viewed as the best way of maintaining secure asset values with sound investment practices.

   The remainder of the overall portfolio should be managed in such a manner that funds can be liquidated in a reasonable amount of time, recognizing that there are other sources for day-to-day liquidity and that this portfolio is primarily available for income generation within the constraints of this Policy.

C. Return Maximization-Return is of least importance compared to the safety and liquidity objectives above. Return maximization is to be guided by the predefined and acceptable levels of risk as defined in this Policy.

IV. STANDARDS OF PRUDENCE

The "prudent person" standard shall be applied in the management of the overall investment portfolio. The Clerk and Finance Department employees performing the investment functions, acting as a "prudent person" in accordance with established procedures and this Policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that appropriate monitoring efforts are performed.

The "prudent person" standard is herewith 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.

V. ETHICAL STANDARDS

Officers, employees and investment advisor vendors of the Clerk's Office who are involved in the investment process shall refrain from personal business activity that could conflict with State Statutes, County ordinances, proper management of the investment portfolio or which could impair their ability to make impartial investment decisions. Investment officials and employees, including members of the Investment Oversight Committee, shall disclose any material financial interests in any investment firms, or financial institutions that conduct business with the County and shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the County.

Limits of Liability - The County shall provide for the defense and indemnification of any Committee member who is made a party to any suit or proceeding, other than by an action of the County, or against whom a claim is asserted, by reason of their actions taken within the scope of their service as an appointed member of this committee. Such indemnity shall extend to judgments, fines, and amounts paid in settlement of such claim suit, or proceeding, including any appeal thereof. This protection shall extend only to members who have acted in good faith and in a manner, which they reasonably believe to be in, or not opposed to, the best interest of the County.

VI. AUTHORITY

Responsibility for the investment program is vested with the Clerk of the Circuit Court. The Clerk hereby delegates the day-to-day responsibility for the administration of the investment program to the Finance Director. The Finance Director shall maintain an Investment Procedures and Internal Controls Manual based on this Policy. No person may engage in an investment transaction except as stated in the Internal Controls Section of this Policy.

The Clerk of the Circuit Court, as part of their responsibility, will establish procedures to implement this Policy and assure compliance.

VII. INVESTMENT OVERSIGHT COMMITTEE

The Board is responsible for setting guidelines for the investment of the portfolio through the adoption of this Investment Policy. The Board recognizes that there is an expertise required both for setting the guidelines and the review of performance, which may exceed the technical background of individual commissioners and has, therefore, created the Investment Oversight Committee. This Committee is charged with the responsibility to review this Policy on a regular basis and to recommend changes. The Clerk will provide the Committee with reports in sufficient detail as may be requested by the Committee in order for them to review the performance of the portfolio. The Committee will establish portfolio benchmarks in order to judge the performance of the portfolio with respect to the market and other portfolios of similar size and limitations. The Committee will provide the Board a report as of the close of the fiscal year recapping the performance of the portfolio and any outside managers. The Board or the Committee may request additional meetings to discuss issues of concern or direction.

VIII. EXTERNAL INVESTMENT MANAGERS

The County may utilize external investment managers to assist with management of the portfolio. External management may be employed in situations where, due to limitations in the areas of staff time or expertise or the volume of securities available to the portfolio, such outside resources would be in a better position to overcome such limitations. The securities purchased by the external manager~~ment~~ on behalf of the County, or held by the fund in which the assets are invested, must be in compliance with the constraints identified by this Policy with respect to specific instruments, maturity, composition, credit, and diversification. The average duration of the funds managed by any one external manager on behalf of the County as part of the portfolio shall not exceed three years.

External managers are selected through a competitive selection process (an RFP). In making this selection, consideration will be given to past investment performance, fees, assets under management, experience of the firm and the individuals managing portfolios of similar size, complexity and investment restrictions. External managers will be evaluated and retained based upon their investment performance.

IX. SECURITY SELECTION PROCESS

Securities selected for purchase or sale should seek to provide the highest rate of return within all relevant parameters considering current objectives, known needs of the portfolio and limitations of this Policy. Whenever practical, asset purchases and sales will be done through a competitive bid process, attempting to use as many as three bids for each transaction and records of all bids will be kept a minimum of two years. For the external manager, the process for selection of securities and broker firms will be exempt from this Policy.

Overnight Repurchase Agreements and other transactions with maturities at the time of purchase of seven days or less will be exempt from this requirement due to the short duration of the transaction and the inability to effectively bid this on a nightly basis.

X. RISK DIVERSIFICATION AND PORTFOLIO COMPOSITION

The County recognizes that investment risks can result from issuer defaults, market price changes, changes in credit ratings, reinvestment of principal and interest, or various technical complications leading to temporary non-liquidity. Portfolio diversification and maturity limitations are employed as primary methods of controlling risk. Market value shall be the basis for determining portfolio percentages as required for the portfolio.

A. Issuer and Credit Risk

The structure of the portfolio is designed to minimize credit risk. The majority of the securities held will be those of the highest available credit quality ratings. These would include government pools, U. S Government (AAA) securities, and commercial paper, of only the highest applicable rating. Staff will notify the IOC at any time holdings drop below the minimum credit ratings specified in this Policy. The IOC will consider the market environment and make recommendations to hold and continue to monitor the investments or liquidate the investments.

To further limit the County's risk against possible credit losses, a maximum of 3% of the total portfolio managed by the County's external manager may be held at any one time in all securities of any corporate entity, inclusive of commercial paper, medium term notes, or corporate notes and bonds.

For purposes of this Policy, the top nationally-recognized credit rating agencies (NRSROs) for all credit-sensitive securities are Moody's Investor Services, Standard and Poor's, and Fitch Investor Services.

B. Maturity and Interest Rate Risk

To meet the day-to-day operating needs of the County and to provide the readily-available cash to meet unforeseen temporary cash requirements, the portfolio shall maintain in liquid investments (defined as repurchase agreements purchased under the terms of the County's depository contract, open repurchase agreements, ~~negotiable certificates of deposit~~ financials deposit instruments insured by the Federal Deposit Insurance Corporation, banker's acceptance, commercial paper, U S. Treasury direct and agency obligations, all having a maturity of 90 days or less, and the Treasury Special Purpose Investment Account) a minimum balance equal to one-twelfth of the then-current fiscal year's budgeted operating expenditures.

The range of duration for the County's overall portfolio is defined as 0.5 years to 2.5 years. Unusual market or economic conditions may mandate moving the portfolio outside of this range. The Investment Oversight Committee will be convened and will approve any portfolio duration outside of the range specified above.

C. Market Volatility

By establishing maturity or duration limitations on the aggregate portfolio, the County acknowledges its understanding that longer investments generally entail a greater potential for income returns, but at the risk of increased price volatility.

To further provide for capital protection, a volatility range is established wherein the market value of the overall portfolio should be targeted to remain within a range of +/- 5% from the portfolio's par value. If the market value moves outside of this range, the Investment Oversight Committee shall be convened and consulted. A decision shall be made and the County Administrator will be advised of the magnitude of the deviation and the actions to move the portfolio back within the range.

D. Investment Maturity and Liquidity

To the extent possible, an attempt will be made to structure the investment portfolio consistent with expected cash flow requirements. In no event will any security be purchased that has a~~n expected~~ final maturity or weighted average life (WAL) at the time of purchase exceeding ~~six~~ five years.

While investment maturities will not exceed the expected cash flow requirements, they may be shorter. Investments do not necessarily have to be made for the same length of time that the funds are available following the basic investment principals that are listed in Section IX.

XI. INVESTMENT PERFORMANCE AND REPORTING

A quarterly investment report shall be prepared by the Finance Office and provided to the County Administrator and the Investment Oversight Committee. The report shall include a breakdown of the portfolio by sector, maturity, yield, as well as its overall performance during that period with sufficient detail for a comprehensive review of investment activity and performance.

Annually, a recapitulation report will be presented to the Board of County Commissioners ("Board"), which shall include securities in the portfolio by sector, book value, income earned, market value and yield. Performance measurements shall be utilized which are appropriate to the maturity, risk characteristics, investment limitations and size of the portfolio. At a minimum, portfolio performance shall be measured by comparing its year-to-date earnings to an appropriate benchmark.

The County Administrator shall be notified immediately of deviations from currently approved investment policies.

XII. THIRD-PARTY CUSTODIAL AGREEMENTS

The Clerk will execute a Third Party Custodial Safekeeping Agreement with a depository chartered by the United States Government or the State of Florida. All securities purchased, and/or collateral obtained by the Clerk, shall be properly designated as an asset of the County and held in an account separate and apart from other assets held by the depository. No withdrawal of such securities, in whole or in part, shall be made from safekeeping, except by authorized staff. The Clerk will enter into a formal agreement with an institution of such size and expertise as is necessary to provide the services needed to protect and secure the investment assets of the County.

Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

The Third-Party Custodial Safekeeping Agreement shall include letters of authority from the Clerk, 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 the liability of each party.

XIII. MASTER REPURCHASE AGREEMENT

The County will require all approved institutions and dealers transacting repurchase agreements to execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions will adhere to requirements of the Master Repurchase Agreement.

XIV. PERMISSABLE INVESTMENTS

The following are the guidelines for investments and limits on security issues, issuers, and maturities as established by the Clerk (EXHIBIT A). The Clerk or the Clerk's designee (Finance Director) shall have the option to further restrict or increase investment percentages from time to time based on market conditions. Any changes to the portfolio composition guidelines or limits must be in writing from the ~~Clerk~~ Finance Director, directed to the appropriate parties and discussed at each quarterly Investment Oversight Committee meeting. ~~Matured investments of bond proceeds or debt service funds of an amount equal to the next principal or interest payment may be temporarily invested until paid. In the event that temporary investments of bond proceeds or debt service funds exceed portfolio composition limits, the limit is waived.~~

Internal Investments

A. The Local Government Surplus Trust Fund (SBA) and Treasury Special Purpose Investment Account (SPIA).

   A maximum of 50% and 15% of the portfolio may be invested in the SBA and SPIA, respectively. ~~This maximum may on occasion be exceeded (proceeds of bond sales or funds being collected for distribution for the retirement of, or other exceptional events) for periods not exceeding five business days.~~

B. The Florida Local Government Investment Trust (FLGIT) and the Florida Municipal Investment Trust (FMIvT). A maximum of 15% of the portfolio may be invested in ~~each of~~ FLGIT and in each of the FMIvT pools.

C. Constant Net Asset Value Money Market Mutual Funds (U.S. Government Securities, Repurchase Agreements, Commercial Paper and Bankers' Acceptances)
   1. Investments may be made in SEC qualified constant net asset value fixed income money market mutual funds rated AAAm or AAAg comprised of only those investment instruments as authorized in this Section XIV Portfolio Composition, provided that such funds do not allow derivatives.

D. ~~Non Negotiable Interest Bearing Time Certificates of Deposit (CD's)~~ Financial Deposit Instruments
   For funds that are initially deposited in a qualified public depository, the selected depository may arrange for depositing funds in financial deposit instruments insured by the Federal Deposit Insurance Corporation in one or more federally insured banks or savings and loan associations wherever located for the account of Leon County Board of County Commissioners.
   ~~1. Investments may be made in non-negotiable interest-bearing time certificates of deposit or savings accounts in banks organized under the laws of this state and/or in national banks organized under the laws of the United States and doing business and situated in this state, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes and provided that the bank is not listed with any recognized credit watch information service.~~
   1. A maximum of 30% of the portfolio may be invested in ~~non-negotiable interest bearing time certificates of deposit or savings accounts~~ financial deposit instruments.
   2. The maximum maturity on any certificate shall be no greater than two years from the time of purchase with the average maturity of all ~~CD's~~ financial deposit instruments no greater than one year.

External Investments

E. Repurchase Agreements
   1. Investments may be made in repurchase agreements comprised of only those investments as authorized in Sections XIV. H, I, and J, and based on the requirements set forth in the Clerk's Master Repurchase Agreement.
      a. All firms with whom the Clerk enters into repurchase agreements will have in place and executed a Master Repurchase Agreement.
      b. All repurchase agreements with a term longer than one business day will have the collateral held by a third party custodian.
      c. The collateral held pursuant to a repurchase agreement shall have a maturity of less than five years and must have a mark-to-market value of 102 percent during the term of the repurchase agreement. A maximum of 15% of the external portfolio may be invested in repurchase agreements with the exception of one business day agreements and overnight sweep agreements.
   2. A maximum of 5% of the external portfolio may be invested with any one institution or dealer with the exception of one business day agreements.
   3. The maximum length to maturity of any repurchase agreement is 60 days from the date of purchase.

F. Bankers' Acceptances
   1. Investments may be made in bankers' acceptances which are inventory based and issued by a bank, which has at the time of purchase, an unsecured, uninsured and unguaranteed obligation rating of at least "Prime-1" and "A" by Moody's and "A-1" and "A" by Standard & Poor's.
   2. A maximum of 15% of the external portfolio may be directly invested in bankers' acceptances at time of purchase.
   3. A maximum of 5% of the external portfolio may be invested with any one issuer.
   4. The original maturity of the security must be 270 days or less.

G. Commercial Paper
   1. Investments may be made in commercial paper of any United States company, which is rated at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper).
   2. A maximum of 20% of the external portfolio may be directly invested in prime commercial paper at time of purchase.
   3. A maximum of 5% of the external portfolio may be invested with any one issuer.
   4. The maximum length to maturity for prime commercial paper shall be 270 days.

H. United States Government Securities
   1. Investments may be made in negotiable direct obligations or obligations the principal and interest of which are unconditionally guaranteed by the United States Government. Such securities will include, but not be limited to, the following: Treasury and Cash Management Bills, State and Local Government Series (SLGS), Notes, Bonds Treasury Strips, and Treasury Inflation Protected Securities (TIPS).
   2. The external portfolio can be composed of up to 100% of these investments.
   3. The maximum final maturity of any direct investment in all the various forms of direct government guaranteed securities is 10 years, except for the underlying securities of repurchase agreements.

I. United States Federal Agencies (full faith and credit of the U.S. Government)
   1. Investments may be made in bonds, debentures or notes issued or guaranteed by United States Government agencies, provided such obligations are backed by the full faith and credit of the United States Government. Such securities are limited to the following: Small Business Administration, United States Department of Agriculture, United States Export-Import Bank, direct obligations or fully guaranteed certificates of beneficial ownership, Farms Home Administration, Federal Financing Bank, Federal Housing Administration Debentures, General Services Administration Participation Certificates, United States Maritime Administration Guaranteed, Title XI Financing, New Communities Debentures, United States Government guaranteed debentures, U. S. Public Housing Notes and Bonds, U.S. Government guaranteed public housing notes and bonds, U.S. Department of Housing and Urban Development Project notes and local authority bonds.
   2. Agencies backed by the full faith and credit of the U.S. Government may comprise 100% of the external portfolio.
   3. A maximum of 20% of the external portfolio may be invested in each of the above listed Federal Agencies.
   4. A maximum final maturity for an investment in any United States Government

agency security is five years.

J. Federal Instrumentalities (United States Government Agencies which are non-full faith and credit)
   1. Investments may be made in bonds, debentures or notes issued or guaranteed by United States Government sponsored agencies (Federal Instrumentalities) which are non-full faith and credit agencies limited to the following: Federal Farm Credit Bank (FFCB), Federal Home Loan Bank or its district banks (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), including participation certificates and Tennessee Valley Authority (TVA).
   2. A maximum of 45% of the external portfolio may be invested in Federal Instrumentalities.
   3. A maximum of 15% of the external portfolio may be invested in any one issuer.
   4. The maximum final maturity for an investment in any Federal Instrumentality is five years.

K. Corporate Debt Securities
   1. Investments may be made in notes, medium term notes, discount notes and variable-rate securities issued by any corporation, provided that such instrument is rated A or better by at least two NRSROs, at time of purchase.
   2. All corporate transactions must be payable in U.S. dollars.
   3. A maximum of 25% of the external portfolio may be invested in corporate fixed income securities.
   4. A maximum of 3% of the external portfolio may be invested with any one issuer.
   5. The maximum length to maturity for an investment fixed income security is five years.

L. Municipal Bonds
   1. Investments may be made in notes or bonds issued by governmental entities or territorial boundaries of the United States, provided that such instrument is rated A or better by at least one NRSRO.
   2. A maximum of 35% of the external portfolio may be invested in municipal securities at time of purchase.
   3. A maximum of 3% of the external portfolio may be invested with any one issuer.
   4. The maximum length to maturity for any municipal security is five years.

M. Mortgage-Backed Securities (MBS)
   1. A maximum of 35% of the external portfolio may be invested in MBS securities at time of purchase.
   ~~2. Minimum credit rating for MBS securities must be at least AA by at least two NRSRO, at the time of purchase.~~
   2. Only agency-collateralized (FNMA, FHLMC and GNMA) MBS, including collateralized mortgage obligations (CMOs) may be purchased.
   3. The maximum external portfolio percentage for any one agency collateralized MBS/CMO pool is 5%.
   4. Maximum expected average life at the time of purchase for any MBS security shall not exceed five years.

N. Asset-Backed Securities (ABS)
   1. A maximum of 5% of the external portfolio may be invested in ABS securities at time of purchase.
   2. Minimum credit rating for ABS securities must be at least AA- by at least two NRSRO, at the time of purchase.
   3. The maximum external portfolio percentage for any one ABS transaction is 1.5%.
   4. No more than 3% of the external portfolio may be allocated to any one subsector of the ABS market.
   5. Maximum expected average life at the time of purchase for any ~~M~~ABS security shall not exceed five years.

O. Commercial Mortgage-Backed Securities (CMBS)
   1. A maximum of 8% of the external portfolio may be invested in CMBS securities, at time of purchase.
   ~~2. Minimum credit rating for ABS securities must be at least AA- by at least two NRSRO, at the time of purchase.~~
   2. Only agency-collateralized CMBS may be purchased.
   3. The maximum external portfolio percentage for any one agency collateralized CMBS pool is 3%.
   4. Maximum expected average life at the time of purchase for any CMBS security shall not exceed five years.

XV. ADDITIONAL PORTFOLIO LIMITATIONS

A. The maximum combined portfolio allocation to MBS, CMBS and ABS securities is 45% at time of purchase.
B. The maximum combined portfolio allocation to corporate debt and municipal securities is 45% at time of purchase.
C. Portfolio securities may be purchased in either fixed or floating-rate form.

XVI. PROHIBITED INVESTMENTS

There shall be no investments in:
A. Securities of foreign issuers that are non-U.S. dollar denominated investments;
B. Private placements debt issues;
C. Commodities, futures or options contracts;
D. Short sales or margin transactions;
E. Limited partnerships;
F. Interest Only (IO) and Principal Only (PO) Mortgages;
G. Fixed income securities of the investment manager, including their parents or subsidiaries;
H. Any form of fixed income securities which would generally be considered derivatives, excluding CMOs.

XVII. INTERNAL CONTROLS

The Treasury Manager shall establish and monitor a set of written internal controls designed to protect the County's funds and ensure proper accounting and reporting of the securities transactions. Such internal controls shall include, but not be limited to, the following:

A. All securities purchased or sold will be transferred only under the "deliver versus payment" (DVP) method to insure that funds or securities are not released until all criteria relating to the specific transaction are met.

B. The Investment Officer or authorized Finance staff will accept, on behalf of and in the name of Leon County, bank trust receipts or confirmations as evidence of actual delivery of the obligations 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 Leon County.

D. 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 correspondent bank which has a correspondent relationship to the Clerk's third-party custodian.

E. Other internal controls such as:
   1. Written documentation of telephone transactions.
   2. Adequate separation of duties.
   3. Custodial safekeeping.
   4. Supervisory control of employee actions and operations review.
   5. Performance evaluations and reporting, interim and annual.

F. All daily investment activity is performed by the Investment Officer under supervision of the Finance Director.

G. Internal controls shall be reviewed by independent auditors engaged by the County as part of their financial audit.

XVIII. INVESTMENT STRATEGIES

Within the constraints of this Policy, the Clerk will be responsible for developing an investment strategy. This will be discussed with members of the Investment Oversight Committee and will address changes in the duration of the portfolio, the slope of the yield curve, spreads between various investment instruments, and actions by the Federal Reserve Board or other federal agencies which might influence investment decisions.

The Clerk will solicit suggestions and comments from the Committee with respect to making strategic investment decisions. In implementing these strategies, the Clerk will communicate with the external manager as to how they are repositioning their portfolio and coordinate directions.

Generally, the dollars managed externally will be of longer duration and more sophisticated instruments therefore, one of the tools the Clerk will use to implement their strategic decisions will be to increase or decrease the dollars being managed. The Clerk will seek to implement investment strategies that will maximize long-term returns and mitigate interest rate volatility. The resources and sophistication to actively manage the portfolio on a daily basis is not available and the portfolio will not be involved in regular short term day trading activity. The portfolio will be repositioned within a narrow band in terms of both maturity and security selection and only in unusual times will major changes occur.

XIX. CONTINUING EDUCATION

The Clerk, Finance Director and other staff responsible for making investment decisions must annually complete eight hours of continuing education in subjects or courses of study related to investment practices and products.

XX. POLICY REVIEW AND AMENDMENT

This Policy shall be reviewed annually by the Investment Oversight Committee and any recommended changes will be presented to the Board of County Commissioners for adoption.

LEON COUNTY INVESTMENT POLICY
EXHIBIT A

IP Section	Authorized	Security Type	Portfolio Sector Maximum	Subsector Maximum	Per Issuer Maximum	Maximum Maturity/ WAL Limit	Quality Minimum
XIV.A.	IM	Treasury Special Purpose Investment Account (SPIA) Local Government Surplus Funds Trust Fund	15% / 50%	NA	NA	NA	NA
XIV. B.	IM	FL Local Government Investment Trust (FLGIT) or the FL Municipal Investment Trust (FMIvT)	15% each ~~Trust~~Pool	NA	NA	NA	NA
XIV. C.	IM	Constant Net Asset Value Money Market Mutual Funds	100%	NA	NA	NA	SEC-qualified, must hold investments allowed by this Policy
XIV. D.	IM	~~Non-Negotiable Interest Bearing Time Certificates of Deposit~~ Financial Deposit Instruments insured by the FDIC	30%	NA	NA	2-Year Mat; 1 Year Avg Maturity	Public Dep. Act
XIV. E.	EM	Repurchase Agreements	15%, if longer than 1-Day	NA	5.0%	60-Days	Requires Master Repo Agreement
XIV. F.	EM	Bankers' Acceptances	15%	NA	5.0%	270-Days	A1/P1 by 2 NRSRO
XIV. G.	EM	Commercial Paper	20%	No ABCP	5.0%	270-Days	A1/P1 by 2 NRSRO
XIV. H.	EM	United States Government Securities	100%	NA	NA	10-Year Maturity	NA
XIV. I.	EM	United States Federal Agencies (full faith and credit)	100%	NA	20.0%	5-Year Maturity	NA
XIV. J.	EM	Federal Instrumentalities (Non-full full faith and credit)	45%	NA	15.0%	5-Year Maturity	NA
XIV. K.	EM	Corporate Debt Securities	25%	NA	3.0%	5-Year Maturity	A3/A- by 2 NRSRO
XIV. L.	EM	Municipal Bonds	35%	NA	3.0%	5-Year Maturity	A3/A- by 1 NRSRO
XIV. M.	EM	Mortgage-Backed Securities (MBS), including CMOs	35%	Agency-only	5.0%	5-Year WAL	Agency
XIV. N.	EM	Asset-Backed Securities (ABS)	5%	3%	1.5%	5-Year WAL	Aa3/AA- by 2 NRSRO
XIV. O.	EM	Commercial Mortgage-Backed Securities (CMBS)	8%	Agency-only	3.0%	5-Year WAL	Agency

EM=External Managers-limits apply to external portfolio

IM=Internal Management-limits apply to combined internal and external portfolios.

OTHER

The maximum combined portfolio allocation to MBS, CMBS and ABS securities is 45% at time of purchase.

The maximum combined portfolio allocation to corporate debt and municipal securities is 45% at time of purchase.

Portfolio securities may be purchased in either fixed or floating-rate form.