ST. LUCIE COUNTY BOARD OF COUNTY COMMISSIONERS
INVESTMENT POLICY

TABLE OF CONTENTS

Investment Policy Approved July 02, 2024

I. SCOPE

This investment policy applies to all surplus funds held by or for the benefit of the St. Lucie County Board of County Commissioners, hereinafter referred to as the County.

These policies were adopted using Sections 125.31 and 218.415, Florida Statutes. 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. DELEGATION OF AUTHORITY

The responsibility for providing oversight and direction regarding the management of the investment program resides with the Clerk of the Circuit Court and Comptroller (Clerk). The Board of County Commissioners will appoint an Investment Committee (Committee) that will serve in an advisory capacity and report to the Board of County Commissioners. Each Commissioner will select one of the five Committee member~~s~~ who will possess relevant financial experience. The Committee shall meet quarterly to review the Clerk's investment strategy and results. The Committee will rely on the Clerk and staff for support. The management responsibility for all Board's funds in the investment program and investment transactions is delegated to the Clerk or designee. The Clerk or designee shall establish written procedures for the operation of the investment portfolio and a system of internal accounting and administrative controls to regulate the investment activities. The Clerk may employ investment manager(s) to assist in managing some of the Board's investment portfolio. Such investment manager must be registered under the Investment Advisers Act of 1940.

IV. INVESTMENT PERFORMANCE AND REPORTING

A portfolio report shall be prepared each quarter by the Clerk or designated staff member. The report will also be made available to the Board of County Commissioners and Committee. The report shall include a breakdown of the portfolio as well as its overall performance and the current market pricing at month-end.

A detailed analysis of the investment portfolio will be prepared by the Clerk and presented to the Board of County Commissioners and Committee on a quarterly basis. The report shall include information relating to market values, performance, and adherence to policy. The Clerk is authorized to utilize an investment accounting service to obtain necessary information. The Board of County Commissioners will conduct an annual review of the investment portfolio and the investment policy.

The Board of County Commissioners will appoint an Committee that will serve in an advisory capacity and report to the Board of County Commissioners. Each Commissioner will select one of the five Committee members who will possess relevant financial experience. The Committee and the Board of County Commissioners shall receive a copy of the portfolio pricing analysis.

In the event of an emergency situation requiring noncompliance with policy guidelines, the Clerk shall attempt to schedule a special committee meeting to discuss the proposed action. If a special committee meeting is not possible due to time constraints or scheduling problems, the Clerk shall individually notify a minimum of three Committee members to obtain approval of the proposed action.

V. PERFORMANCE MEASUREMENT

In order to assist in the evaluation of the portfolio's performance, the Clerk will use performance benchmarks. The use of benchmarks will allow the Clerk to measure its returns against other investors in the same markets.

A. Investment performance of funds designated as short-term funds and other funds that must maintain a high degree of liquidity will be compared to the return of the S&P Rated GIP Index Government 30-Day Gross of Fees Yield. Investments of current operating funds shall have maturities of no longer than twenty-four (24) months.

B. Investment performance of funds designated as core funds that have a longer-term investment horizon, and where an external investment manager may be appointed, will be compared to the ICE BofA 1-5 Year AAA-A US Corporate & Government Index.

   The appropriate index will have a duration and asset mix that approximates the portfolio and will be utilized as a benchmark to be compared to the portfolio's total rate of return. Investments of bond reserves, construction funds, and other non-operating funds ("core funds") shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed five and one-half (5.5) years.

C. The Equities, Mutual Funds and/or exchange-traded funds (ETFs) performance shall be compared on a quarterly basis to appropriate peer universe benchmarks, as well as market indices in the equity markets. Examples of benchmarks and indexes that will be used include the Russell 3000 Index for broad U.S. equity strategies; S&P 500 Index for large cap U.S. equities, Russell 2000 Index for small cap U.S. equities, MSCI ACWI ex-U.S. Index for broad based non-U.S. equity strategies. The Russell 3000 Index will be used to benchmark the U.S. equities portfolio; the MSCI ACWI ex-U.S. Index will be used to benchmark the non-U.S. equities portfolio.

VI. PRUDENCE AND ETHICAL STANDARDS

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

The Clerk, and other persons performing the investment function, shall act as a "prudent person" in accordance with these written policies and procedures, exercising due diligence and investing in investments authorized by law.

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.

VII. AUTHORIZED INVESTMENTS

The Clerk, or other designee of the Clerk's office, shall purchase or sell investment securities at prevailing market rates, with a preference to par bonds or those at a discount. Authorized instruments are as follows:

A. The Intergovernmental Investment Pool rated "AAAm" by Standard & Poor's or the equivalent by another nationally recognized self-regulatory organization (NRSRO) for a stable Net Asset Value (NAV) fund. If the stable NAV fund has no rating then the underlying securities must be either FDIC insured; collateralized under the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes; or have a long term rating of "A" or better by a nationally recognized rating agency. For a floating NAV fund, the minimum rating will be AAf/S1 or the equivalent by a nationally recognized rating agency.

B. Negotiable direct obligations of, 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:

   1. Treasury Bills
   2. Treasury Notes
   3. Treasury Bonds
   4. Treasury Inflation Protected Securities

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by United States agencies provided such obligations are backed by the full faith and credit of the United States Government. Such securities will include, but not be limited to, the following:

   1. Farmers Home Administration
   2. Government National Mortgage Association (GNMA)

D. Bonds, debentures, notes of or other evidence of indebtedness issued or guaranteed by United States Government agencies (Federal Instrumentalities) which are not backed by the full faith and credit of the United States Government. Such securities will include, but not be limited to, the following:

   1. Federal Farm Credit Bank (FFCB)
   2. Federal Home Loan Bank or its district banks (FHLB)
   3. Federal National Mortgage Association (FNMA)
   4. Federal Home Loan Mortgage Corporation (Freddie-Mac)

E. Non-negotiable interest-bearing time certificates of deposit, money market accounts or savings accounts in financial institutions organized under the laws of the United States, 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.

F. Repurchase agreements collateralized by Treasury Bills or Notes having a maturity of two (2) years or less.

G. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

H. Corporate Obligations or Corporate Notes of U.S. Corporations with at least two of the following minimum ratings: A- by Standard & Poor's, A3 by Moody's, or A- by Fitch. U.S. dollar denominated corporate obligations or corporate notes issued by issuers domiciled in the following developed countries are permitted, quality and maturity limits apply:

- Australia
- Canada
- France
- Germany
- Japan
- United Kingdom

I. Commercial Paper denominated in United States dollars that is rated, at the time of purchase, Prime-1 by Moody's and A-1 by Standard & Poor's (Prime Commercial Paper). If the Commercial Paper is backed by a letter of credit (L.O.C.), the long-term debt of the L.O.C. provider must be rated A or better by at least two nationally recognized rating agencies.

J. Supranational Agencies – Debt obligations issued by multilateral organization of governments of which the U.S. is a shareholder and voting member, and are denominated in U.S. dollars, with highest Short-Term or Long-Term rating (A-1+/P-1, A.A.A./Aaa, or equivalent). Purchase authorization includes, but is not limited to, obligations of the following multilateral organizations:

1. International Bank for Reconstruction and Development (IBRD)
2. International Finance Corporation (IFC)
3. European Bank for Reconstruction and Development (EBRD)
4. Inter-American Development Bank (IADB)
5. Asian Development Bank (A.D.B.)
6. African Development Bank (AFDB)

K. Asset-Backed Securities (A.B.S.) – Approved Securitization Types are Auto Loans, Auto Leases, Credit Cards, Rate Reduction Bonds, Equipment Trusts, and Cell Phone Receivables. Deal size at issue must be at least $300 million. A.B.S. must be AAA rated by at least two nationally recognized rating agencies.

L. Equities, Mutual Funds and/or exchange-traded funds (ETFs) – Equities, shares in open-end and no-load equity and/or fixed-income mutual funds, and/or ETFs.

M. Municipal Debt - Obligations of states and local jurisdictions in the United States with at least two of the following three minimum ratings: A- by Standard & Poor's, A3 by Moody's, or A- by Fitch.

Investment in derivative products is not authorized. For the purposes of this policy derivative products are defined as financial arrangements whose value are derived from changes in an underlying variable such as a stock, bond, stock index, interest rate index, currency, or commodity. Derivative investments include, but are not limited to: futures contracts, options contracts, forward contracts, interest rate swaps, interest rate floor or ceiling contracts, and linked index investments.

VIII. 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, including investment pools, of current operating funds shall have maturities of up to five and one-half (5.5) years except the Certificates of Deposit, Repurchase Agreements, and Commercial Paper. The maximum length to maturity for Certificates of Deposit shall be two (2) years from the date of purchase. The maximum length of a Repurchase Agreement shall be one (1) year. The Clerk and other persons performing the investment function will provide an appropriate mix of maturities to maximize the return on the portfolio while minimizing investment risk.

Investment 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 and one-half (5.5) years, unless permitted by the terms of the bond documents. For securities that have a put date, that date will be considered the maturity for the purpose of these requirements.

Equities, Mutual Funds, and/or exchange-traded funds (ETFs) are excluded from the maximum maturity limitations due to the nature of these types of investments.

A liquidity amount of approximately three (3) months of anticipated disbursements, excluding bond construction payments or other bond payments made from escrow or trust accounts, will be kept in relatively short-term investments, and will be monitored by the Clerk. These would include Intergovernmental Investment Pools, money market accounts, and Repurchase Agreements.

IX. PORTFOLIO COMPOSITION

The following are the guidelines for investments and limits on security issues, issuers, and maturities as established by the County. The Clerk, or their appropriate designee, shall have the option to further restrict or increase investment percentages from time to time based on market conditions. Purchases of investments based on bond covenant requirements shall not be included in the portfolio composition calculation. The allowable maximum percentage requirements should be based on the prior month portfolio ending balance. If the maximum percentage is exceeded for any reason, corrective action should be taken within 30 days of any notice of violation to conform the portfolio to the allowable percentages.

If applicable and as it applies to the externally managed portfolio, the external investment manager shall notify the County investment personnel in writing via e-mail within five (5) days of the knowledge of an event that causes an investment to fall outside the standards of this investment policy. Current market values will be used for calculating the external portfolio balance. The investment manager must also prepare a written plan of action for the affected security. Immediate sale of an affected investment is not mandated by this policy.

The following table summarizes maximum limits established for diversification by fixed income and cash instruments. All investments are to be denominated in U.S. dollar.

Authorized Investment	Maximum Allocation Internal Investments	Maximum Allocation External Investment Manager Portfolio	Individual Issuer Limit	Maximum Length to Maturity
Intergovernmental Investment Pool	50%	0%	25%	N/A
Certificates of Deposit	40%	0%	10%	2 years
Treasuries	100%	100%	N/A	5.5 years
United States Federal Agencies	50%	50%	25%	5.5 years
Federal Instrumentalities (United States Government Sponsored Agencies)	50%	50%	25%	5.5 years
US Agency Mortgage-Backed Securities (MBS), including CMOs	20%	20%	10%	5.5 years duration
Repurchase Agreement	10%	10%	10%	1 year
Money Market Funds	80%	10%	25%	N/A
Corporate Obligations or Commercial Paper	50%	50%	5%	5.5 years
Supranational Agencies	25%	25%	10%	5.5 years
Asset-Backed Securities	25%	25%	3%	5.5 years
Municipal Debt	25%	25%	5%	5.5 years

A. The Intergovernmental Investment Pool

1. A maximum of 50% of the portfolio may be invested in Intergovernmental Investment Pool.

2. A maximum of 25% of the portfolio may be invested in any one pool.

B. Non-negotiable Interest-Bearing Time Certificates of Deposit

1. A maximum of 40% of the portfolio may be invested in non-negotiable interest-bearing time certificates of deposit or savings accounts.
2. The maximum maturity on any certificates shall be no greater than two (2) years from the time of purchase.

3. A maximum of 10% of the portfolio may be deposited in the instruments of any one issuer.

C. United States Government Securities

1. A maximum of 100% of the portfolio may be invested in United States Government Securities which are defined as negotiable direct obligations, or obligations the principal and interest of which are unconditionally guaranteed, by the United States Government.

2. The maximum length of maturity of any direct investment in government securities is five and one-half (5.5) years.

D. United States Federal Agencies

1. A maximum of 50% of the portfolio may be invested in United States Federal Agency securities which are backed by the full faith and credit of the United States Government.

2. The maximum length of maturity of any direct investment in Federal Agencies Securities is five and one-half (5.5) years.

3. A maximum of 25% of the portfolio may be invested in the instruments of any one issuer.

E. Federal Instrumentalities

1. A maximum of 50% of the portfolio may be invested in Federal Instrumentalities which are not full-faith and credit United States Government Agencies.

2. The maximum length of maturity of any direct investment in Federal Instrumentalities is five and one-half (5.5) years.

3. A maximum of 25% of the portfolio may be invested in the instruments of any one issuer.

F. US Agency Mortgage-Backed Securities

1. A maximum of 20% of the portfolio may be invested in mortgage-backed securities issued by Federal Agencies and Federal Instrumentalities of the United States Government.

2. Mortgage-backed securities will have an average interest rate duration not greater than five and one-half (5.5) years. (Final maturity limit does not apply)

4. A maximum of 10% of the portfolio may be invested in the instruments of any one issuer.

G. Repurchase Agreements

1. A maximum of 10% of the portfolio may be invested in repurchase agreements with the exception of one (1) business day agreements and overnight sweep agreements, which may go as high as 25%.

2. The maximum term of a repurchase agreement will be one (1) year.

3. A maximum of 10% of the portfolio may be invested in the instruments of any one issuer.

H. Money Market Funds

1. A maximum of 80% of the portfolio may be invested in institutional money market funds.

2. Money market funds must have an "AAA" rating from Moody's, Standard and Poor's, or Fitch.

3. A maximum of 25% of the portfolio may be invested in any one money market fund.

I. Corporate Obligations, Corporate Notes, or Commercial Paper

1. A maximum of 50% of available funds may be invested in corporate obligations, corporate notes, or Prime Commercial Paper combined.

2. A maximum of 5% of available funds may be invested in with any one issuer.

3. The maximum length of maturity of any Corporate Obligations or Corporate Notes is five and one-half (5.5) years.

J. Supranational Agencies

1. A maximum of 25% of available funds may be directly invested in Supranational Agencies.

2. A maximum of 10% of available funds may be invested with any one issuer.

3. The maximum length of maturity of any Supranational Agency is five and one-half (5.5) years

K. Asset-Backed Securities

1. A maximum of 25% of available funds may be invested in Asset-Backed Securities.

2. A maximum of 3% of available funds may be invested with any one issuer.

3. The maximum length of maturity for Asset-Backed Securities is five and one-half (5.5) years from the date of purchase – the weighted average life will be used instead of the final maturity date for maturity guideline purposes.

L. Municipal Debt

1. A maximum of 25% of available funds may be invested in municipal debt.

2. A maximum of 5% of available funds may be invested with any one issuer.

3. The maximum length of maturity of any Municipal Debt is five and one-half (5.5) years.

M. Equities, Mutual Funds and/or ETFs

1. A maximum of 10% of available funds may be directly invested in equities, mutual funds and/or ETFs.

2. The County believes that to achieve the greatest likelihood of meeting the investment objectives and the best balance between risk and return for optimal diversification, assets will be invested in accordance with the targets for each asset class as follows to achieve an average total annual rate of return that is equal

to or greater than the benchmark.

Asset Classes	Asset Weightings Range	Target*
Domestic Equity	+/- 1.5%	6.6%
International (non-US) Equity	+/- 1.5%	3.4%

*The targets are based on a strategic allocation of 66% in Domestic Equity and 34% in International Equity. This may be adjusted from time to time to reflect the prevailing market.

X. 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 bought and sold. Diversification strategies within the established guidelines shall be reviewed and revised periodically as necessary by the appropriate management staff.

XI. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

The County shall only purchase securities from financial institutions which have offices located within the State of Florida and are qualified as public depositories by the Treasurer of the State of Florida, from primary securities brokers/dealers designated by the Federal Reserve Bank of New York or from secondary brokers/dealers, with an office located in the State of Florida. Such specified brokers/dealers must be reviewed and approved by the Committee and approved by the Board of County Commissioners.

Documented lists of the authorized financial institutions and brokers/dealers will be developed and maintained by the Clerk.

Investments in equities, mutual funds and/or ETFs are excluded from the broker/dealer requirements.

The restriction on the secondary brokers/dealers with an office located in the State of Florida does not apply to the external investment managers and external investment managers may utilize their approved broker dealer lists. The purpose is to provide greater flexibility in seeking better pricing and optimize interest income to the County within the guidelines set forth in this policy.

If at any time the Clerk is appropriately notified of any threat to the integrity of the investment portfolio, proper security measures may be suggested and implemented, and the Clerk shall have the option to further restrict investment in selected instruments, to conform to the then-present market conditions.

Repurchase Agreements will be conducted through, and negotiated with primary securities brokers/dealers, or secondary brokers/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 enters into a specific repurchase agreement.

XII. THIRD PARTY CUSTODIAL AGREEMENTS

The Clerk 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 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 staff member. 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 transaction costs, procedures in case of wire failure or other unforeseen mishaps including liability of, each party.

XIII. MASTER REPURCHASE AGREEMENT

The Clerk 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. The agreement shall specify that the underlying securities have a market value of at least 103% of the principal balance of the investment. The market value is to be determined on a monthly basis.

XIV. BID REQUIREMENT

Although in most situations the competitive bid process shall be utilized, there is no obligation to secure competitive bids from all financial institutions and dealer/brokers on the approved list.

Rather a decision will be made by the Clerk as to the institutions that have been the most competitive over the preceding weeks and these will be contacted for a bid.

After the Clerk has determined the approximate maturity date based on the cash flow needs and market conditions and has analyzed and selected one or more optimal types of investments, a minimum of three (3) qualified banks and/or dealers will be contacted and asked to provide bids on the securities in question.

1. Bids will be held in confidence until the highest bid is determined and awarded.

2. Documentation will be retained for all bids, with the winning bid clearly identified.

3. 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 form.

4. If the maturing investment in funds to be invested are from a certificate of deposit, the present holder of the funds issuer of the CD will be one of the contacts made, subject to the portfolio diversification requirements in this policy.

5. In certain circumstances where a dealer or bank informs the County of a potential sale that must be completed within minutes of notification, the competitive bidding policy will be waived. The Clerk will have final approval on these particular transactions before they have been completed.

6. Investments in equities, mutual funds and/or ETFs are excluded from the minimum three (3) bid requirement.

7. Notwithstanding the above, in order to afford financial institutions within St. Lucie County opportunities to enhance the economy of the local area, certificates of deposit may be purchased from an institution as described in Section VII.E provided that the following additional conditions have been satisfied:

    a. The institution, or a branch office, is located within the boundaries of St. Lucie County.

    b. The institution has the highest and best bid of all bidding institutions as described in Section VII.E.

    c. The institution awarded the bid is subject to the portfolio limitation requirements and may not exceed said limitations.

    d. Financial institutions included on the approved list must be Qualified Public Depositories, as determined by the State of Florida.

XV. INTERNAL CONTROLS

The Clerk shall exercise and monitor a set of internal controls designed to protect the County's funds and ensure proper accounting and reporting of the securities transactions. The investment policy shall provide for review of such controls by independent auditors as part of any financial audit periodically required of the unit of local government. 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 is authorized to accept, on behalf of and in the name of St. Lucie 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 St. Lucie 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 Clerk.

H. There will be an avoidance of no 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. There is a prohibition of collusion between those making investment decisions and those providing investment services.

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

N. Investment policy shall be established by the Board of County Commissioners considering the recommendations of the Committee. All daily investment activity will be coordinated and reviewed by the Clerk or designee.

O. The following positions are designated as having the authority to initiate all investment activities:

   1. Clerk of the Circuit Court
   2. Comptroller
   3. Designees at the discretion of the Clerk

P. All officials responsible for making investment decisions shall complete 8 hours of continuing education annually in subjects or courses of study related to investment practices and products.

Q. Such additional internal controls as established by the Clerk.