

FLORIDA CITY AND COUNTY MANAGEMENT ASSOCIATION,  
INC. STATEMENT OF INVESTMENT POLICY

I. AUTHORITY

In accordance with the Bylaws of the Florida City and County Management Association, Inc. (the “Association” for “FCCMA”), 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.

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 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 Executive Director:

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 investment activity is the preservation of capital in the portfolio followed by liquidity and then yield. The FCCMA’s investment portfolio shall be designed to attain a market rate of return throughout financial and economic cycles, considering 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 Executive Director, its staff, and investment advisors if engaged by the Executive Director 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 Executive Director, the Association, or if engaged, 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. The Executive Director 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 Executive Director 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. The Executive Director 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 Executive Director on behalf of the Association under this policy shall be properly designated as assets of the Association.

#### VIII. RISKS

The Board recognizes that investment risks can result for various reasons. The Executive Director or the Association's investment advisors are expected to display prudence in the selection of investments to minimize risks. In the event of a potential investment risk, the Executive Director or the Association's investment advisors shall notify the Board and, if appropriate, proceed to liquidate investments 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 of 70 percent of the prior year's operating expenses in an operating account. These funds will be deposited in interest bearing demand accounts, savings or money market accounts, or negotiable certificates of deposit. Funds that exceed the amount required for operating expenses, will be invested in a combination of equity and bonds mutual funds.

#### X. AUTHORIZED INVESTMENTS

To accomplish the objectives of the FCCMA's long-term portfolio, this policy identifies various authorized investment instruments, issuer diversification, maturity constraints, investment ratings and liquidity parameters.

- A. All available funds in excess of the minimum required amount in Section IX for operating expenses may be invested in bond and equity mutual funds as recommended by the Investment Committee. Once this amount has been determined, no other transfers will be made between the investment portfolio and the operating account for the remainder of the fiscal year unless recommended by the Investment Committee. The target allocation will be 50 percent to bond mutual funds and 50 percent to equity mutual funds. The range for both bond and equity mutual funds would be from 40 percent to 60 percent. Any deviation outside of the range would require the portfolio to be rebalanced to the target allocation.

#### XI. INVESTMENT COMMITTEE

The makeup of the Investment Committee is addressed in Section 4.2 of the FCCMA Committee Policy.

- A. The Investment Committee will meet quarterly to review the Association's investment portfolio and recommend any necessary changes including rebalancing.
- B. At the quarterly meeting immediately following the completion of the Association's year-end financial

statements, the Investment Committee will calculate the amount that equates to the 70% of the prior year's expenses referred to in Section IX and determine an appropriate transfer amount from the operating account to the investment account.

XII. EFFECTIVE DATE

This investment policy shall become effective immediately and shall be reviewed annually by the Board.

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President  
Florida City and County Management Association, Inc.

Attest:

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Secretary-Treasurer  
Florida City and County Management Association, Inc.