

RESOLUTION NO. 2003-07

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF COCOA BEACH, FLORIDA, ESTABLISHING POLICIES FOR CITY FUNDS TO BE INVESTED; PROVIDING A CUSTODIAN OF FUNDS; PROVIDING FOR SELECTION OF INVESTMENTS, USE OF INVESTMENT INSTITUTIONS AND DEALERS AND BID REQUIREMENTS; AUTHORIZING THE SELLING OF INVESTMENTS AND TRANSFER OF FUNDS; PROVIDING FOR REPORTING OF INVESTMENTS HELD; ESTABLISHING AN INVESTMENT COMMITTEE; PROVIDING FOR PRORATION OF EARNINGS AND CHANGES IN VALUE; PROVIDING FOR THE EXCLUSION OF RETIREMENT PLAN AND BOND FUNDS; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED by the City Commission of the City of Cocoa Beach, Florida, in lawful session assembled as follows:

SECTION 1. INTENT

The City Commission of the City of Cocoa Beach declares its intent to establish a policy for surplus City funds, as defined in Florida Statutes Section 218.403(3), to be invested to provide safety of capital, liquidity of funds and investment income, in that order of importance, as authorized in Florida Statutes Section 218.415.

SECTION 2. CUSTODIAN OF FUNDS

- A. The Finance Director shall be the custodian of all public funds belonging to or under the control of the City.
- B. The Finance Director shall be required to account for all City funds and investments in the manner hereinafter set forth.
- C. The Finance Director shall be charged with the responsibility of supervising all administrative matters relating to this Resolution and shall establish a written system of internal controls and operating procedures, which shall be made part of the City's operational procedures. Internal controls shall be designed to prevent the loss of funds by fraud, employee error, misrepresentations by third parties, or imprudent actions by City employees. The required annual financial audit shall include a review of such internal controls.
- D. In the absence of the Finance Director, qualified persons designated by the City Manager or Finance Director are authorized to initiate investment activities.
- E. The Finance Director or any other persons designated to initiate investment activities shall annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products.

- F. All securities shall be held in a designated third party safekeeping account, designated as assets of the City of Cocoa Beach, and shall not be withdrawn except as directed by an authorized staff member of the City. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfers 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. Bank trust receipts or confirmations fully describing the securities held, including CUSIP number, will serve as evidence of actual delivery of the securities in return for investment of funds.

SECTION 3. SELECTION OF INVESTMENTS

The Finance Director shall select the investments to be made, subject to the following conditions:

- A. Investments are to be made with judgement 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 and the probable income to be derived from the investment.
- B. The investment must be one of the following authorized types:
1. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in s. 163.01, Florida Statutes.
 2. Securities and Exchange Commission registered money market funds with the highest credit quality ratings (AAA/AA) from a nationally recognized rating agency.
 3. Interest-bearing time deposits or savings accounts in qualified public depositories as defined in s. 280.02, Florida Statutes.
 4. Direct Obligations of the United States Treasury.
 5. Federal agencies and instrumentalities.

Derivative products and margin purchases are expressly prohibited.

- C. Investments shall be diversified to limit the risk of loss resulting from over concentration in a specific maturity, issuer, instrument, investment institution or dealer. No more than 50% of the City's funds will be invested with the same issuer, except direct obligations of the United States Treasury. No more than 50% of the City's funds will be invested through the same investment institution or dealer and no more than 20% of the City's funds will be invested beyond five years in any

security with the same maturity date. Diversification strategies within these guidelines shall be periodically reviewed and revised by the Finance Director.

- D. Investments will be made on the basis of those securities offering the greatest degree of liquidity and flexibility. The investment portfolio shall be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To the extent possible, maturities of securities will be made to match known cash needs and anticipated cash-flow requirements and with the expectation that they can be held to maturity and will not obligate the City for amounts in excess of the total amount of funds known to be available.
- E. Repurchase agreement transactions shall adhere to the requirements of a Master Repurchase Agreement, which shall require all approved institutions and dealers transacting repurchase agreements to execute and perform as stated therein.
- F. Investments in reverse repurchase agreements or other forms of leverage shall be limited to transactions in which the proceeds are intended to provide liquidity and for which the City has sufficient resources and expertise to manage them.

SECTION 4. USE OF INVESTMENT INSTITUTIONS AND DEALERS

Securities may only be purchased from investment institutions and dealers recommended by the Finance Director and authorized by the City Manager. The City Manager may withhold authorization without cause and shall not be required to offer any investment institution or dealer any reason or justification for such action. No investment institution or dealer will be used without having first reviewed this investment policy and providing acknowledgement in writing that they fully understand its parameters and provisions.

SECTION 5. BID REQUIREMENTS

The Finance Director shall determine the approximate maturity date based on cash-flow needs and market conditions and shall analyze and select one or more optimal types of investments. Competitive bids will be considered from authorized investment institutions and dealers, unless the Finance Director determines that competitive bids are not feasible and appropriate. Consideration may be given to instances of market volatility, time restraints, or other factors. When competitive bids are considered, the bid deemed by the Finance Director to best meet the investments objectives must be selected, unless a decision is made to not proceed with the purchase.

SECTION 6. LIQUIDATION OF INVESTMENTS

The Finance Director is authorized to select such obligations or securities to be sold, subject to the following:

- A. Individual investments may be sold, to capture profits or to reinvest funds in expectation of improving the expected future yield.
- B. Individual investments may be sold, in order to provide liquidity for unanticipated cash flow requirements.

SECTION 7. TRANSFER OF FUNDS

Transfer of funds for investments by Federal Reserve Wire System or by check is hereby authorized.

SECTION 8. REPORTING ON INVESTMENTS

- A. The Finance Director shall submit a quarterly report on investment activity to the City Commission and City Manager.
- B. The report shall include the class and type of securities currently being held, current book values and estimated market values.
- C. The report shall indicate the percentage of the City's funds invested with the same issuer, investment institution or dealer and the percentage of the City's funds invested beyond five years in any security with the same maturity date.
- D. The report shall indicate the investment income earned as compared to appropriate performance measures, including comparison to earnings from the Local Government Surplus Funds and the City's interest bearing bank account.
- E. The Finance Director shall immediately notify the City Manager of any deviations from currently approved investment policies.

SECTION 9. INVESTMENT COMMITTEE

- A. The Investment Committee shall consist of at least three members appointed by the City Manager. Appointments may include City employees or any other persons the City Manager deems suitable to assist with the administration of the investment program.
- B. The Investment Committee will meet on a regular basis to monitor results, review policies and procedures, assist with strategies and to comment on the portfolio.
- C. The Investment Committee will operate solely as advisors for the purpose of offering impartial and unbiased opinions and recommendations to the Finance Director.

- D. Any recommendations or concerns expressed by the entire Investment Committee or any individual member shall be documented in the minutes of each meeting, which will be promptly forwarded to the City Manager.

SECTION 10. CHANGES IN VALUE AND PRORATION OF EARNINGS

Changes in value of investments shall be marked-to-market in accordance with Generally Accepted Accounting Principles and recorded on a monthly basis. Investment earnings and changes in the value of securities shall be allocated based on the amounts contributed by each fund.

SECTION 11. EXCLUSION OF RETIREMENT AND BOND FUNDS

This Ordinance shall in no way affect pension funds that are administered by separate ordinances or bond funds where there are other existing policies or indentures in effect.


SECTION 12. EFFECTIVE DATE

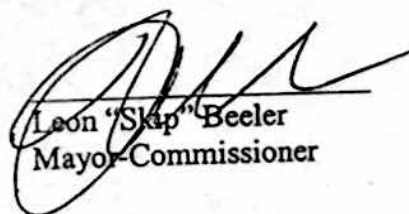
This Resolution shall take effect immediately upon adoption.

Upon Motion by Commissioner Fricker and Seconded by Commissioner Griffin this Resolution was duly adopted at a Meeting of the City Commission of the City of Cocoa Beach, Florida, held on the 20th day of February, 2003.

ATTEST:

Ayes:	<u>4</u>
Nays:	<u>0</u>
Absent or Abstaining	<u>1</u>


Loredana Kalaghchy, CMC
City Clerk


Leon "Skip" Beeler
Mayor-Commissioner