

ORDINANCE NO. 14-31

AN ORDINANCE OF ST. JOHNS COUNTY, FLORIDA ADOPTING THE LIST OF PERMITTED INVESTMENTS PURSUANT TO THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES; PROVIDING FOR SEVERABILITY; PROVIDING FOR REPEAL; PROVIDING FOR INCLUSION IN CODE AND PROVIDING AN EFFECTIVE DATE.

**WHEREAS**, the Board of Commissioners of St. Johns County, Florida (“Board”), pursuant to Resolution No. 2001-58, adopted a written investment policy for surplus public funds as provided in section 218.415, Florida Statutes, *as amended* (Investment Policy); and

**WHEREAS**, section 218.415(5), Florida Statutes, *as amended*, authorizes the Board to adopt a list of permitted investments consistent with the Investment Policy.

**NOW, THEREFORE, BE IT ORDAINED** by the Board of County Commissioners of St. Johns County, Florida:

**SECTION 1. PERMITTED INVESTMENTS: SURPLUS FUNDS.** The Board of County Commissioners hereby adopts the list of permitted investments as follows:

Security Type	Minimum Rating Requirement	Maturity Limits	Maximum Allocation Limit	Maximum Issuer Limit
Florida PRIME	AAAm	N/A	75%	N/A
United States Government Securities	N/A	5 Years	100%	N/A
United States Government Agencies (full faith and credit of the United States Government)	N/A	5 Years	50%	25%
Federal Instrumentalities*	N/A	5 Years	80%	50%
Supranational Agencies	triple “AAA” category by any two NRSROs	5 Years	25%	5%
Mortgage-Backed Securities (MBS) *	N/A	5 Years	20%	15%
Non-Negotiable Interest Bearing Time Certificates of Deposit or Savings Accounts	N/A	1 Year	50%	25%
Repurchase Agreements	N/A	60 Days	50%	25%
Commercial Paper	P-1/A-1	270 Days	25%	10%
Corporate Notes	single “A” category by any two NRSROs	5 Years	25%	5%
Bankers’ Acceptances	P-1/A-1	180 Days	25%	10%
State and/or Local Government Taxable and/or Tax-Exempt Debt	Single “A” category by two NRSROs	5 Years	20%	10%
Registered Investment Companies (Money Market Mutual Funds)	AAAm	N/A	50%	25%
Intergovernmental Investment Pool	AAA	N/A	25%	N/A

\*The combined total of available funds invested in Federal Instrumentalities and Mortgage-Backed Securities cannot be more than 80%.

**SECTION 2. PERMITTED INVESTMENTS: OPEB TRUST.** The Board of County Commissioners hereby adopts the following list of permitted investments for the County's OPEB Trust:

**A. EQUITIES**

No more than the greater of 5% or weighting in the relevant index (Russell 3000 Index for U.S. issues and MSCI ACWI ex-U.S. for non-U.S. issues) of the total equity portfolio valued at market may be invested in the common equity of any one corporation; ownership of the shares of one company shall not exceed 5% of those outstanding; and not more than 40% of equity valued at market may be held in any one sector, as defined by the Global Industry Classification Standard (GICS).

- i. Domestic Equities. Other than the above constraints, there are no quantitative guidelines as to issues, industry or individual security diversification. However, prudent diversification standards should be developed and maintained by the Manager.
- ii. International Equities. The overall non-U.S. equity allocation should include a diverse global mix that is comprised of the equity of companies from multiple countries, regions and sectors.

**B. FIXED INCOME**

Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. The overall rating of the fixed income assets as calculated by the Advisor shall be investment grade, based on the rating of one Nationally Recognized Statistical Rating Organization ("NRSRO").

**C. OTHER ASSETS (ALTERNATIVES)**

Alternatives may consist of non-traditional asset classes such as hedge funds, private equity, real estate and commodities, when deemed appropriate. The total allocation to this category may not exceed 30% of the overall portfolio.

- i. Hedge Funds: Primary objective shall be to enhance the risk-return profile of the overall portfolio. This can be accomplished by using a combination of hedge fund strategies that may enhance returns at a reasonable level of risk or reduce volatility while providing a reasonable level of return. These asset classes may differ from traditional public market asset classes due to the use of certain strategies including short-selling, leverage, and derivatives. Hedge funds may also invest across asset classes. The use of direct hedge funds and fund-of-hedge funds are allowed. For purposes of asset allocation targets and limitations, single strategy hedge funds will be categorized under the specific asset class of the fund. For example, a long/short U.S. equity fund will be categorized as "Other" in the Growth Assets category while a long/short credit fund will be categorized as "Other" in the Income Assets category. Multi-strategy hedge funds that cannot be easily categorized under one asset class will be included in "Other" under either the Growth Assets or Income Assets category depending on the risk-return profile of the strategy.

- ii. Private Equity: Private equity is less liquid than publicly traded equity securities and can provide returns that are greater than what is available in publicly traded markets. The private equity portfolio may include investments in a variety of commingled/partnership and direct investment vehicles including, but not limited to, venture capital, buyout, turnaround, mezzanine, distressed security, and special situation funds. The private equity portfolio is recognized to be long-term in nature and highly illiquid. Due to their higher risk, private equity investments are expected to provide higher returns than publicly traded equity securities. For purposes of asset allocation targets and limitations, these funds will be categorized as “Other” under the Growth Assets category.
- iii. Real Estate: Consists of publicly traded Real Estate Investment Trust (“REIT”) securities and/or non-publicly traded private real estate and shall be diversified across a broad array of property types and geographic locations. Investments of this type are designed to provide a stable level of income combined with potential for price appreciation, particularly in periods of unexpected inflation. For private real estate, the illiquid, long-term nature should be considered. For purposes of asset allocation targets and limitations, publicly traded REITs will be categorized as “Other” under the Growth Assets category. Depending on the investment characteristics of a private real estate fund, the fund will be categorized as “Other” under either the Income Assets category, for example, a core real estate fund, or under the Growth Assets category, for example, an opportunistic real estate fund where capital gains are expected to make up a significant portion of the total return.
- iv. Inflation Hedge: Shall consist of pooled vehicles holding among other assets: Treasury Inflation Protected Securities (“TIPS”), commodities or commodity contracts, index-linked derivative contracts, certain real estate or real property funds and the equity of companies in businesses thought to hedge inflation. Inflation hedge assets will be reported in the Real Return Assets category.

D. Cash Equivalents

Cash equivalents shall be held in funds complying with Rule 2(a)-7 of the Investment Company Act of 1940.

**SECTION 3. SEVERABILITY.** It is hereby declared to be the intent of the Board of County Commissioners of St. Johns County that if any section, subsection, clause, phrase or provision of the ordinance is held invalid or unconstitutional, such invalidity or unconstitutionality shall not be construed as to render invalid or unconstitutional the remaining provisions of the ordinance.

**SECTION 4. REPEAL.** All ordinances, or parts of ordinances in conflict with this ordinance are to the extent of such conflict hereby repealed.

**SECTION 5. INCLUSION IN CODE.** It is the intention of the Board of County Commissioners of St. Johns County, Florida, and it is hereby provided that the provision of this Ordinance shall become and be made a part of the Code of St. Johns County, Florida, that the sections of the ordinance may be renumbered or re-lettered to accomplish such intention; and that the word “ordinance” may be changed to “section”, “article” or other appropriate designation.

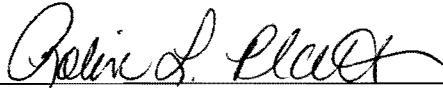
**SECTION 6. EFFECTIVE DATE.** A certified copy of this Ordinance shall be filed with the Department of State by the Clerk within ten (10) days after enactment by the Board, and shall take effect upon receipt of official acknowledgment of filing as provided in Section 125.66(2), Florida Statutes.

DULY ENACTED this 17<sup>th</sup> day of June, 2014

**BOARD OF COUNTY COMMISSIONERS  
ST. JOHNS COUNTY, FLORIDA**

  
\_\_\_\_\_  
John H. Morris, Chair

ATTEST:

  
\_\_\_\_\_

**CHERYL STRICKLAND, CLERK**

EFFECTIVE DATE: 6/23/2014

RENDITION DATE: 6/19/2014





**FLORIDA DEPARTMENT *of* STATE**

**RICK SCOTT**  
Governor

**KEN DETZNER**  
Secretary of State

June 23, 2014

Ms. Cheryl Strickland  
Secretary  
St. Johns County  
500 San Sebastian View  
St. Augustine, Florida 32084

Attention: Ms. Yvonne King, Deputy Clerk

Dear Ms. Strickland:

Pursuant to the provisions of Section 125.66, Florida Statutes, this will acknowledge receipt of your electronic copy of Ordinance No. 14-31, which was filed in this office on June 23, 2014.

Sincerely,

Liz Cloud  
Program Administrator

LC/mrh

2014 JUN 23 AM 9:23  
RECEIVED  
SECRETARY OF STATE