

RESOLUTION NO. 2001-58

A RESOLUTION OF ST. JOHNS COUNTY, FLORIDA, ADOPTING A WRITTEN INVESTMENT POLICY PURSUANT TO THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, AS AMENDED; PROVIDING FOR SEVERABILITY; PROVIDING FOR REPEAL; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Board of County Commissioners of St. Johns County, Florida (the "Board"), has determined to adopt a written investment policy for surplus public funds, as provided in Section 218.415(1)-(15), Florida Statutes, as amended, in the form attached hereto as Exhibit A (the "Investment Policy");

WHEREAS, the Board hereafter shall enact by ordinance a list of permitted investments for surplus public funds pursuant to Section 218.415(16)(g), Florida Statutes, as amended, consistent with the Investment Policy;

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

SECTION 1. INVESTMENT POLICY. The Board hereby adopts the Investment Policy attached hereto as Exhibit A.

SECTION 2. AMENDMENTS. The Investment Policy may be amended by resolution of the Board.

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

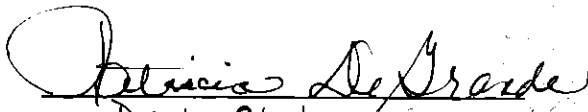
SECTION 4. REPEAL. All resolutions, or parts of resolutions in conflict with this resolution, are to the extent of such conflict hereby repealed.

SECTION 5. EFFECTIVE DATE. This resolution shall take effect upon adoption.

DULY ADOPTED this 27<sup>th</sup> day of March, 2001.

BOARD OF COUNTY COMMISSIONERS  
ST. JOHNS COUNTY, FLORIDA

ATTEST: Cheryl Strickland, Clerk

  
Deputy Clerk

  
MARY E. KOHNKE, CHAIRMAN

**St. Johns County  
BOARD OF COUNTY COMMISSIONERS  
INVESTMENT POLICY**

*Prepared by:*  
**Cheryl Strickland**  
**Clerk of the Circuit Court**

**Approved: \_\_\_\_\_, 2001**

*EXHIBIT A  
TO RESOLUTION*

## Table of Contents

	<b>Page</b>
I. PURPOSE	3
II. SCOPE	3
III. INVESTMENT OBJECTIVES	3
IV. DELEGATION OF AUTHORITY	4
V. STANDARDS OF PRUDENCE	4
VI. ETHICS AND CONFLICTS OF INTEREST	4
VII. INTERNAL CONTROLS AND INVESTMENT PROCEDURES	5
VIII. CONTINUING EDUCATION	5
IX. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS	5
X. MATURITY AND LIQUIDITY REQUIREMENTS	6
XI. RISK AND DIVERSIFICATION	6
XII. MASTER REPURCHASE AGREEMENT	6
XIII. DERIVATIVES AND REVERSE REPURCHASE AGREEMENTS	7
XIV. COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS	7
XV. AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSTION	8
XVI. PERFORMANCE MEASUREMENTS	14
XVII. REPORTING	14
XVIII. THIRD-PARTY CUSTODIAL AGREEMENTS	15
XIX. INVESTMENT POLICY ADOPTION	15
ATTACHMENT	
Glossary of Cash and Investment Management Terms	

**ST. JOHNS COUNTY  
BOARD OF COUNTY COMMISSIONERS  
INVESTMENT POLICY**

---

**I. PURPOSE**

The purpose of this policy is to set forth the investment objectives and parameters for the management of public funds of St. Johns County Board of County Commissioners (hereinafter "Board"). These policies are designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices.

**II. SCOPE**

In accordance with Section 218.415, Florida Statutes, this investment policy applies to all financial assets, of the board with the exception of Pension Funds and funds related to the issuance of debt where there are other existing policies or indentures in effect for such funds. Funds held by state agencies (e.g., Department of Revenue) are not subject to the provisions of this policy. Additionally, the policy does not include any financial assets under the direct control of any of the Constitutional Officers of St. Johns County, and this policy becomes applicable at such time as direct control of the funds passes to the Board.

**III. INVESTMENT OBJECTIVES**

Safety of Principal The foremost objective of this investment program is the safety of the principal of those funds within the portfolio. Investment transactions shall seek to be consistent with the other investment objectives, which are to keep capital losses at a minimum, whether they are from securities defaults or erosion of market value.

Maintenance of Liquidity The portfolio shall be managed in such a manner that funds are available to meet reasonably anticipated cash flow requirements in an orderly manner. Periodical cash flow analyses will be completed in order to ensure that the portfolios are positioned to provide sufficient liquidity.

Return on Investment The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

#### **IV. DELEGATION OF AUTHORITY**

Responsibility for the investment program is vested with the Clerk of the Circuit Court (“Clerk”). Responsibility for the administration of the investment program is hereby delegated by the Clerk of the Circuit Court to the Finance Director, who shall maintain an Investment Procedures and Internal Controls Manual based on this policy. The Finance Director shall be responsible for monitoring internal controls, administrative controls and to regulate the activities of the Clerk’s staff involved with the investment program. The Authorized Staff is limited to the following positions:

- Clerk
- Finance Director
- Assistant Finance Director

#### **V. STANDARDS OF PRUDENCE**

The standard of prudence to be used by the Authorized Staff shall be the “Prudent Person” standard and shall be applied in the context of managing an overall portfolio. Authorized Staff acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectation are reported in a timely fashion to the Clerk and the liquidity and the sale of securities are carried out in accordance with the terms of this policy. The “Prudent Person” rule states 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 from the investment.

While the standard of prudence to be used by Authorized Staff who are officers or employees is the “Prudent Person” standard, any person or firm hired or retained to invest, monitor, or advise concerning these assets shall be held to the higher standard of “Prudent Expert”. The standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these funds, the Investment Advisor shall exercise: the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments of the funds, so as to minimize the risk, considering the probable income as well as the probable safety of their capital.

#### **VI. ETHICS AND CONFLICTS OF INTEREST**

Employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Also, employees involved in the investment process shall disclose to the Clerk and the Board any material financial interests in financial institutions that conduct business with the Board, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the Board’s portfolio.

## **VII. INTERNAL CONTROLS AND INVESTMENT PROCEDURES**

The Finance Director shall establish a system of internal controls and operational procedures to protect the Board's assets and ensure proper accounting and reporting of the transactions related thereto. No person may engage in an investment transaction except as authorized under the terms of this policy. Independent auditors shall conduct a review of the system of internal controls as a normal part of the annual financial audit to the Board. Such internal controls shall include, but not limited to, the following:

### **Separation of functions:**

By separating the person who authorizes or performs the transaction from the person or persons who record or otherwise account for the transaction, a proper separation of duties is achieved.

### **Custodial safekeeping:**

Securities purchased from any bank or dealer, including appropriate collateral, shall be placed into a third party bank for custodial safekeeping.

### **Clear delegation of authority to subordinate staff members:**

Subordinate staff must have a clear understanding of their authority and responsibilities to avoid any improper actions. Clear delegation of authority also preserves the internal control structure that is built around the various staff positions and their respective responsibilities.

### **Written confirmation of electronically initiated transactions for investments and wire transfers:**

Due to the potential for error and improprieties arising from telephone or other electronically initiated transactions, all such transactions should be supported by written communications and approved by an individual other than the individual initiating said transaction. Repetitive wires do not require a secondary approval; however, all non-repetitive wires shall have secondary approval.

### **Documentation of transactions and strategies:**

All transactions and the strategies that were used to develop said transactions should be documented in writing and approved by the appropriate person.

## **VIII. CONTINUING EDUCATION**

The Finance Director and appropriate Authorized Staff shall annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products.

## **IX. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS**

Authorized Staff and Investment Advisor shall only purchase securities from financial institutions, which are qualified as public depositories by the Treasurer, or Chief Financial Officer of the State of Florida, "Primary Securities Dealers" as designated by the Federal Reserve Bank of New York, or from direct issuers of commercial paper and bankers' acceptances.

Authorized Staff and Investment Advisor shall only enter into Repurchase agreements with "Primary Securities Dealers" as designated by the Federal Reserve Bank of New York and financial institutions that are state qualified public depositories.

## **X. MATURITY AND LIQUIDITY REQUIREMENTS**

- A. To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have maturities of no longer than twenty-four (24) months. 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. The purchase of investments for core funds with maturities longer than five (5) years requires the Clerks approval prior to purchase. The maturities of the underlying securities of a repurchase agreement will follow the requirements of the Master Repurchase Agreements.
- B. Investments do not necessarily have to be made for the same length of time that the funds are available. The basic criteria for consideration for investments are listed below:
1. Keep maturities short in a period of constantly rising interest rates based on Treasury bill auctions or the daily Federal Funds rate.
  2. Keep maturities short in a period of a flat or an inverted treasury yield curve.
  3. Maturities should be lengthened when the treasury yield curve is normal and is expected to remain that way based on economic reports taken as a whole. The yield curve is normal when short-term rates are lower than long-term rates.
  4. Maturities should be lengthened when interest rates are expected to fall based on economic reports taken as a whole.
  5. The yield curves of the market should be analyzed for significant breaks in yields over various maturity dates. The points at which the yield curve breaks are the points at which there are significant marginal declines in yields for incremental changes in the maturity dates. Investments should be made at these breaks in the yield curve so that yields will be maximized.

## **XI. RISK AND DIVERSIFICATION**

Assets held shall be diversified to control risks resulting from over concentration of assets in a specific maturity, issuer, instruments, dealer, or bank through which these instruments are bought and sold. The Clerk shall determine diversification strategies within the established guidelines.

## **XII. 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.

### **XIII. DERIVATIVES AND REVERSE REPURCHASE AGREEMENTS**

Investment in any derivative products or the use of reverse repurchase agreements is specifically prohibited by this investment policy. A “derivative” is defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or indices or asset values.

### **XIV. COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS**

After the Investment Advisor or the Finance Director has determined the approximate maturity date based on cash flow needs and market conditions and has analyzed and selected one or more optimal types of investments, a minimum of three (3) reputable, qualified, and financially sound banks and/or dealers must be contacted and asked to provide bids on securities in questions. Bids will be held in confidence until the highest bid is determined and awarded.

However, on an exception basis, securities may be purchased utilizing the comparison to current market price method. Acceptable current market price providers include, but are not limited to:

- A. Telerate Information System,
- B. Bloomberg Information Systems,
- C. The Wall Street Journal or a comparable nationally recognized financial publication providing daily market pricing,
- D. Daily market pricing provided by the Clerk’s custody agents or their correspondent institutions.

Selection by comparison to a current market price, as indicated above, shall only be utilized when, in judgment of the investment advisor, the Clerk, or Finance Director, competitive bidding would inhibit the selection process.

Examples of when this method may be used include:

- A. When time constraints due to unusual circumstances preclude the use of the competitive bidding process.
- B. When no active market exists for the issue being traded due to the age or depth of the issue.
- C. When a security is unique to a single dealer, for example, a private placement.
- D. When the transaction involves new issues or issues in the “when issued” market.

Overnight sweep repurchase agreements will not be bid, but may be placed with the depository bank relating to the demand account for which the repurchase agreement was purchased.



**XV. AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION**

Investments should be made subject to the cash flow needs and such cash flows are subject to revisions as market conditions and the Board's needs change. However, when the invested funds are needed in whole or in part for the purpose originally intended or for more optimal investments, Authorized Staff may sell the investment at the then-prevailing market price and place the proceeds into the proper account at the Board's custodian.

The following are the guidelines for investments and limits on security types, issuers, and maturities as established by the Board. The Clerk or the Finance Director shall have the option to further restrict investment percentages from time to time based on market conditions. The percentage allocations requirements for investment types and issuers are calculated based on the original cost of each investment. Investments not listed in this policy are prohibited.

**A. The State Board of Administration's Local Government Surplus Funds Trust Fund ("SBA Pool")**

**1. Investment Authorization**

Authorized Staff may invest in the SBA

**2. Portfolio Composition**

A maximum of 100% of available funds may be invested in the SBA.

**B. United States Government Securities**

**1. Purchase Authorization**

Authorized Staff may invest 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:

- Cash Management Bills
- Treasury Securities – State and Local Government Series (SLGS)
- Treasury Bills
- Treasury Notes
- Treasury Bonds
- Treasury Strips

**2. Portfolio Composition**

A maximum of 100% of available funds may be invested in the United States Government Securities.

**3. Maturity Limitations**

The length to maturity of any direct investment in the United States Government Securities is five (5) years from the date of purchase. Maturities longer than five (5) years require the Clerk's approval.

C. United States Government Agencies (full faith and credit of the United States Government)

1. Purchase Authorization

Authorized Staff may invest in bonds, debentures or notes issued or guaranteed by the United States Governments 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:

- United States Export – Import Bank
  - Direct obligations or fully guaranteed certificates of beneficial ownership
- Farmer Home Administration
  - Certificates of beneficial ownership
- Federal Financing Bank
  - Discount notes, notes and bonds
- Federal Housing Administration Debentures
- General Services Administration
- United States Maritime Administration Guaranteed
  - Title XI Financing
- New Communities Debentures
  - United States Government guaranteed debentures
- United States Public Housing Notes and Bonds
  - United States Government guaranteed public housing notes and bonds
- United States Department of Housing and Urban Development
  - Project notes and local authority bonds

2. Portfolio Composition

A maximum of 50% of available funds may be invested in United States Government agencies.

3. Limits on Individual Issuers

A maximum of 25% of available funds may be invested in individual United States Government agencies.

4. Maturity Limitations

The length to maturity for an investment in any United States Government agency security is five (5) years from the date of purchase. Maturities longer than five (5) years require the Clerk's approval.

D. Federal Instrumentalities (United States Government sponsored agencies which are non-full faith and credit).

1. Purchase Authorization

Authorized Staff may invest 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 Clerk banks (FHLB)  
Federal National Mortgage Association (FNMA)  
Federal Home Loan Mortgage Corporation (Freddie-Macs) including Federal  
Home Loan Mortgage Corporation participation certificates  
Student Loan Marketing Association (Sallie-Mae)

2. Portfolio Composition

A maximum of 80% of available funds may be invested in Federal Instrumentalities

3. Limits on Individual Issuers

A maximum of 50% of available funds may be invested in any one issuer.

4. Maturity Limitations

The length to maturity for an investment in any Federal Instrumentality is five (5) years from the date of purchase. Maturities longer than five (5) years require the Clerk's approval.

E. Non-Negotiable Interest Bearing Time Certificates of Deposit

1. Purchase Authorization

Authorized Staff may invest 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.

2. Portfolio Composition

A maximum of 50% of available funds may be invested in non-negotiable interest bearing time certificates of deposit or savings accounts.

3. Limits on Individual Issuers

A maximum of 25% of available funds may be deposited with any one issuer.

4. Maturity Limitations

The maximum maturity on any certificate shall be no greater than one (1) year from the date of purchase.

F. Repurchase Agreements

1. Purchase Authorization

- a. Authorized Staff may invest in repurchase agreements comprised of only those investments based on the requirements set forth by the Clerk's Master Repurchase Agreement. All firms with whom the Clerk enters into repurchase agreements will have in place an executed Master Repurchase Agreement with the Clerk.
- b. A third party custodian shall hold collateral for all repurchase agreements with a term longer than one (1) business day.
- c. Securities authorized for collateral are negotiable direct obligations of the United States Government and Federal Instrumentalities with maturities under five (5) years and must have a mark-to-market value at a minimum of 102 percent during the term of the repurchase agreement. Immaterial short-term deviations from 102 percent requirement are permissible only upon the approval of the Authorized Staff.

2. Portfolio Composition

A maximum of 50% of available funds may be invested in repurchase agreements with the exception of one (1) business day agreements and overnight sweep agreements.

3. Limits on Individual Issuers

A maximum of 25% of available funds may be invested with any one institution with the exception of one (1) business day agreements and overnight sweep agreements.

4. Maturity Limitations

The maximum length to maturity of any repurchase agreement is 60 days from the date of purchase.

G. Commercial Paper

1. Purchase Authorization

Authorized Staff may invest in commercial paper of any United States company that is rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper). If backed by a letter of credit (LOC), the long-term debt of the LOC provider must be rated at least "A" by at least two nationally recognized rating agencies. The LOC provider must be ranked in the top fifty (50) United States banks in terms of total assets by the American Banker's yearly report.

2. Portfolio Composition

A maximum of 35% of available funds may be directly invested in prime commercial paper.

3. Limits on Individual Issuers

A maximum of 20% of available funds may be invested with any one issuer.

4. Maturity Limitations

The maximum length to maturity for prime commercial paper shall be 180 days from the date of purchase.

H. Bankers' Acceptances

1. Purchase Authorization

Authorized Staff may invest in bankers' acceptances which are issued by a domestic bank which has at the time of purchase, an unsecured, uninsured and unguaranteed obligation rating of at least "Prime-1" by Moody's or "A-1" by Standard & Poor's. The bank must be ranked in the top fifty (50) United States banks in terms of total assets by the American Banker's yearly report.

2. Portfolio Composition

A maximum of 35% of available funds may be directly invested in bankers' acceptances.

3. Limits on Individual Issuers

A maximum of 20% of available funds may be invested with any one issuer.

4. Maturity Limitations

The maximum length to maturity for bankers' acceptances shall be 180 days from the date of purchase.

I. State and/or Local Government Taxable and/or Tax-Exempt Debt

1. Purchase Authorization

Authorized Staff may invest in state and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least "Aa" by Moody's or "AA" by Standard & Poor's for long-term debt, or rated at least "MIG-2" by Moody's or "SP-2" by Standard & Poor's for short-term debt.

2. Portfolio Composition

A maximum of 20% of available funds may be invested in taxable and tax-exempt debts.

3. Limits on Individual Issuers

A maximum of 20% of available funds may be invested with any one issuer.

4. Maturity Limitations

A maximum length to maturity for an investment in any state or local government debt security is three (3) years from the date of purchase.

J. Registered Investment Companies (Money Market Mutual Funds)

1. Investment Authorization

Authorized Staff may invest in shares in open-end and no-load money market funds provided such funds are registered under the Federal Investment Company Act of 1940 and operate in accordance with 17 C.F.R. § 270.2a-7, which stipulates that money market funds must have an average weighted maturity of 90 days or less. In addition, the share value of the money market funds must equal to \$1.00.

2. Portfolio Composition

A maximum of 50% of available funds may be invested in money market funds.

3. Limits of Individual Issuers

A maximum of 25% of available funds may be invested with any one money market fund.

4. Rating Requirements

The money market funds shall be rated "AAm" or "AAm-G" or better by Standard & Poor's, or the equivalent by another rating agency.

5. Due Diligence Requirements

A thorough review of any money market fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed by the Finance Director that will contain a list of questions that covers the major aspects of any investment pool/fund.

K. Intergovernmental Investment Pool

1. Investment Authorization

Authorized Staff may invest in intergovernmental investment pools that are authorized pursuant to the Florida Interlocal Cooperation Act, as provided in s. 163.01, F.S.

2. Portfolio Composition

A maximum of 25% of available funds may be invested in intergovernmental investment pools.

### 3. Due Diligence Requirements

A thorough review of any investment pool/fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed by the Finance Director that will contain a list of questions that covers the major aspects of any investment pool.

## **XVI. PERFORMANCE MEASUREMENTS**

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. The State Board of Administration's Local Government Surplus Funds Trust Fund ("SBA Pool") will be used as a benchmark as compared to the portfolios' net book value rate of return for current operating funds.
- B. Investment performance of funds designated as core funds and other non-operating funds that have a longer-term investment horizon will be compared to an index comprised of U. S. Treasury or Government securities. The appropriate index will have a duration and asset mix that approximates the portfolios and will be utilized as a benchmark to be compared to the portfolio's total rate of return.

## **XVII. REPORTING**

The Finance Director and/or Investment Advisor shall provide the Clerk with quarterly investment reports. Schedules in the quarterly report should include the following:

- A. A listing of individual securities held at the end of the reporting period
- B. Percentage of available funds represented by each investment type
- C. Coupon, discount or earning rate
- D. Average life or duration and final maturity of all investments
- E. Par value, and market value

On an annual basis, the Clerk or designee shall prepare and submit to the Board a written report on all invested funds. The annual report shall provide all, but not limited to, the following: a complete list of all invested funds, name or type of security in which the funds are invested, the amount invested, the maturity date, earned income, the book value, the market value and the yield on each investment.

The annual report will show performance on both a book value and total rate of return basis and will compare the results to the above-stated performance benchmarks. All investments shall be reported at fair value per GASB standards. Investment reports shall be available to the public.

## **XVIII. THIRD-PARTY CUSTODIAL AGREEMENTS**

All securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by; the Board should be properly designated as an asset of the Board. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida as defined in Section 658.12, Florida Statutes, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

The Clerk will execute on behalf of the Board, third party custodial agreement(s) with its bank(s) and depository institution(s). Such agreements may include letters of authority from the Clerk, details as to the responsibilities of each party, method of notification of security purchases, sales, delivery, procedures related to repurchase agreements and wire transfers, safekeeping and transaction costs, procedures in case of wire failure or other unforeseen mishaps and describing the liability of each party.

The custodian shall accept transaction instructions only from those persons who have been duly authorized by the Clerk and which authorization has been provided, in writing, to the custodian. No withdrawal of securities, in whole or in part, shall be made from safekeeping, shall be permitted unless by such a duly authorized person.

The custodian shall provide the Clerk with safekeeping receipts that provide detail information on the securities held by the custodian. Security transactions between a broker/dealer and the custodian involving the 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. Securities held as collateral shall be held free and clear of any liens.

## **XIX. INVESTMENT POLICY ADOPTION**

The investment policy shall be adopted by the Board. The Clerk shall review the policy annually and, if necessary, present modifications to the Board for approval.

**Duly adopted this   <sup>rd</sup> day of        2001.**

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