

City of Boca Raton

INVESTMENT/PORTFOLIO POLICY in BRIEF

General Information

This investment policy applies to all the investment activity and cash balances of the City, except for its employees' pension funds, which are organized and administered separately.

The investment objectives for the City's cash reserves are to ensure the safety and preservation of investment principal, provide for liquidity, and maximize the return on investment (yield) while controlling risk through diversification. Funds of the City will be invested in accordance with Florida State Statute 166.261, 280, these policies and written administrative procedures.

All securities purchased by the City shall be properly designated as assets of the City of Boca Raton and shall be protected through the use of a third-party custody/safekeeping agent. All securities purchased by the City under this policy shall be purchased using the "Delivery Versus Payment" procedure.

When purchasing or selling securities, the Treasury Manager shall select securities that provide the highest rate of return within the parameters of the policy. The selections generally shall be made utilizing competitive bids, wherein the City solicits quotes from a minimum of three firms.

Authorized Institutions

The City shall purchase certificates of deposit only through qualified public depositories of the State of Florida as identified by the State Treasurer, in accordance with Chapter 280 of the State Statutes. In addition, the qualified public depository must be located within Broward, Miami Dade and Palm Beach County. In selecting depositories, the credit worthiness of the institutions shall be considered and a comprehensive review of the prospective depositories' credit characteristics and financial history will be conducted through an outside service.

Brokers/Dealers

The City may utilize dealers designated as "Primary Securities Dealers" by the Federal Reserve Bank of New York, for purchases and sales of securities. The City may also utilize non-primary securities (regional) dealers doing business from offices located in Broward, Miami-Dade or Palm Beach County. Both the firm and the dealer for non-primary dealers must have been engaged in the business of effecting transactions in U.S. government and agency obligations for at least five (5) consecutive years. The firm must have a minimum of \$500 million in annual underwriting of U.S. Government Agency Securities or Instrumentalities for the previous calendar year. The firm must have capital of no less than \$10,000,000. Both primary and non-primary dealers must qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). The firms must provide the following information prior to executing investment trades with the City:

1. Audited annual financial statement.
2. Regulatory history, through either the Office of the Comptroller or the Currency for dealer banks, or the NASD (CRD) for securities firms.
3. Statement of any pending lawsuits materially affecting the firm's business.
4. Proof of state registration.
5. Each Dealer's representative will be required to complete the City's Broker/Dealer Certification Form (Attachment "C") prior to the City conducting any business with the Dealer or its representative.

The City has a list of approved broker dealers and will consider new firms when one of the current firms is no longer on the approved list.

Authorized Investments

U.S. Treasury Bills, Notes and Bonds

Insured or fully collateralized Certificates of Deposit of banks

Bonds, debentures, notes or callables issued or guaranteed by the United States Government's agencies, provided such obligations are backed by the full faith and credit of the United States Government.

Bonds, debentures, notes or callables issued or guaranteed by United States Government sponsored agencies (Federal Instrumentalities) which are non-full faith and credit agencies limited to the following:

Repurchase Agreements

State Board of Administration local government surplus funds investment pool

State Board of Administration intermediate term investment pool.

Money Market Funds placed with qualified financial institutions

Money Market Funds registered with the Securities and Exchange Commission with the highest credit quality rating from a nationally recognized rating agency.

Securities of, or other interests in, any open-end or closed-end management type investment company or investment fund advised by a Registered Investment Advisor under rule 3c7 of the Investment Company Act of 1940, provided that the fund's investment guidelines state that the company or fund will seek to maintain a \$1 per share net asset value.

Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided the portfolio of such investment company or investment trust is limited to United States Government obligations and to repurchase agreements fully collateralized by such United States Government obligations and provided such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

Florida Municipal Investment Trust (Short-Term Bond Portfolio and/or Intermediate Term

Bond Portfolio)

Commercial paper of any United States company that is rated, "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 ("LOC"), the long-term debt of the LOC provider must be rated "A" or better by at least two nationally recognized rating agencies.

Corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long term debt rating, at the time of purchase, at a minimum "Aa" by Moody's and a minimum long term debt rating of "AA" by Standard & Poor's.

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

For a complete copy of the investment policy contact the City's Treasury Manager at chimes@ci.boca-raton.fl.us