

PROPOSED

RESOLUTION NO.

1 A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF BROWARD
2 COUNTY, FLORIDA, PERTAINING TO THE BROWARD COUNTY INVESTMENT
3 POLICY ("INVESTMENT POLICY"); AMENDING VARIOUS SECTIONS OF
4 CHAPTER 22 OF THE BROWARD COUNTY ADMINISTRATIVE CODE
5 ("ADMINISTRATIVE CODE") TO UPDATE THE INVESTMENT POLICY; AND
6 PROVIDING FOR SEVERABILITY, INCLUSION IN THE ADMINISTRATIVE CODE, AND
7 AN EFFECTIVE DATE.

8
9 WHEREAS, the Broward County Investment Policy, codified in Chapter 22 of the
10 Broward County Administrative Code ("Administrative Code"), sets forth the guidelines
11 for the investment of Broward County ("County") funds; and

12 WHEREAS, due to the length of time since the Investment Policy was last updated,
13 changes in industry practices, and other related factors, the Broward County Board of
14 County Commissioners ("Board") finds it is in the best interest of the County to update the
15 Investment Policy, NOW, THEREFORE,

16 BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF
17 BROWARD COUNTY, FLORIDA:

18 Section 1. Section 22.80 of the Broward County Administrative Code is hereby
19 amended to read as follows:

22.80. Purpose and Scope.

...

c. This Investment Policy applies to investments held by or for the benefit of the Broward County Board of County Commissioners ("Board"), including governmental, proprietary, and fiduciary funds as described and accounted for in the ~~Comprehensive~~ Annual Comprehensive Financial Report ("ACFR"). ~~Not included are The Investment Policy does not apply to~~ (1) the proceeds of refunded bond issues ~~which that~~ are deposited in escrow, (2) debt service funds, debt service reserve funds, and other similar funds governed by their respective bond resolutions and indentures, and (3) funds of the constitutional officers and other component units of the County governed by independent boards, unless as authorized by mutual agreement.

...

e. The County shall act responsibly to ensure public confidence in the government of Broward County as custodian of public funds.

Section 2. Section 22.81 of the Broward County Administrative Code is hereby amended to read as follows:

22.81. Investment Objectives.

The objectives of the Investment Program are, in order of importance:

...

d. ~~Act Responsibly: The County shall avoid any transaction that might impair public confidence in the government of Broward County as custodians of the public trust.~~

Section 3. Section 22.82 of the Broward County Administrative Code is hereby amended to read as follows:

22.82. Performance Measurement.

The performance of the Investment Portfolio should be regularly ~~exceed~~ measured against the average return on the Bank of America Merrill Lynch 1-3 year Treasury & Agency Index ("Index Benchmark"). This Index Benchmark tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one (1) year and less than three (3) years. ~~This index~~ and is considered a Benchmark for low-risk investment transactions and, therefore, constitutes a ~~minimum~~ reasonable standard for the Investment Portfolio's rate of return. The Investment Program shall seek to provide returns above ~~this~~ the Index Benchmark consistent with the risk limitations identified in this Investment Policy and prudent investment principles. The performance of the Investment Portfolio shall also be measured against the performance of the ninety (90) day Treasury Bill rate as a barometer for short-term yield. The Investment Program shall seek to provide returns above the Treasury Bill rate consistent with the risk limitations identified in this Investment Policy and prudent investment policies. The actual performance of the Investment Portfolio may vary due to changes in interest rates or market conditions.

Section 4. Section 22.84 of the Broward County Administrative Code is hereby amended to read as follows:

22.84. Eligible Securities.

The Investment Portfolio shall be limited to the following eligible securities and any additions by ordinances enacted by the ~~Broward County Commission~~ Board. ~~Marginable~~

64 ~~accounts, short sales (where the County does not own the underlying security), and~~
65 ~~investments in any derivative securities (including interest only or principal only and~~
66 ~~inverse floaters investments) are prohibited unless specifically designated below.~~

67 a. Direct obligations, or obligations, of the United States Government, the
68 principal and interest of which are unconditionally guaranteed by the United States
69 Government, including bonds, notes, and other obligations. Such securities will include,
70 but not be limited to, the following:

- 71 1. Cash Management Bills.
- 72 2. Treasury Bills.
- 73 3. Treasury Notes.
- 74 4. Treasury Bonds.
- 75 5. Treasury Securities—State and Local Government Series (SLGS).
- 76 . . .

77 c. Bonds, debentures, or notes issued by Government Sponsored Enterprises
78 (GSEs), which carry the implicit backing of the United States Government, but are not
79 direct obligations of the United States Government. Such securities will include issuances
80 from, but not be limited to, the following:

- 81 1. Federal Home Loan Bank System (FHLB)—Senior debt obligations.
- 82 2. Federal Farm Credit Bank (FFCB).
- 83 3. Federal Home Loan Mortgage Corporation (FHLMC or “Freddie
84 Mac”)—Participation certificates, senior debt obligations.
- 85 4. Federal National Mortgage Corporation Association (FNMA or “Fannie
86 Mae”)—Participation certificates, senior debt obligations.

5. Federal Agricultural Mortgage Corporation (~~FRM~~ FAMC or “Farmer Mac”)—Participation certificates, senior debt obligations.

...

e. Repurchase ~~a~~Agreements with Primary Dealers, as defined by the Federal Reserve Bank of New York, and a custodian bank acting as a tri-party agent, provided such agreements are i) in writing; and ii) fully secured by securities unconditionally guaranteed by the United States Government, and provided further that:

1. Any such collateral is held by the County or the tri-party agent acting for the County during the full term of such agreements;
2. Any such collateral may only be substituted for same credit quality or better;
3. Any such collateral is not subject to liens or claims of third parties;
4. Any such collateral has a market value (determined at least every seven (7) days) at least equal to one hundred two percent (102%) of the amount invested in such agreement;
5. The County has a perfected first security interest in such collateral;
6. ~~A Master Repurchase Agreement has been executed with all counterparties per Section 22.90 of this Investment Policy~~ The failure to maintain such collateral at the level required by clause (4) above will require the County or the tri-party agent to liquidate the investments; and
7. ~~The Master Repurchase Agreement provides that the failure to maintain such collateral at the level required by clause (4) above will require the County or the tri-party agent to liquidate the investments; and~~ term of the

Repurchase Agreement cannot exceed ninety (90) days from the date of purchase.

~~8. Term of the repurchase agreements cannot exceed ninety (90) days from date of purchase.~~

f. Commercial Paper rated in one (1) of the two (2) highest rating categories by at least two (2) nationally recognized rating agencies, or Commercial Paper backed by a letter of credit or line of credit rated in one (1) of the two (2) highest rating categories. The CFO, at ~~his or her~~ their discretion, may direct ~~the investment and finance coordinators staff~~ to invest in asset-backed ~~e~~Commercial ~~p~~Paper that is rated in one (1) of the two (2) highest rating categories by at least two (2) nationally recognized rating agencies.

...

j. Collateralized Mortgage Obligations ("CMOs"), which are only to be used at the discretion of the CFO, ~~and which~~ are bank-eligible, and pass a three-pronged test for CMO safety at purchase based on the following:

1. The Weighted Average Life ("WAL") does not exceed five (5) years;
2. The expected WAL does not extend for more than two (2) years nor shorten by more than three (3) years, assuming an immediate and sustained parallel shift in the yield curve of plus or minus three hundred (300) basis points; and
3. The estimated change in price is not more than ten percent (10%) assuming an immediate and sustained parallel shift in the yield curve of plus or minus three hundred (300) basis points.

k. World Bank ~~n~~Notes, Bonds, or Discount Notes, rated ~~AAA or equivalent by~~
~~Moody's Investor Service or Standard and Poors Corporation~~ in the highest classification
by any one (1) of the nationally recognized rating services.

...

m. Reverse ~~r~~Repurchase ~~a~~Agreements, which shall be used only for liquidity
purposes and cannot be longer than thirty (30) days in duration and must have the
approval of the CFO.

...

p. ~~Prohibition~~ Prohibited Investments.

1. The acquisition of securities of companies on the Scrutinized Companies
that Boycott Israel List, as published quarterly by the State Board of
Administration of Florida as part of the Global Governance Mandates and
Florida Statutes Quarterly Report, is prohibited, except with respect to:
(1) indirect holdings and (2) exchange-traded funds. For purposes of this
section, "indirect holdings" in a company means all securities of that
company that are held in a commingled fund or other collective investment,
such as a ~~m~~Mutual ~~f~~Fund, in which the County owns shares or interests,
together with other investors, or which are held in an index fund.

2. Marginable accounts, short sales (where the County does not own the
underlying security), and investments in any derivative securities (including
interest only or principal only and inverse floaters investments) are
prohibited unless specifically designated above.

Section 5. Section 22.85 of the Broward County Administrative Code is hereby amended to read as follows:

22.85. Security Lending.

Securities or investments purchased or held under the provisions of this Investment Policy may be loaned to securities dealers or financial institutions, provided:

...

d. The ~~Facilitator~~ must have a rating of "A" or higher as designated by ~~Standard and Poors~~ in the highest classification by any one (1) of the nationally recognized rating services; and

...

Section 6. Section 22.87 of the Broward County Administrative Code is hereby amended to read as follows:

22.87. Diversification.

...

c. The maximum percentage of the Investment Portfolio permitted in each eligible security, at the time of purchase, is as follows:

1. *Diversification by Instrument:*

(a) U.S. Treasuries and Agencies—100% Maximum

(b) Florida PRIME—50% Maximum

(c) Repurchase Agreements—40% Maximum

(d) ~~Commercial Paper—25% Maximum~~ Florida State-County Bonds—35% Maximum

- (e) ~~Florida State County Bonds~~ Money Market or Mutual Funds—35%
Maximum
- (f) ~~Interest Bearing Time Deposits (including CDs)~~ Commercial Paper—
25% Maximum
- (g) ~~Money Market or Mutual Funds—35% Maximum~~ Interest-Bearing
Time Deposits (including CDs)—25% Maximum
- (h) World Bank Notes, Bonds, Discount Notes—15% Maximum
- (i) CMOs—5% Maximum
- (j) Tennessee Valley Authority Obligations—5% Maximum
- (k) Bonds, notes, or instruments backed by the full faith and credit of the
government of Israel—3% Maximum

2. *Diversification by Institution:*

- (a) Money Market or Mutual Funds—No more than ten percent (10%) of
the total Investment Portfolio with any one (1) fund.
- (b) Repurchase Agreements—No more than ten percent (10%) of the
total County Investment Portfolio with any one (1) institution, at the
time of purchase. This restriction shall not apply to ~~r~~Repurchase
~~a~~Agreements executed by or facilitated through the Florida State
Board of Administration (“SBA”).
- (c) State Issued Funds—Unrestricted.
- (d) Commercial Paper—No more than five percent (5%) of the total
County Investment Portfolio with any one (1) issuer, at the time of
purchase.

Section 7. Section 22.88 of the Broward County Administrative Code is hereby amended to read as follows:

22.88. Qualified Institution.

Qualified institutions for the purpose of investment transactions shall include:

a. Primary dealers as defined by the Federal Reserve Bank of New York; or

b. Large regional and money center banks ranked 1—10 in ~~total capital~~ consolidated assets nationally as rated by the Federal ~~Deposit Insurance Corporation~~ Reserve Board, and Qualified Public Depositories, as defined in Section 280.02, Florida Statutes; or

...

Qualified institutions must have the ability to confirm trades through an electronic trading platform and must complete a broker agreement prior to initial trade. ~~An annual~~ review of the financial condition and registration of qualified financial institutions and brokers-dealers will be conducted every two (2) years at the end of ~~each~~ the applicable fiscal year. A list containing ~~a maximum of~~ up to fifteen (15) approved brokers-dealers selected on creditworthiness will be maintained annually. Notwithstanding anything to the contrary herein, the Development Corporation for Israel may act as an authorized broker-dealer only for the investment transactions identified in Section 22.84.o.

Section 8. Section 22.89 of the Broward County Administrative Code is hereby amended to read as follows:

22.89. Safekeeping and Collateralization.

All securities owned by ~~Broward~~ the County shall be held in safekeeping by a third party as agent for the County under the terms of a custodian agreement ~~or the Master~~

~~Repurchase Agreement~~, except for those funds held by the Trustee(s). It shall not be necessary for the Trustee(s) to lodge such collateral security with any other bank or trust company, but it shall be sufficient for the Trustee(s) to lodge such collateral security within its Trust Department.

All securities transactions must be made on a delivery versus payment basis, if applicable, to ensure that the third party acting as agent for the County will have the security or money, as appropriate, in hand at the conclusion of the transaction.

Section 9. Section 22.90 of the Broward County Administrative Code is hereby repealed in its entirety:

Section 10. Section 22.92 of the Broward County Administrative Code is hereby amended to read as follows:

22.92. Internal Controls.

~~Internal controls and operational procedures shall be those listed in the Procedures Memorandum Procedure RCC131 or its replacement.~~

a. The Finance and Administrative Services Department shall develop and maintain internal controls designed to:

1. Prevent and detect fraud, waste, and abuse, as each term is respectively defined in Section 11.45, Florida Statutes;
2. Prevent the loss of public funds arising from employee error, misrepresentation by third parties, unanticipated changes in financial markets, and/or imprudent actions by employees and officers of the County;
3. Promote and encourage compliance with applicable laws, rules, contracts, and grant agreements;

244 4. Support economical or efficient operations;

245 5. Ensure reliability of financial records and reports; and

246 6. Safeguard assets.

247 Section 11. Section 22.93 of the Broward County Administrative Code is hereby
248 amended to read as follows:

249 **22.93. Reporting.**

250 Reporting shall be done on a quarterly basis and submitted to the Board. The
251 information provided shall include the following: a summary of securities held at the end
252 of the reporting period by authorized investment category; summary par value, summary
253 market value, and summary book value; Investment Portfolio composition; interest
254 earnings history; and average weighted yield to maturity of Investment Portfolio on
255 investments as compared to the applicable Benchmark. In addition, Investment Portfolio
256 ~~M~~management reports that analyze the status of the current Investment Portfolio and
257 transactions made shall be provided to the CFO and Deputy CFO on a weekly basis and
258 to the County Auditor on a monthly basis.

259 Section 12. Section 22.94 of the Broward County Administrative Code is hereby
260 amended to read as follows:

261 **22.94. Education Requirements.**

262 All ~~Broward~~ County employees responsible for making investment decisions shall
263 complete a minimum of eight (8) hours of continuing education ~~on an annual basis~~ during
264 each County fiscal year in subjects or courses of study related to investment practices
265 and products. A record of all such training courses, including an outline of the topics

discussed, shall be filed with the CFO immediately upon completion of each said training course.

Section 13. Section 22.95.1 of the Broward County Administrative Code is hereby amended to read as follows:

22.95.1. Glossary.

. . .

r. *World Bank Notes*. The International Bank for Reconstruction and Development ("IBRD"), otherwise known as the World Bank, is an international organization owned by its one hundred eighty-eight (188) member countries. The IBRD sells bonds and discount notes to finance loans and guarantees, and provides technical assistance for economic reform projects and programs. The securities are backed by the member countries and are rated ~~AAA/A1+~~ by Standard and Poors in the highest rating category by any of the nationally recognized rating services.

. . .

Section 14. Severability.

If any portion of this Administrative Code Resolution is determined by any court to be invalid, the invalid portion will be stricken, and such striking will not affect the validity of the remainder of this Administrative Code Resolution. If any court determines that this Administrative Code Resolution, in whole or in part, cannot be legally applied to any individual, group, entity, property, or circumstance, such determination will not affect the applicability of this Administrative Code Resolution to any other individual, group, entity, property, or circumstance.

Section 15. Inclusion in the Broward County Administrative Code.

It is the intention of the Board of County Commissioners that the provisions of this Administrative Code Resolution become part of the Broward County Administrative Code as of the effective date. The sections of this Administrative Code Resolution may be renumbered or relettered and the word "resolution" may be changed to "section," "article," or such other appropriate word or phrase to the extent necessary to accomplish such intention.

Section 16. Effective Date.

This Administrative Code Resolution is effective upon adoption.

ADOPTED this day of , 2025.

PROPOSED

Approved as to form and legal sufficiency:
Andrew J. Meyers, County Attorney

By: /s/ Claudia Capdesuner 05/02/2025
 Claudia Capdesuner (date)
 Assistant County Attorney

By: /s/ Annika E. Ashton 05/02/2025
 Annika E. Ashton (date)
 Deputy County Attorney

CC/cv
Investment Policy Administrative Code Resolution
05/02/2025
#1081678v27

Coding: Words ~~stricken~~ are deletions from existing text. Words underlined are additions to existing text.