

City of South Daytona

Office of the City Manager / Department of Finance

Post Office Box 214960 • South Daytona, FL 32121 • 386/322-3060 • FAX 386/322-3099



MEMORANDUM

To: James L. Gillis, Jr., City Manager
From: Jason E. Oliva, Deputy Finance Director
Re: Resolution 2021-26, Updating the City's Investment Policy
Date: September 21, 2021

AGENDA ITEM

Item # D15

Date: September 28, 2021

After adoption of Ordinance No. 2021-02 amending section 2-8 "Investment of Municipal Funds" in the City's Code of Ordinances, staff requests council adopt Resolution No. 2021-26 which defines, in detail, the City's investment policy.

As noted in the Fiscal Year 2020 Independent Auditor's Management Letter, the City's investment policy has not been updated since 1995. Even though the City currently holds no liquid assets in investments other than cash accounts, it is necessary to review and update the policy to ensure compliance with state statutes and to ensure the policy reflect the intentions of the City's current governance and administration.

Now that the City has funds in excess of those required to meet current expenses, City staff has revised the investment policy in order to begin an effective short-term investment program.

The investment policy will comply with state statutes and will allow the City to invest funds in order to receive a competitive return. This policy has been reviewed by City Attorney Vose and our city auditor Zach Chalifour from James Moore.

RESOLUTION NO. 2021-26

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOUTH DAYTONA AMENDING THE CITY OF SOUTH DAYTONA'S INVESTMENT POLICY FOR MUNICIPAL FUNDS; AND PROVIDING FOR CONFLICTS, SEVERABILITY, AND AN EFFECTIVE DATE.

WHEREAS, Section 2-8 of the City of South Daytona Code of Ordinances governs the investment of municipal funds; and

WHEREAS, Section 218.415, Florida Statutes (2021) prohibits municipal investments in certain investment vehicles unless the municipality has adopted a written investment policy containing specific provisions as set forth in Section 218.415; and

WHEREAS, the City Council adopted a written investment policy in Resolution 95-12 and finds that it is appropriate to update that investment policy; and

WHEREAS, this Resolution is intended to provide a detailed investment policy for the City of South Daytona, Florida (the "City") in accordance with Section 2-8 of City of South Daytona Code of Ordinances and Section 218.415, Florida Statutes; and

WHEREAS, the City's investment policy may require amendment from time to time as warranted by prevailing conditions and circumstance, necessitating the flexibility of action by resolution; and

WHEREAS, for purposes of this Resolution words with underlined (underlined) type shall constitute additions to the original text and words with strikethrough (~~strikethrough~~) type shall constitute deletions from the original text.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SOUTH DAYTONA, FLORIDA THAT:

Section 1. Action. The City Council of the City of South Daytona hereby amends the City of South Daytona Investment Policies to read as follows:

City of South Daytona Investment Policies

I. PURPOSE

The purpose of this policy is to set forth the investment objectives and parameters for the management of public funds of the City of South Daytona, Florida (hereinafter "City"). 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

~~This investment policy applies to all Funds held by the City of South Daytona except for pension fund assets and assets under Bond Trust Indenture Agreements, when held by third party custodians and/or money managers. These funds are accounted for in the City's annual financial report and include:~~

- ~~• General Fund~~
- ~~• Special Revenue Funds~~
- ~~• Debt Service Funds~~
- ~~• Capital Project Funds~~
- ~~• Enterprise Funds~~
- ~~• Internal Service Funds~~
- ~~• Trust and Agency Funds~~
- ~~• Any new fund created by the City, unless specifically exempted by City Council.~~

In accordance with Section 218.415, Florida Statutes, this investment policy applies to all funds under the control of the City in excess of those required to meet current expenses, 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.

III. INVESTMENT OBJECTIVES

~~The following investment objectives will be applied in the management of the City of South Daytona investment funds:~~

~~The primary objective of the City's investment activities is the preservation of capital and the protection of investment principal.~~

~~In investing public funds, the City will strive to maximize the return on the portfolio through the monitoring of investment risk levels in relation to the investment returns.~~

~~The City's investment portfolio will provide the liquidity necessary to enable the City to meet operating requirements which might be reasonably anticipated.~~

~~To control investment principal risks regarding specific security types or individual financial institutions, the City will employ mechanisms to diversify its investments.~~

Safety of Principal

The foremost objective of this investment program is the safety of the principal of those funds within the portfolios. Investment transactions shall seek to keep capital losses at a minimum, whether they are from securities defaults or erosion of market value. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Maintenance of Liquidity

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

Return of Investment

Investment portfolios 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 of 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.

III. PRUDENCE

The level of prudence and ethical standards to be used by investment officials shall be the “Prudent Person” standard and shall be applied in the context of managing the overall investment program. 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.

V. 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 City Manager any material financial interests in financial institutions that conduct business with the City, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the City’s investment program.

IV. INVESTMENT PERFORMANCE AND REPORTING

VI. PERFORMANCE MEASUREMENT

~~Performance of the portfolio shall be reported monthly and submitted to the City Manager. Reports shall include details of the characteristics of the portfolio as well as its performance for this period. Reports shall be submitted to the City Council as a minimum on an annual basis and as frequently as quarterly.~~

~~Material deviations from project investment strategies shall be reported immediately to the City Manager.~~

In order to assist in the evaluation of the portfolios' performance, the City will use performance benchmarks for short-term and long-term portfolios. The use of benchmarks will allow the City to measure its returns against other investors in the same markets.

Investment performance of funds designated as short-term funds and other funds that must maintain a high degree of liquidity will be compared to the return the S&P Rated GIP Index Government 30 - Day Yield. Investments of current operating funds should have maturities of no longer than twenty four (24) months.

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 appropriate index will have a duration and asset mix that approximates the portfolio and will be utilized as a benchmark to be compared to the portfolios total rate of return.

For portfolios with a duration target of approximately 1.5 year to 2 years, the benchmark may include the Bank of America Merrill Lynch 1-3 Year U.S. Treasury Note Index, the Bank of America Merrill Lynch 1-3 Year U.S. Treasury/Agency Index or the 1-3 Year AAA-AA Corporate and Government Index. For portfolios with a target duration of 2 years to 3 years, the benchmark may include the Bank of America Merrill Lynch 1-5 Year U.S. Treasury Note Index, the Bank of America Merrill Lynch 1-5 Year U.S. Treasury/Agency Index or the 1-5 Year AAA-AA Corporate and Government Index

VII. INVESTMENT MATURITY AND LIQUIDITY REQUIREMENTS

~~To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. The City may invest sufficient Liquid Funds in overnight investment securities to meet projected cash requirements. The City will invest all checking account balances in accordance with the bank contract then in effect.~~

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, but in no event shall exceed five (5) years.

VIII. RISK AND DIVERSIFICATION

It is the policy of the City of South Daytona to diversify its investment portfolio. Assets held shall be diversified to control the risk of loss resulting from overconcentration of assets in a specific maturity duration, issuer, instrument, class of instruments, dealer, or bank through which financial instruments are bought and sold ~~a specific issuer or a specific instrument and/or class of instruments~~. Dealers may be diversified to control the risk of loss resulting from failure of the dealer.

~~VII. CRITERIA FOR SELECTION OF FINANCIAL INTERMEDIARIES AND ISSUES~~

IX. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

~~Certificates of Deposit shall be placed only with financial institutions which qualify under Florida Law. Other securities shall be purchased only: 1) through financial institutions which provide the services of a securities dealer, (who qualify as public depositories), with an office within the State of Florida, 2) through a "primary government securities dealer as designated by the Federal Reserve Bank, or 3) through "secondary government securities dealers" located within the City of South Daytona. These institutions, dealers and issuers must meet capital adequacy guidelines as determined by their respective regulatory agencies and certify that no material adverse events have occurred since the issue of their most recent financial statements. They must also agree to notify the City in the event of material adverse events affecting the capital adequacy. All securities purchased shall be only those securities of authorized issuers of the various security types.~~

~~Lists of these authorized institutions, dealers and issuers of the various security types will be maintained by the Finance Director or his designee.~~

Authorized City staff and Investment Advisors shall only purchase securities from financial institutions which are qualified as public depositories by the Treasurer of the State of Florida, institutions designated as "Primary Securities Dealers" by the Federal Reserve Bank of New York, direct issuers of commercial paper and bankers' acceptances, or approved non-primary securities dealers.

All approved non-primary securities dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule) must provide the following information prior to executing investment trades with the City:

1. Annual financial statement, as well as most recent quarterly statement.
2. Regulatory history, through either the Office of the Comptroller of the Currency for dealer banks, or the NASD for securities firms.
3. Statement of any pending lawsuits materially affecting the firm's business.

Authorized City staff and Investment Advisors shall only enter into repurchase agreements with financial institutions that are state qualified public depositories and primary securities dealers as designated by the Federal Reserve Bank of New York.

~~VIII. X. THIRD PARTY CUSTODIAL AGREEMENTS~~

All securities purchased by, and all collateral obtained by, the City under this section shall be properly designated as an asset of the City of South Daytona and held in safekeeping by a third-party custodial bank or other third-party custodial institution, chartered by the United States Government or the State of Florida. No withdrawal of such securities, in whole or in part, shall be made from safekeeping except by the Finance Director as authorized herein, or by his designee,

who shall be a staff member of the City of South Daytona. The strongest assurance and control that the securities have been properly segregated on behalf of the local jurisdiction is provided by an independent third-party custodian. In addition, it may be found to be appropriate to accept confirmation from the trust company affiliated with the other party of the transaction. The Finance Director or his designee should be assured that the structure of this affiliation is such that the two entities are fully independent of each other, that controls are adequate and that the City's security interest in the assets is not lost.

An exception to this method of control will be the safekeeping of non-negotiable bank certificates of deposit which would require physical delivery without systematic handling found commonly with book entry securities.

Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities shall 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.

The City will execute third-party custodial agreements with its bank(s) and depository institution(s). Such agreements will include letters of authority from the City that details the responsibilities of each party, notification of security purchases, sales, delivery, repurchase agreements and wire transfers, safekeeping and transactions costs, procedures in case of wire failure or other unforeseen mishaps including liability of each party.

IX. XI. INTERNAL CONTROLS

The Finance Director or his designee under the direction of the City Manager shall establish and monitor internal and procedural controls that are in writing and made a part of the City's operational procedures. ~~designed to protect the City's assets and ensure proper accounting and reporting of the transactions related thereto.~~ The internal controls should be designed to prevent losses of funds, which might arise from fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees. The written procedures should include reference to safekeeping, repurchase agreements, separation of transaction authority from accounting and record keeping, wire transfer agreements, banking service contracts, collateral/depository agreements, and "delivery vs. payment" procedures. No person may engage in an investment transaction except as authorized under the terms of this policy.

Independent auditors as a normal part of the annual financial audit for the City shall conduct a review of the system of internal controls to ensure compliance with policies and procedures.

Such internal control procedures shall include details of delivery vs. payment procedures and trust receipt documentation.

All securities purchased will be transferred when possible, only under the "delivery versus payment" (D.V.P.) method to insure that funds for securities are not released until all criteria relating to the specific transactions are met. Only after advising the City Manager, the Finance

Director or his designee shall be the responsible official authorized to deliver securities free of payment.

The Finance Director or his designee is authorized to accept, on the behalf of and in the name of the City of South Daytona, bank trust receipts or confirmations from a third-party custodian (which must be the trust department of the bank) in return for investment of temporarily idle funds as evidence of actual delivery of the obligations or securities. Any such trust receipt or confirmation shall fully describe the various obligations or securities held, together with the specific number of each obligation or security held, and that they are held for the City. The actual obligations or securities, whether in book-entry or physical form, on which trust receipts or confirmations are issued may be held by a bank/depository chartered by the United States Government or the State of Florida.

~~Internal controls will also encompass at a minimum these additional issues:~~

- ~~o transfer of all funds (purchases, sales, etc.)~~
- ~~o custodial safekeeping~~
- ~~o avoidance of bearer form or non-wireable securities~~
- ~~o delegation of authority to subordinate staff members~~
- ~~o written confirmation of telephone transactions~~
- ~~o specific guidelines regarding securities losses and remedial action~~
- ~~documentation of decisions made by investment officials~~
- ~~o review of selected investment transaction by the internal and external Auditors~~

XII. MASTER REPURCHASE AGREEMENT

All approved institutions and dealers transacting repurchase agreements must be executed and performed as stated in the Master Repurchase Agreement. All repurchase transactions shall adhere to the requirements of the Mater Repurchase agreement.

XIII. COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS

After 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) Qualified Institutions and/or Primary Dealers must be contacted by the Investment Advisor and asked to provide bids/offers on securities in questions. Bids will be held in confidence until the bid deemed to best meet the investment objectives is determined and selected.

However, if obtaining bids/offers are not feasible and appropriate, securities may be purchased utilizing the comparison to current market price method on an exception basis. Acceptable current market price providers include, but are not limited to:

A. Telerate Information System

B. Bloomberg Information Systems

C. Wall Street Journal or a comparable nationally recognized financial publication providing daily market pricing

D. Daily market pricing provided by the City's custodian or their correspondent institutions

The Investment Advisor shall utilize the competitive bid process to select the securities to be purchased or sold. Selection by comparison to a current market price, as indicated above, shall only be utilized when, in judgment of the Investment Advisor and/or the Finance Director, competitive bidding would inhibit the selection process

Examples of when the City may use this method include:

1. When time constraints due to unusual circumstances preclude the use of the competitive bidding process

2. When no active market exists for the issue being traded due to the age or depth of the issue

3. When a security is unique to a single dealer, for example, a private placement

4. When the transaction involves new issues or issues in the "when issued" market

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

XIV. CONTINUING EDUCATION

The Finance Director or appropriate staff responsible for making investment decisions shall annually complete a minimum 8 hours of continuing education in subjects or courses of study related to investment practices and products.

The Finance Director or appropriate staff responsible for making investment decisions shall develop a sufficient understanding of derivative products and have the expertise to manage them.

XV. REPORTING

The Finance Director shall provide the City Manager with a "Quarterly Investment Report" that summarizes but not limited to the following:

A. Recent market conditions, economic developments and anticipated investment conditions.

B. The investment strategies employed in the most recent quarter.

- C. A description of all securities held in investment portfolios at quarter-end. Descriptions of securities shall include securities in the portfolio by class or type, book value, income earned, and market value as of the report date.
- D. The total rate of return for the quarter and year-to-date versus appropriate benchmarks.
- E. Any areas of policy concern warranting possible revisions to current or planned investment strategies. The market values presented in these reports will be consistent with accounting guidelines in GASB Statement 31.

On an annual basis, the Finance Director shall submit to the City Council 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 as of the report date, 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 Statement 31. Investment reports shall be available to the public.

X. INSTRUMENT SELECTION

XVI. AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION

~~The following is a current list of authorized securities for investment by the Finance Director or his designee. Revisions to the authorized list of securities may change from time to time upon recommendation to and approval of the City Manager.~~

Investments should be made subject to the cash flow needs and such cash flows are subject to revisions as market conditions and the City'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, the Finance Director or designee may sell the investment at the then-prevailing market price and place the proceeds into the proper account at the City's custodian.

The following are the investment requirements and allocation limits on security types, issuers, and maturities as established by the City. The Finance Director or designee shall have the option to further restrict investment percentages from time to time based on market conditions, risk and diversification investment strategies. 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.

The allocation limits and security types do not apply to the investment of debt proceeds. These investments shall be governed by the debt covenant included in the debt instrument.

- A. Local Government Surplus Funds Trust Fund (~~SBA: State Board of Administration~~)
(Florida PRIME)

~~B. U.S. Government Securities~~ Direct obligations of the United States Treasury

~~C. Federal Agencies and Instrumentalities~~

~~D. Federal Agencies~~

~~E. Collateralized Mortgage Obligations used by federal agencies and instrumentalities
(excluding derivative products)~~

~~F. Non-negotiable CD's~~ C. Interest-Bearing Time Deposit or Savings Accounts in qualified
public depositories as defined in Section 280.02, Florida Statutes

~~G. Non-Taxable and Taxable Municipal Bonds~~

~~H. A Mutual Fund~~ D. 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
that the portfolio of such investment company or investment trust is limited to obligations
of the United States Government or any agency or instrumentality thereof and to repurchase
agreements fully collateralized by such United States Government obligations, and
provided that such investment company or investment trust takes delivery of such collateral
either directly or through an authorized custodian.

**A. LOCAL GOVERNMENT SURPLUS FUNDS TRUST FUND (~~TRUST FUND~~)
(Florida PRIME)**

1. Authority to Invest

The Finance Director or his designee may invest in ~~the "Trust Fund."~~ Florida PRIME.

2. Portfolio Composition

~~The portfolio makeup of this investment is controlled by the administrator of the fund
(State Board of Administration). This is the City's primary investment of surplus funds
unless market conditions allow for diversification of investments which generate greater
yields.~~

A maximum of 50% of available funds may be invested in Florida PRIME.

**3. Florida PRIME shall be rated "AAAm" by Standard & Poor's or the equivalent by another
Nationally Recognized Statistical Rating Organization ("NRSRO") and the published
objectives of the fund must agree with the Securities and Exchange Commission
investment requirement for 2a-7.**

~~B. U.S. GOVERNMENT SECURITIES~~

B. DIRECT OBLIGATIONS OF THE UNITED STATES TREASURY

1. Authority to Purchase

The Finance Director or his designee may invest in negotiable direct obligations, or obligations the principal and interest of which are unconditionally guaranteed by the of the U.S. Government United States Treasury. Such securities will include but not be limited to the following:

~~Direct Obligations:~~

Cash Management Bills
Treasury Bills
Treasury Notes
Treasury Bonds

2. Portfolio Composition

- a. ~~There will be no minimum or~~ A maximum for direct government securities of 100%
of available funds may be invested in the United States Government Securities.

3. Maturity Limitations

The maximum length to maturity of any direct investment in government security investment is 60 months.

C. FEDERAL INSTRUMENTALITIES ~~C. Federal Agencies and Instrumentalities~~

~~1. Authority to Purchase~~

~~The Finance Director or his designee may invest in negotiable direct obligations of Federal Instrumentalities. Such securities will include but not be limited to the following;~~

~~Securities include obligations of the:~~

- ~~○ Federal National Mortgage Association~~
- ~~○ Federal Farm Credit Banks (FFCB)~~
- ~~○ Federal Home Loan Bank or its District (FHLB)~~
- ~~○ Federal Home Loan Mortgage Corporation (Freddie Maes)~~
- ~~○ Federal Home Mortgage Corporation participation certificates~~

~~The issuers of these instruments may have lines of credit but are not unconditionally guaranteed by the full faith of the Federal Government.~~

~~2. Portfolio Composition~~

~~A maximum of 40% of the portfolio may be invested in Federal Instrumentalities (including Floating Rate Instruments).~~

~~3. Maturity Limitations~~

~~The maximum length to maturity of any direct investment in government security investment is 60 months.~~

~~4. Investment Limitations~~

~~Securities should not be purchased at a premium. They should be purchased at par or discounted. Any individual issue should not exceed 20% of the total portfolio.~~

~~D. FEDERAL AGENCIES~~

~~1. Authority to Purchase~~

~~The Finance Director or his designee may invest in obligations the principal of which is unconditionally guaranteed by the U.S. Government and issued through Federal agencies. Such securities will include but not be limited to:~~

- ~~• Government National Mortgage Association (GNMA)~~
- ~~• Small Business Administration (SBA)~~
- ~~• Federal Housing Administration (FHA)~~
- ~~• Farmers Home Administration (FMHA)~~
- ~~• General Services Administration (GSA)~~
- ~~• Export/Import Bank~~

~~2. Portfolio Composition~~

- ~~a. No more than 40% of the portfolio may be in Federal Agency securities (including Floating Rate Instruments).~~

~~3. Limits on Individual Issuers~~

~~A maximum of 5% of the portfolio may be invested in any one Federal Agency's securities position.~~

~~4. Maturity Limitations~~

~~The maximum length to maturity of any direct investment in government security investment is fifteen (15) years.~~

~~E. COLLATERALIZED MORTGAGE OBLIGATIONS (CMO'S)~~

~~1. Authority to Purchase~~

~~The Finance Director or his designee may invest in Collateralized Mortgage Obligations (CMO's) supported by mortgages guaranteed by the following: Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), and Federal Home Loan Mortgage Corporation (FHLMC).~~

~~2. Portfolio Composition~~

~~A maximum of 40% of the portfolio may be invested in CMO's, with a further restriction that any individual security shall not exceed 20% of the total portfolio.~~

~~3. Maturity Limitation~~

~~The maximum length to final maturity of CMO's is thirty (30) years, with a maximum duration of fifteen (15) years at pricing PSA speeds at the time of purchase. Except for Interest Only investments where the maximum initial average life may not exceed ten (10) years at the time of purchase.~~

F. NON-NEGOTIABLE INTEREST BEARING TIME CERTIFICATES OF DEPOSIT
C. INTEREST BEARING TIME DEPOSIT OR SAVINGS ACCOUNTS

1. Authority to Purchase

The Finance Director or his designee may invest in non-negotiable interest-bearing time certificates of deposits which qualify under Florida Law.

2. Portfolio Composition

A maximum of 25% of the portfolio may be invested in non-negotiable CD's.

3. Limits on Individual Issuers

~~All issuers must be approved as "Certified Public Depositories" by the State of Florida, as required by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.~~

A maximum of 15% of available funds may be deposited with any one issuer.

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

G. NON-TAXABLE OR TAXABLE MUNICIPAL BONDS

~~1. Authority to Purchase~~

~~Non-Taxable and Taxable Municipal Bonds limited to issues of State Government entities, (i.e. State of Florida or its Agencies, Cities, Counties and Municipal Agencies) of the State of Florida provided that such Bonds are rated AAA or AA by Standard and Poor's and/or~~

~~Moody's. To include general obligations, insured issues, or other credit enhancement issues.~~

~~2. Portfolio Composition~~

~~A maximum of 25% of the portfolio may be invested in Non-Taxable or Taxable Municipal Bonds.~~

~~3. Limits on Individual Issuers~~

~~a. A maximum of 10% of the portfolio may be invested with any one issuer.~~

~~H. A MUTUAL FUND~~

~~D. 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.~~

~~1. Authority to Purchase~~

~~The Finance Director or his designee may invest in mutual funds which by prospectus provide the same investment parameters as stated in each designated investment instrument listed herein.~~

This Section governs investments in 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 that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

The Finance Director may invest in shares in open-end and no-load fixed-income securities mutual funds provided such funds (1) are registered under the Federal Investment Company Act of 1940, (2) have the highest credit quality rating from a nationally recognized rating agency, and (3) invest in securities permitted by this policy.

2. Portfolio Composition

A maximum of 50% of available funds may be invested in mutual funds excluding one (1) business day overnight sweep agreements.

3. Limits of Individual Issuers

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

4. Rating Requirements

The money market mutual funds shall be rated “AAAm” or better by Standard & Poor’s, or the equivalent by another NRSRO.

XI. POLICY AMENDMENT

This policy may be amended from time to time by City Council upon recommendation of the Finance Director (or his designee) through the City Manager.

Section 2. Repealer. All prior resolutions, if any, which conflict with this Resolution are hereby repealed.

Section 3. Severability. If any section, subsection, sentence, clause, phrase or portion of this Resolution, or application thereof, is for any reason held invalid or unconstitutional by any Court, such portion or application shall be deemed a separate, distinct and independent provision, and such holding shall not affect the validity of the remaining portions or application thereof.

Section 4. Effective Date. This resolution shall become effective immediately upon its adoption.

APPROVED AND ADOPTED at a meeting of the City Council of the City of South Daytona, Florida, on the 28th day of September, 2021.

SIGNED:

WILLIAM C. HALL
Mayor

ATTEST:

JAMES L. GILLIS, JR.
City Manager as Appointed City Clerk

APPROVED AS TO FORM:

WADE C. VOSE
City Attorney