

FLORIDA ASSOCIATION OF COUNTIES, INC. POLICY

Subject: Investment Policy

Objective: To establish a policy for the investment of Association funds.

Scope

This investment policy applies to all financial assets of the Florida Association of Counties, Inc., and excludes specific investments managed by an outside source, such as the 401(a) Plan and 457(b) Deferred Compensation Plan.

Investment Objectives

The objective of the Association is to invest funds not needed to meet current obligations in instruments which will place the highest priority on preservation of principal and liquidity, and secondly, maximize total investment return.

The portfolio shall consist primarily of fixed income securities and cash equivalents, to include appropriate money market securities and money market funds.

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.

Authorized Investments

The Association may invest any excess funds in the following:

1. Savings accounts in FAC Board designated depositories.
2. Certificates of deposit in FAC Board designated depositories. The Association may own no more than \$250,000 in certificates of any one depository institution at one time, unless determined to be economically prudent to do so.
3. U.S. Treasury and Agency securities.
4. Securities and Exchange Commission registered money market funds ranked within the two highest credit quality ratings from one of the nationally recognized rating agencies such as Standard & Poor's or Moody's.
5. Repurchase agreements which are purchased from authorized dealers and involve the sale and repurchase of securities authorized for purchase by this investment policy. Collateral placed for any repurchase agreement will be governed by a Master Repurchase Agreement executed by the Association and the Participating

security brokers/dealers. The Master Repurchase Agreement shall include appropriate margin requirements. Repurchase agreements shall be collateralized at no less than 102%. No reverse repurchase agreements are allowed.

6. Corporate commercial paper ranked within the two highest credit quality ratings from one of the nationally recognized rating agencies such as Standard & Poor's or Moody's.
7. Corporate bonds ranked the equivalent of A/ A2 or higher from a nationally recognized ratings agency such as Standard & Poor's or Moody's. If a downgrade occurs, the market conditions shall be examined as soon as possible and bonds replaced, depending on those conditions.
8. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01.
9. Mutual Funds regulated by the Securities and Exchange Commission, rated three stars or higher by Morningstar. If a downgrade occurs, the market conditions shall be examined as soon as possible and mutual funds replaced, depending on those conditions.
10. Any other investment as recommended by the Finance & Audit Committee and approved by the Board of Directors.
11. The purchase of individual investments in the following categories are not allowed:
 - Equities
 - CMO's, REMIC's, or other derivative securities
 - Limited Partnerships
 - Foreign/International investments
 - Margin trading or short selling

Asset Allocation

Assets of the Association shall be invested in a diversified portfolio consisting of cash, short and intermediate term bonds and equities. Guidelines and ranges are depicted below. From time to time, the Board of Directors will adopt asset allocation strategies within the ranges specified below:

	Target Limit	Maximum Limit
Cash	40%	100%
Bonds	50%	75%
Equities	10%	15%

The Target Limit will be valued at the time of purchase. The Target Limit will then be reviewed on a quarterly basis for appropriate adjustment up to the maximum limit.

A maximum of 5% of the total assets in all securities of any corporate entity may be held

at any one time, inclusive of directly purchased commercial paper, medium term notes or corporate notes and bonds.

Maturity and Liquidity Requirements

Investment maturities will be matched as closely as possible with known cash needs and anticipated cash flow requirements. To meet the day to day operating needs of the Association and to provide ready cash to meet unforeseen temporary cash requirements, the Association shall maintain a minimum of the equivalent amount of three months operating expenses in interest bearing demand accounts, money market funds, or such other liquid instruments having a maturity of 90 days or less. As cash reserves increase, the Association will ladder maturities in the portfolio to correspond with cash flow needs.

Safekeeping and Custody

All securities purchased by the Association under this policy shall be properly designated as assets of the Association and shall be protected through the use of a third-party custody/safekeeping agent. Securities will be purchased through a delivery versus payment method.

Reporting and Performance


The Fiscal Officer shall submit to the Board at each meeting an investment report with information sufficient to provide for a comprehensive review of investment activity and performance for the year. The Finance & Audit Committee will receive quarterly investment reports. The report would summarize the investment strategies employed in the most recent quarter, and describe the portfolio in terms of investment securities, maturities, risk characteristics and other relevant features.

Responsibilities

The Fiscal Officer is responsible for making investments with guidance as may be provided by the Finance & Audit Committee. The Fiscal Officer shall maintain a list of designated depositories which shall be reviewed and approved by the Board of Directors periodically as provided for in the Association's Bylaws. The Fiscal Officer shall establish and maintain sufficient internal controls to ensure the security of Association funds.

Reservation of Authority: The FAC Board of Directors reserves the right to modify, amend or abolish this policy by majority vote at any regular meeting of the Board.

As approved by the Board of Directors, this 16th day of November, 2011.



Commissioner Doug Smith
President