



**AGENDA REPORT
May 22, 2018**

SUBJECT:

Approval of Ordinance Amending Ordinance 2016-14, List of Permitted Investments

FISCAL IMPACT:

There is no fiscal impact associated with this action.

DEPT/OFFICE:

Agenda Coordinator

REQUESTED ACTION:

Approval of proposed changes to Ordinance 2016-14 adding Multi-Asset Class Investments to the list of permitted investments for the County Investment program; approval of attached Multi-Asset Class Portfolio Investment Policy.

SUMMARY EXPLANATION and BACKGROUND:

County Commissioners in the past have inquired about other investment alternatives such as Equities. The County's Investment Committee has met and specifically discussed ways of improving the County's Investments. After several meetings, and upon the recommendation of the County's Investment Advisor (PFM), the Investment Committee has approved expanding the list of Permitted Investments to include Multi-Asset Class Investments which include such items as Domestic and International Equities, Emerging Market Debt, Real Estate Investment Trusts ("REITs"), Treasury Inflation Protected Securities ("TIPS"), Exchange Traded Funds ("ETFs") and Mutual Funds of Registered Investment Companies. Florida Statute 218.415(16)(h) requires the Board to amend County Ordinance 16-14 and approve a new Multi-Asset Class Portfolio Investment Policy Statement to provide authorization for this additional investment option. This does not replace the County's Investment Policy, BCC 49 which governs the Board's short term and long term investments.

The Multi Asset Class Investment (MACM) portfolio is limited to represent between 5% and 20% of the County's long term portfolio. The funds utilized in the MACM portfolio is not expected to be used within a 5-10 year time horizon. These funds will be used to complement the long term portfolio by diversifying in securities which seek to maintain purchasing power net of inflation and over a time horizon over five years.

The short term portfolio funds which are expected to be used within each current year will not be invested in Multi Asset Class Investments.

The "Multi -Asset Class Portfolio Investment Policy" will govern the actions of the County's Investment Advisor in considering this class of investments.

ATTACHMENTS:

Description

- **Multi-Asset Class Portfolio Investment Policy Statement**
- **striktthrough ordinance**
- **Clean copy ordinance**

REVIEWERS:

Department	Reviewer
Agenda Coordinator	Lewis, Sally
County Manager	Abbate, Frank

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FLORIDA DEPARTMENT *of* STATE

RICK SCOTT
Governor

KEN DETZNER
Secretary of State

May 23, 2018

Honorable Scott Ellis
Clerk
Board of County Commissioners
Brevard County
Post Office Box 999
Titusville, Florida 32781-0999

Attention: Ms. Deborah Thomas

Dear Mr. Ellis:

Pursuant to the provisions of Section 125.66, Florida Statutes, this will acknowledge receipt of your electronic copy of Brevard County Ordinance No. 18-11, which was filed in this office on May 23, 2018.

Sincerely,

Ernest L. Reddick
Program Administrator

ELR/lb



Tammy Rowe, Clerk to the Board, 400 South Street • P.O. Box 999, Titusville, Florida 32781-0999

Telephone: (321) 637-2001
Fax: (321) 264-6972
Tammy.Rowe@brevardclerk.us

May 23, 2018

M E M O R A N D U M

TO: Frank Abbate, County Manager

RE: Item IV.B., Ordinance Amending Ordinance 16-14, List of Permitted Investments

The Board of County Commissioners, in regular session on May 22, 2018, adopted Ordinance No. 18-11, amending Ordinance 16-14, to include Multi-Asset Class Investments to the list of permitted investments for the County Investment Program; and approved the Multi-Asset Class Portfolio Investment Policy. Enclosed is a certified copy of the Ordinance and a fully-executed Policy.

Your continued cooperation is always appreciated.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
SCOTT ELLIS, CLERK

Tammy Rowe

Tammy Rowe, Deputy Clerk

/kp

Encls. (2)

cc: Budget
Finance

ORDINANCE NO. 18-11

**AN ORDINANCE OF BREVARD COUNTY, FLORIDA;
AMENDING ORDINANCE 16-14 WHICH PROVIDES A
LIST OF PERMITTED INVESTMENTS, PURSUANT TO
THE REQUIREMENTS OF SECTION 218.415, FLORIDA
STATUTES; PROVIDING FOR INCLUSION OF MULTI-
ASSET CLASS PORTFOLIO INVESTMENTS IN THE LIST
OF PERMITTED INVESTMENTS; PROVIDING FOR
SEVERABILITY; PROVIDING FOR REPEAL; PROVIDING
FOR INCLUSION IN CODE AND PROVIDING AN
EFFECTIVE DATE.**

WHEREAS, the Board of County Commissioners of Brevard County, Florida is authorized to adopt a list of permitted investments by ordinance pursuant to Section 218.415(16)(h), Florida Statutes.

WHEREAS, the Board of County Commissioners previously established an Investment Committee comprised of volunteers with financial or investment expertise;

WHEREAS, the County has retained a financial advisor (currently PFM Asset Management LLC) for the County who provides guidance to the Investment Committee and the Board of County Commissioners;

WHEREAS, the Investment Committee, with the concurrence of the financial advisor, recommends that the County authorize county funds to be invested in Multi-Asset Class Portfolio Investments and added to the list of permitted investments.

NOW, THEREFORE, BE IT ORDAINED by the Board of County Commissioners of Brevard County, Florida:

SECTION 1. PERMITTED INVESTMENTS. The Board of County Commissioners hereby adopts the list of permitted investments as follows:

- A. The Florida Local Government Surplus Funds Trust Fund ("SBA")
- B. United States Government Securities
- C. United States Government Agencies
- D. Federal Instrumentalities
- E. Interest Bearing Time Deposit or Saving Accounts
- F. Repurchase Agreements
- G. Commercial Paper
- H. Corporate Notes
- I. Bankers' Acceptances
- J. State and/or Local Government Taxable and/or Tax-Exempt Debt
- K. Registered Investment Companies (Money Market Mutual Funds)
- L. Intergovernmental Investment Pool

- M. Inter-Departmental Loans
- N. Supranationals
- O. Asset-Backed Securities
- P. Multi-Asset Class Portfolio Investments, including:
 - a) US Domestic Equities
 - b) Non-US International Equities
 - c) US Investment Grade Corporate Bonds
 - d) US Below-Investment Grade Bonds
 - e) Non-US and Emerging Market Debt
 - f) Real Estate Investment Trusts ("REITs")
 - g) Treasury Inflation Protected Securities ("TIPS")
 - h) Commodity mutual funds or Exchange Traded Funds ("ETFs")
- Q. Registered Investment Companies (Mutual Funds) that invest in any of the permitted investments shown

SECTION 2. SEVERABILITY. It is hereby declared to be the intent of the Board of County Commissioners of Brevard County that if any section, subsection, clause, phrase or provision of the ordinance is held invalid or unconstitutional, such invalidity or unconstitutionality shall not be construed as to render invalid or unconstitutional the remaining provisions of the ordinance.

SECTION 3. REPEAL. All ordinances or parts of ordinances, in conflict with this ordinance are to the extent of such conflict hereby repealed.

SECTION 4. INCLUSION IN CODE. It is the intention of the Board of County Commissioners of Brevard County, Florida, and it is hereby provided that the provision of this ordinance shall become and be made a part of the Code of Ordinances of Brevard County, Florida by the Municipal Code Corporation, that the sections of the ordinance may be renumbered or re-lettered to accomplish such intention; and that the word "ordinance" may be changed to "section", "article" or other appropriate designation.

SECTION 5. EFFECTIVE DATE. A certified copy of this ordinance shall be filed with the Department of State by the Clerk within ten (10) days after enactment by the Board, and shall take effect upon receipt of official acknowledgment of filing as provided in Section 125.66(2), Florida Statutes.

DULY ADOPTED this 22nd day of May, 2018.

ATTEST:


 By: Scott Ellis, Clerk

**BOARD OF COUNTY COMMISSIONERS
 BREVARD COUNTY, FLORIDA**


 By: Rita Pritchett, CHAIR

As approved by Board on May 22, 2018

**MULTI-ASSET CLASS PORTFOLIO
INVESTMENT POLICY STATEMENT**

FOR

**BREVARD COUNTY BOARD OF COUNTY
COMMISSIONERS**

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The Brevard County Board of County Commissioners (the "County") has established a Multi-Asset Class Investment Portfolio (the "MACM Portfolio"). This Portfolio was created based on the County's annual cash flow analysis indicating that the long-term portfolio has assets that can be invested on a longer time horizon. The County's Investment Committee conducted a review of various investment strategies and formulated this MACM Investment Policy Statement.

The MACM Portfolio may represent between five percent (5%) and twenty percent (20%) of the County's long-term portfolio. The Portfolio is not expected to be utilized within a 5-10 year time horizon. The Portfolio is intended to complement the long-term portfolio investments by diversifying in securities which seek to maintain purchasing power net of inflation and over a time horizon over five years. The County hereby adopts this Investment Policy Statement ("Policy Statement") for the MACM Portfolio.

I. Scope

In accordance with Section 218.415, Florida Statutes, this Policy Statement applies to only the MACM Portfolio and does not apply to the County's funds governed by a separate Investment Policy Statement. Additionally, any future revenues, which have statutory investment requirements conflicting with this Policy Statement and funds held or controlled by Federal or State agencies (e.g., Department of Revenue), are not subject to the provisions of this Policy Statement.

The purpose of this Policy Statement is to achieve the following:

1. Document investment objectives, performance expectations and investment guidelines for Portfolio assets.
2. Establish an appropriate investment strategy for managing all Portfolio assets, including an investment time horizon, risk tolerance ranges and asset allocation to provide sufficient diversification and overall return over the long-term time horizon of the Portfolio.
3. Establish investment guidelines to control overall risk and liquidity.
4. Establish periodic performance reporting requirements to monitor investment results and confirm that the investment policy is being followed.
5. Comply with fiduciary, prudence, due diligence and legal requirements for Portfolio assets.

II. Investment Authority

As designated by the Board of County Commissioners the responsibility for providing oversight in regards to the management of the investment program resides with the Brevard County Investment Committee (“Investment Committee”). The Investment Committee shall be comprised of five community volunteers. Support staff members shall consist of a representative of the Clerk of the Board and the Board of County Commissioners. The Investment Committee shall have the following responsibilities:

- Review and recommend changes to the Policy Statement with assistance from the Advisor
- Monitor the investment transactions to ensure that proper controls are in place to maintain the integrity and security of the Portfolio
- Assure that Section 218.415, Florida Statutes and Board Policies are being followed by the investment staff
- Review and approve “Internal Controls and Operational Procedures Manual for Investments”
- Assist the Board in developing performance benchmarks with the Advisors and evaluating the performance of the investment strategy
- Oversee the performance of the Advisor and all third parties
- Report regularly to the Board

In implementing this Policy Statement, the Board and Investment Committee believe certain functions may be delegated to:

1. An investment advisor (“Advisor”) to assist the Board in the investment process and to maintain compliance with this Policy Statement. The management responsibility for all funds in the Portfolio and investment transactions is delegated to the Advisor. The Clerk’s Finance Director or designee will be responsible for the transferring of appropriate funds to affect investment transactions as recommended by the Advisor for the Portfolio. The Advisor may assist the Board in establishing investment policy objectives and guidelines. The Advisor will adjust asset allocation for the Portfolio subject to the guidelines and limitations set forth in this Policy Statement. The Advisor will also select investment managers (“Managers”) and strategies consistent with its role as a fiduciary for the Portfolio. The investment vehicles allowed may include mutual funds, commingled trusts, separate accounts, limited partnerships and other investment vehicles deemed to be appropriate by the Advisor. The Advisor is also responsible for monitoring and reviewing investment managers; measuring and evaluating performance; and other tasks as deemed appropriate in its role as Advisor for Portfolio assets. The Advisor may also select investments with discretion to purchase, sell, or hold specific securities, such as Exchange Traded Funds, that will be used to meet the Portfolio’s investment objectives. The Advisor shall never take possession of securities, cash or other assets of the Portfolio, all of which shall be held by the custodian. The Advisor must be registered with the Securities and Exchange Commission.
2. A third party custodian selected by the County to maintain possession of physical securities and records of street name securities owned by the Portfolio, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. 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. The custodian shall accept transaction instructions only from those persons who have been duly authorized by the Clerk's Finance Director and which authorization, 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. Monthly, the custodian shall provide the Clerk's Finance Director or designee and/or the County's Investment Advisor with 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. Only after receiving written authorization from the Clerk's Finance Director shall authorized securities be delivered "free". Securities held as collateral shall be held free and clear of any liens. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Portfolio.

3. Specialists such as attorneys, auditors, and actuaries to assist the County in meeting its responsibilities and obligations to administer Portfolio assets prudently.

III. Statement of Investment Objectives

The investment objectives of the Portfolio are as follows:

1. To invest assets of the Portfolio in a manner consistent with the following fiduciary standards: (a) all transactions undertaken must be for the sole interest of Portfolio, and (b) assets are to be diversified in order to minimize the impact of large losses from individual investments.
2. To provide for funding and anticipated withdrawals on a continuing basis for spending policy needs and reasonable expenses of operation of the Portfolio.
3. To enhance the value of Portfolio assets in real terms over the long-term through asset appreciation and income generation, while maintaining a reasonable investment risk profile.
4. Subject to performance expectations over the long-term, to minimize principal fluctuations over the Time Horizon (as defined below).
5. To achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the investment objective set forth in this Policy Statement under the section labeled "Performance Expectations".

IV. Prudence and Ethical Standards

1. The standard of prudence to be used by the County shall be the *Prudent Person* standard and shall be applied in the context of managing the Portfolio. The County acting in accordance with written procedures and this Policy Statement 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 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.

2. While the standard of prudence to be used by 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 contractor 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.

V. Ethics and Conflicts of Interest

Staff 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. Additionally, employees involved in the investment process shall disclose to the Investment Committee any material financial interests in financial institutions that conduct business with the County, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the County's portfolio.

VI. Investment Guidelines

Within this section of the Policy Statement, several terms will be used to articulate various investment concepts. The descriptions are meant to be general and may share investments otherwise considered to be in the same asset class. They are:

"Growth Assets" - a collection of investments and/or asset classes whose primary risk and return characteristics are focused on capital appreciation. Investments within the Growth Assets category can

include income and risk mitigating characteristics, so long as the predominant investment risk and return characteristic is capital appreciation. Examples of such investments or asset classes are: domestic and international equities or equity funds, private or leveraged equity, and certain real estate investments focused on equity risk mitigation or equity-like returns.

"Income Assets" - a collection of investments and/or asset classes whose primary risk and return characteristics are focused on income generation. Investments within the Income Assets category can include capital appreciation and risk mitigating characteristics, so long as the primary investment risk and return characteristic is income generation. Examples of such investments or asset classes are: fixed income securities, guaranteed investment contracts, and certain real estate investments focused on interest rate risk mitigation or income investment-like returns.

"Real Return Assets" - a collection of investments and/or asset classes whose primary risk and return characteristics are focused on real returns after inflation. Investments within the Real Return category can include inflation protected securities, commodities, and certain real estate investments funds.

Time Horizon

The Portfolio's investment objectives are based on a long-term investment horizon ("Time Horizon") of five years or longer. Interim fluctuations should be viewed with appropriate perspective. The County has adopted a long-term investment horizon such that the risks and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets.

Liquidity and Diversification

In general, the Portfolio may hold some cash, cash equivalent, and/or money market funds for near-term Portfolio spending needs and expenses (the "Portfolio Distributions"). Remaining assets will be invested in longer-term investments and shall be diversified with the intent to minimize the risk of long-term investment losses. Consequently, the total portfolio will be constructed and maintained to provide diversification with regard to the concentration of holdings in individual issues, issuers, countries, governments or industries.

Asset Allocation

The County believes that to achieve the greatest likelihood of meeting the Portfolio's investment objectives and the best balance between risk and return for optimal diversification, assets will be invested in accordance with the targets for each asset class as follows to achieve an average total annual rate of return that is equal to or greater than the Portfolio's target rate of return over the long-term, as described in the section titled "Performance Expectations".

<u>Asset Classes</u>	<u>Asset Weightings</u>	
	<u>Range</u>	<u>Target</u>
Growth Assets		
Domestic Equity	22% - 62%	42%
International Equity	3% - 43%	23%
Other	0% - 20%	0%
Income Assets		
Fixed Income	15% - 55%	35%
Other	0% - 20%	0%
Real Return Assets	0% - 20%	0%
Cash Equivalents	0% - 20%	0%

The Advisor and each Manager will be evaluated against their peers on the performance of the total funds under their direct management.

Rebalancing Philosophy

The asset allocation range established by this Policy Statement represents a long-term perspective. As such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside Policy Statement ranges. When allocations breach the specified ranges, the Advisor will immediately rebalance the assets within the specified ranges. The Advisor may also rebalance based on market conditions. The overall allocation to the Portfolio will be reviewed at least annually.

Risk Tolerance

Subject to investment objectives and performance expectations, the Portfolio will be managed in a style that seeks to minimize principal fluctuations over the established Time Horizon.

Performance Expectations

Over the long-term, five years or longer, the performance objective for the Portfolio will be to achieve an average total annual rate of return that is equal to or greater than the Portfolio's hurdle rate of 5%, a

combination of expected spending and inflation. Additionally, it is expected that the annual rate of return on Portfolio assets will be commensurate with the then prevailing investment environment. Measurement of this return expectation will be judged by reviewing returns in the context of industry standard benchmarks, peer universe comparisons for individual Portfolio investments and blended benchmark comparisons for the Portfolio in its entirety.

VII. Selection of Investment Managers

The Advisor shall prudently select appropriate Managers to invest the assets of the Portfolio. Managers must meet the following criteria:

- The Manager must provide historical quarterly performance data compliant with Global Investment Performance Standards (GIPS[®]), Securities & Exchange Commission (“SEC”), Financial Industry Regulatory Agency (“FINRA”) or industry recognized standards, as appropriate.
- The Manager must provide detailed information on the history of the firm, key personnel, support personnel, key clients, and fee schedule (including most-favored-nation clauses). This information can be a copy of a recent Request for Proposal (“RFP”) completed by the Manager or regulatory disclosure.
- The Manager must clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.
- The investment professionals making the investment decisions must have a minimum of three (3) years of experience managing similar strategies either at their current firm or at previous firms.
- Where other than common funds such as mutual funds or commingled trusts are utilized, the Manager must confirm receipt, understanding and adherence to this Policy Statement and any investment specific policies by signing a consent form provided to the Manager prior to investment of Portfolio assets.

VIII. Guidelines for Portfolio Holdings

Direct Investments by Advisor

Every effort shall be made, to the extent practical, prudent and appropriate, to select investments that have investment objectives and policies that are consistent with this Policy Statement (as outlined in the following sub-sections of the “Guidelines for Portfolio Holdings”). However, given the nature of the investments, it is recognized that there may be deviations between this Policy Statement and the objectives of these investments.

Limitations on Managers' Portfolios

EQUITIES

No more than the greater of 5% or weighting in the relevant index (Russell 3000 Index for U.S. issues and MSCI ACWI ex-U.S. for non-U.S. issues) of the total equity portfolio valued at market may be invested in the common equity of any one corporation; ownership of the shares of one company shall not exceed 5% of those outstanding; and not more than 40% of equity valued at market may be held in any one sector, as defined by the Global Industry Classification Standard (GICS).

Domestic Equities. Other than the above constraints, there are no quantitative guidelines as to issues, industry or individual security diversification. However, prudent diversification standards should be developed and maintained by the Manager.

International Equities. The overall non-U.S. equity allocation should include a diverse global mix that is comprised of the equity of companies from multiple countries, regions and sectors.

FIXED INCOME

Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. The overall rating of the fixed income assets as calculated by the Advisor shall be investment grade, based on the rating of one Nationally Recognized Statistical Rating Organization ("NRSRO").

OTHER ASSETS (ALTERNATIVES)

Alternatives may consist of non-traditional asset classes such as real estate and commodities, when deemed appropriate. The total allocation to this category may not exceed 20% of the overall portfolio. Other types of alternatives such as hedge funds and private equity funds with lock-up periods greater than one year may not be considered for this Portfolio.

Real Estate: Consists of publicly traded Real Estate Investment Trust ("REIT") securities and/or non-publicly traded private real estate and shall be diversified across a broad array of property types and geographic locations. Investments of this type are designed to provide a stable level of income combined with potential for price appreciation, particularly in periods of unexpected inflation. For private real estate, the illiquid, long-term nature should be considered. For purposes of asset allocation targets and limitations, publicly traded REITs will be categorized as "Other" under the Growth Assets category. Depending on the investment characteristics of a private real estate fund, the fund will be categorized as "Other" under either the Income Assets category, for example, a core real estate fund, or under the Growth Assets category, for example, an opportunistic real estate fund where capital gains are expected to make up a significant portion of the total return.

Inflation Protection: Shall consist of pooled vehicles holding among other assets: Treasury Inflation Protected Securities ("TIPS"), commodities or commodity contracts, and certain real estate or real

property funds and the equity of companies in businesses thought to protect against inflation. Inflation protecting assets will be reported in the Real Return Assets category.

Cash Equivalents

Cash equivalents shall be held in funds complying with Rule 2(a)-7 of the Investment Company Act of 1940.

Portfolio Risk Protection

Portfolio investments designed to protect against various risks including volatility risk, interest rate risk, etc. are allowed to the extent that the investments are not used for the sole purpose of leveraging Portfolio assets. One example of such a vehicle is an exchange traded fund (“ETF”) which takes short positions.

Prohibited Investments

Except for purchase within authorized investments, securities having the following characteristics are not authorized and shall not be purchased: letter stock and other unregistered securities, direct commodities or commodity contracts, or private placements (with the exception of Rule 144A securities). Further, derivatives, options, or futures for the sole purpose of direct portfolio leveraging are prohibited. Reverse repurchase agreements are not permitted. Direct ownership of real estate, natural resource properties such as oil, gas or timber and the purchase of collectibles is also prohibited, and so are illiquid alternative investments such as hedge funds and private equity funds with lock-up periods of greater than one year.

Safekeeping

All assets of the Portfolio shall be held by a custodian approved by the County for safekeeping of Portfolio assets. The custodian shall produce statements on a monthly basis, listing the name and value of all assets held, and the dates and nature of all transactions in accordance with the terms in the Portfolio Agreement. Investments of the Portfolio not held as liquidity or investment reserves shall, at all times, be invested in interest-bearing accounts. Investments and portfolio securities may not be loaned.

IX. Control Procedures

Review of Investment Objectives

The Advisor shall review annually and report to the County the appropriateness of this Policy Statement for achieving the Portfolio’s stated objectives. It is not expected that this Policy Statement will change frequently. In particular, short-term changes in the financial markets should not require an adjustment in this Policy Statement.

Review of Investment Performance Measurement

The Advisor shall report on a quarterly basis to the County to review the investment performance of the Portfolio. In addition, the Advisor will be responsible for keeping the County advised of any material change in investment strategy, Managers, and other pertinent information potentially affecting performance of the Portfolio.

The Advisor shall compare the investment results on a quarterly basis to appropriate peer universe benchmarks, as well as market indices in both equity and fixed income markets. Examples of benchmarks and indexes that will be used include the Russell 3000 Index for broad U.S. equity strategies; S&P 500 Index for large cap U.S. equities, Russell 2000 Index for small cap U.S. equities, MSCI ACWI ex-U.S. Index for broad based non-U.S. equity strategies; MSCI Europe, Australasia, and Far East (EAFE) Index for developed markets international equities, Barclays Capital Aggregate Bond Index for fixed income securities, and the U.S. 91 Day T-bill for cash equivalents. The Russell 3000 Index will be used to benchmark the U.S. equities portfolio; the MSCI ACWI ex-U.S. Index will be used to benchmark the non-U.S. equities portfolio; the Barclays U.S. Aggregate Bond Index will be used to benchmark the fixed income portfolio. The categories "Other" will be benchmarked against appropriate indices depending on the specific characteristics of the strategies and funds used.

Portfolio Blended Benchmark

<u>Asset Classes</u>	<u>Target Allocation</u>	<u>Benchmark (Index)</u>	<u>Weight (%)</u>
Growth Assets			
Domestic Equity	42%	Russell 3000 Index	42%
International Equity	23%	MSCI AC World ex USA (Net)	23%
Income Assets			
Fixed Income	35%	Bloomberg Barclays U.S. Aggregate	35%

Voting of Proxies

The County recognizes that proxies are a significant and valuable tool in corporate governance. The voting rights of individual stocks held in separate accounts or collective, common, or pooled funds will be exercised by the investment managers in accordance with their own proxy voting policies. The voting rights of funds will be exercised by the Advisor.

X. Authorized Investment Institutions and Dealers

County Staff shall recommend and approve a list of financial institutions authorized to be public depositors and/or provide investment services.

XI. Third-Party Custodial Agreements

The County will seek to protect its interests in all securities purchased by the County via appropriate insurance coverage by broker/dealers or via the use of a third party custodian approved by the Finance Director and evidenced by safekeeping receipts.

XII. Master Repurchase Agreement

When dealing with repurchase agreement transactions, the Finance Director will require all approved institutions and dealers transacting repurchase agreements to execute and perform as stated in the Securities Industry and Financial Markets Association (“SIFMA”) Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the SIFMA Master Repurchase Agreement.

XIII. Bid Requirement

When applicable, staff will determine the appropriate maturity date based on cash-flow needs and market conditions, analyze and select one or more optimal types of investment, and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the bid deemed to best meet the investment objectives specified in subsection (2) must be selected.

XIV. Internal Controls

The Clerk’s Finance Director or designee shall establish a system of internal controls and operational procedures that are in writing and made a part of the County’s finance operational procedures. The controls shall be designed to prevent the loss of public funds which might arise from fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees and officers or County board members. The written procedures should include reference to safekeeping, repurchase agreements, separation of transaction authority from accounting and recordkeeping, 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 Statement.

XV. Continuing Education

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

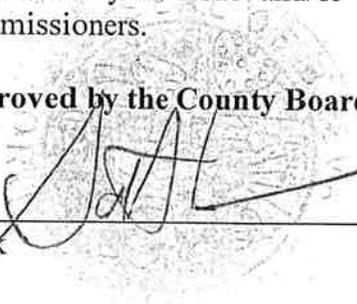
XVI. Reporting

The Advisor shall provide quarterly reporting at minimum to the Investment Committee summarizing investment transactions that occurred during the reporting period, and discussing the current portfolio in terms of maturity, rates of return and other features.

XVII. Adoption of Investment Policy Statement

The authority to issue and/or revise this Policy Statement is reserved for the Board of County Commissioners.

Approved by the County Board of Commissioners:



Clerk

Chair
BOARD OF COUNTY COMMISSIONERS
BREVARD COUNTY, FLORIDA

May 22, 2018

Date

May 22, 2018

Date

Member

Member

Date

Date

IV.B.

Lewis, Sally A

From: Mascellino, Carol
Sent: Friday, May 11, 2018 3:39 PM
To: Lewis, Sally A
Cc: Peterson-External, Mark; Tammy Rowe (Tammy.Rowe@brevardclerk.us); Abbate, Frank B; Roth, Joy; Pritchett, Rita; Newell, Marcia
Subject: Time Certain - Permitted Investments - BOCC Meeting May 22nd

Good Afternoon,

On behalf of Commissioner Pritchett, the commissioner would like a time certain of 9:30 a.m. for the item "Permitted Investments". If you have any questions, please contact our office.

Best Regards,

Carol S. Mascellino
carol.mascellino@brevardfl.gov
Administrative Aide to Commissioner Pritchett



District 1 Commission Office
2000 South Washington Avenue, Suite 2
Titusville, FL 32780
321-607-6901

Please note:
Florida has a very broad public records law. Most written communications to or from the offices of elected officials are public records available to the public and media upon request. Your email communications may therefore be subject to public disclosure.

**MULTI-ASSET CLASS PORTFOLIO
INVESTMENT POLICY STATEMENT**

FOR

**BREVARD COUNTY BOARD OF COUNTY
COMMISSIONERS**

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The Brevard County Board of County Commissioners (the "County") has established a Multi-Asset Class Investment Portfolio (the "MACM Portfolio"). This Portfolio was created based on the County's annual cash flow analysis indicating that the long-term portfolio has assets that can be invested on a longer time horizon. The County's Investment Committee conducted a review of various investment strategies and formulated this MACM Investment Policy Statement.

The MACM Portfolio may represent between five percent (5%) and twenty percent (20%) of the County's long-term portfolio. The Portfolio is not expected to be utilized within a 5-10 year time horizon. The Portfolio is intended to complement the long-term portfolio investments by diversifying in securities which seek to maintain purchasing power net of inflation and over a time horizon over five years. The County hereby adopts this Investment Policy Statement ("Policy Statement") for the MACM Portfolio.

I. Scope

In accordance with Section 218.415, Florida Statutes, this Policy Statement applies to only the MACM Portfolio and does not apply to the County's funds governed by a separate Investment Policy Statement. Additionally, any future revenues, which have statutory investment requirements conflicting with this Policy Statement and funds held or controlled by Federal or State agencies (e.g., Department of Revenue), are not subject to the provisions of this Policy Statement.

The purpose of this Policy Statement is to achieve the following:

1. Document investment objectives, performance expectations and investment guidelines for Portfolio assets.
2. Establish an appropriate investment strategy for managing all Portfolio assets, including an investment time horizon, risk tolerance ranges and asset allocation to provide sufficient diversification and overall return over the long-term time horizon of the Portfolio.
3. Establish investment guidelines to control overall risk and liquidity.
4. Establish periodic performance reporting requirements to monitor investment results and confirm that the investment policy is being followed.
5. Comply with fiduciary, prudence, due diligence and legal requirements for Portfolio assets.

II. Investment Authority

As designated by the Board of County Commissioners the responsibility for providing oversight in regards to the management of the investment program resides with the Brevard County Investment Committee ("Investment Committee"). The Investment Committee shall be comprised of five community volunteers. Support staff members shall consist of a representative of the Clerk of the Board and the Board of County Commissioners. The Investment Committee shall have the following responsibilities:

- Review and recommend changes to the Policy Statement with assistance from the Advisor
- Monitor the investment transactions to ensure that proper controls are in place to maintain the integrity and security of the Portfolio
- Assure that Section 218.415, Florida Statutes and Board Policies are being followed by the investment staff
- Review and approve "Internal Controls and Operational Procedures Manual for Investments"
- Assist the Board in developing performance benchmarks with the Advisors and evaluating the performance of the investment strategy
- Oversee the performance of the Advisor and all third parties
- Report regularly to the Board

In implementing this Policy Statement, the Board and Investment Committee believe certain functions may be delegated to:

1. An investment advisor ("Advisor") to assist the Board in the investment process and to maintain compliance with this Policy Statement. The management responsibility for all funds in the Portfolio and investment transactions is delegated to the Advisor. The Clerk's Finance Director or designee will be responsible for the transferring of appropriate funds to affect investment transactions as recommended by the Advisor for the Portfolio. The Advisor may assist the Board in establishing investment policy objectives and guidelines. The Advisor will adjust asset allocation for the Portfolio subject to the guidelines and limitations set forth in this Policy Statement. The Advisor will also select investment managers ("Managers") and strategies consistent with its role as a fiduciary for the Portfolio. The investment vehicles allowed may include mutual funds, commingled trusts, separate accounts, limited partnerships and other investment vehicles deemed to be appropriate by the Advisor. The Advisor is also responsible for monitoring and reviewing investment managers; measuring and evaluating performance; and other tasks as deemed appropriate in its role as Advisor for Portfolio assets. The Advisor may also select investments with discretion to purchase, sell, or hold specific securities, such as Exchange Traded Funds, that will be used to meet the Portfolio's investment objectives. The Advisor shall never take possession of securities, cash or other assets of the Portfolio, all of which shall be held by the custodian. The Advisor must be registered with the Securities and Exchange Commission.
2. A third party custodian selected by the County to maintain possession of physical securities and records of street name securities owned by the Portfolio, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. 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. The custodian shall accept transaction instructions only from those persons who have been duly authorized by the Clerk's Finance Director and which authorization, 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. Monthly, the custodian shall provide the Clerk's Finance Director or designee and/or the County's Investment Advisor with 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. Only after receiving written authorization from the Clerk's Finance Director shall authorized securities be delivered "free". Securities held as collateral shall be held free and clear of any liens. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Portfolio.

3. Specialists such as attorneys, auditors, and actuaries to assist the County in meeting its responsibilities and obligations to administer Portfolio assets prudently.

III. Statement of Investment Objectives

The investment objectives of the Portfolio are as follows:

1. To invest assets of the Portfolio in a manner consistent with the following fiduciary standards: (a) all transactions undertaken must be for the sole interest of Portfolio, and (b) assets are to be diversified in order to minimize the impact of large losses from individual investments.
2. To provide for funding and anticipated withdrawals on a continuing basis for spending policy needs and reasonable expenses of operation of the Portfolio.
3. To enhance the value of Portfolio assets in real terms over the long-term through asset appreciation and income generation, while maintaining a reasonable investment risk profile.
4. Subject to performance expectations over the long-term, to minimize principal fluctuations over the Time Horizon (as defined below).
5. To achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the investment objective set forth in this Policy Statement under the section labeled "Performance Expectations".

IV. Prudence and Ethical Standards

1. The standard of prudence to be used by the County shall be the *Prudent Person* standard and shall be applied in the context of managing the Portfolio. The County acting in accordance with written procedures and this Policy Statement 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 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.

2. While the standard of prudence to be used by 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 contractor 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.

V. Ethics and Conflicts of Interest

Staff 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. Additionally, employees involved in the investment process shall disclose to the Investment Committee any material financial interests in financial institutions that conduct business with the County, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the County's portfolio.

VI. Investment Guidelines

Within this section of the Policy Statement, several terms will be used to articulate various investment concepts. The descriptions are meant to be general and may share investments otherwise considered to be in the same asset class. They are:

"Growth Assets" - a collection of investments and/or asset classes whose primary risk and return characteristics are focused on capital appreciation. Investments within the Growth Assets category can

include income and risk mitigating characteristics, so long as the predominant investment risk and return characteristic is capital appreciation. Examples of such investments or asset classes are: domestic and international equities or equity funds, private or leveraged equity, and certain real estate investments focused on equity risk mitigation or equity-like returns.

"Income Assets" - a collection of investments and/or asset classes whose primary risk and return characteristics are focused on income generation. Investments within the Income Assets category can include capital appreciation and risk mitigating characteristics, so long as the primary investment risk and return characteristic is income generation. Examples of such investments or asset classes are: fixed income securities, guaranteed investment contracts, and certain real estate investments focused on interest rate risk mitigation or income investment-like returns.

"Real Return Assets" - a collection of investments and/or asset classes whose primary risk and return characteristics are focused on real returns after inflation. Investments within the Real Return category can include inflation protected securities, commodities, and certain real estate investments funds.

Time Horizon

The Portfolio's investment objectives are based on a long-term investment horizon ("Time Horizon") of five years or longer. Interim fluctuations should be viewed with appropriate perspective. The County has adopted a long-term investment horizon such that the risks and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets.

Liquidity and Diversification

In general, the Portfolio may hold some cash, cash equivalent, and/or money market funds for near-term Portfolio spending needs and expenses (the "Portfolio Distributions"). Remaining assets will be invested in longer-term investments and shall be diversified with the intent to minimize the risk of long-term investment losses. Consequently, the total portfolio will be constructed and maintained to provide diversification with regard to the concentration of holdings in individual issues, issuers, countries, governments or industries.

Asset Allocation

The County believes that to achieve the greatest likelihood of meeting the Portfolio's investment objectives and the best balance between risk and return for optimal diversification, assets will be invested in accordance with the targets for each asset class as follows to achieve an average total annual rate of return that is equal to or greater than the Portfolio's target rate of return over the long-term, as described in the section titled "Performance Expectations".

<u>Asset Classes</u>	<u>Asset Weightings</u>	
	<u>Range</u>	<u>Target</u>
Growth Assets		
Domestic Equity	22% - 62%	42%
International Equity	3% - 43%	23%
Other	0% - 20%	0%
Income Assets		
Fixed Income	15% - 55%	35%
Other	0% - 20%	0%
Real Return Assets	0% - 20%	0%
Cash Equivalents	0% - 20%	0%

The Advisor and each Manager will be evaluated against their peers on the performance of the total funds under their direct management.

Rebalancing Philosophy

The asset allocation range established by this Policy Statement represents a long-term perspective. As such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside Policy Statement ranges. When allocations breach the specified ranges, the Advisor will immediately rebalance the assets within the specified ranges. The Advisor may also rebalance based on market conditions. The overall allocation to the Portfolio will be reviewed at least annually.

Risk Tolerance

Subject to investment objectives and performance expectations, the Portfolio will be managed in a style that seeks to minimize principal fluctuations over the established Time Horizon.

Performance Expectations

Over the long-term, five years or longer, the performance objective for the Portfolio will be to achieve an average total annual rate of return that is equal to or greater than the Portfolio's hurdle rate of 5%, a

combination of expected spending and inflation. Additionally, it is expected that the annual rate of return on Portfolio assets will be commensurate with the then prevailing investment environment. Measurement of this return expectation will be judged by reviewing returns in the context of industry standard benchmarks, peer universe comparisons for individual Portfolio investments and blended benchmark comparisons for the Portfolio in its entirety.

VII. Selection of Investment Managers

The Advisor shall prudently select appropriate Managers to invest the assets of the Portfolio. Managers must meet the following criteria:

- The Manager must provide historical quarterly performance data compliant with Global Investment Performance Standards (GIPS®), Securities & Exchange Commission (“SEC”), Financial Industry Regulatory Agency (“FINRA”) or industry recognized standards, as appropriate.
- The Manager must provide detailed information on the history of the firm, key personnel, support personnel, key clients, and fee schedule (including most-favored-nation clauses). This information can be a copy of a recent Request for Proposal (“RFP”) completed by the Manager or regulatory disclosure.
- The Manager must clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.
- The investment professionals making the investment decisions must have a minimum of three (3) years of experience managing similar strategies either at their current firm or at previous firms.
- Where other than common funds such as mutual funds or commingled trusts are utilized, the Manager must confirm receipt, understanding and adherence to this Policy Statement and any investment specific policies by signing a consent form provided to the Manager prior to investment of Portfolio assets.

VIII. Guidelines for Portfolio Holdings

Direct Investments by Advisor

Every effort shall be made, to the extent practical, prudent and appropriate, to select investments that have investment objectives and policies that are consistent with this Policy Statement (as outlined in the following sub-sections of the “Guidelines for Portfolio Holdings”). However, given the nature of the investments, it is recognized that there may be deviations between this Policy Statement and the objectives of these investments.

Limitations on Managers' Portfolios

EQUITIES

No more than the greater of 5% or weighting in the relevant index (Russell 3000 Index for U.S. issues and MSCI ACWI ex-U.S. for non-U.S. issues) of the total equity portfolio valued at market may be invested in the common equity of any one corporation; ownership of the shares of one company shall not exceed 5% of those outstanding; and not more than 40% of equity valued at market may be held in any one sector, as defined by the Global Industry Classification Standard (GICS).

Domestic Equities. Other than the above constraints, there are no quantitative guidelines as to issues, industry or individual security diversification. However, prudent diversification standards should be developed and maintained by the Manager.

International Equities. The overall non-U.S. equity allocation should include a diverse global mix that is comprised of the equity of companies from multiple countries, regions and sectors.

FIXED INCOME

Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. The overall rating of the fixed income assets as calculated by the Advisor shall be investment grade, based on the rating of one Nationally Recognized Statistical Rating Organization ("NRSRO").

OTHER ASSETS (ALTERNATIVES)

Alternatives may consist of non-traditional asset classes such as real estate and commodities, when deemed appropriate. The total allocation to this category may not exceed 20% of the overall portfolio. Other types of alternatives such as hedge funds and private equity funds with lock-up periods greater than one year may not be considered for this Portfolio.

Real Estate. Consists of publicly traded Real Estate Investment Trust ("REIT") securities and/or non-publicly traded private real estate and shall be diversified across a broad array of property types and geographic locations. Investments of this type are designed to provide a stable level of income combined with potential for price appreciation, particularly in periods of unexpected inflation. For private real estate, the illiquid, long-term nature should be considered. For purposes of asset allocation targets and limitations, publicly traded REITs will be categorized as "Other" under the Growth Assets category. Depending on the investment characteristics of a private real estate fund, the fund will be categorized as "Other" under either the Income Assets category, for example, a core real estate fund, or under the Growth Assets category, for example, an opportunistic real estate fund where capital gains are expected to make up a significant portion of the total return.

Inflation Protection. Shall consist of pooled vehicles holding among other assets: Treasury Inflation Protected Securities ("TIPS"), commodities or commodity contracts, and certain real estate or real

property funds and the equity of companies in businesses thought to protect against inflation. Inflation protecting assets will be reported in the Real Return Assets category.

Cash Equivalents

Cash equivalents shall be held in funds complying with Rule 2(a)-7 of the Investment Company Act of 1940.

Portfolio Risk Protection

Portfolio investments designed to protect against various risks including volatility risk, interest rate risk, etc. are allowed to the extent that the investments are not used for the sole purpose of leveraging Portfolio assets. One example of such a vehicle is an exchange traded fund ("ETF") which takes short positions.

Prohibited Investments

Except for purchase within authorized investments, securities having the following characteristics are not authorized and shall not be purchased: letter stock and other unregistered securities, direct commodities or commodity contracts, or private placements (with the exception of Rule 144A securities). Further, derivatives, options, or futures for the sole purpose of direct portfolio leveraging are prohibited. Reverse repurchase agreements are not permitted. Direct ownership of real estate, natural resource properties such as oil, gas or timber and the purchase of collectibles is also prohibited, and so are illiquid alternative investments such as hedge funds and private equity funds with lock-up periods of greater than one year.

Safekeeping

All assets of the Portfolio shall be held by a custodian approved by the County for safekeeping of Portfolio assets. The custodian shall produce statements on a monthly basis, listing the name and value of all assets held, and the dates and nature of all transactions in accordance with the terms in the Portfolio Agreement. Investments of the Portfolio not held as liquidity or investment reserves shall, at all times, be invested in interest-bearing accounts. Investments and portfolio securities may not be loaned.

IX. Control Procedures

Review of Investment Objectives

The Advisor shall review annually and report to the County the appropriateness of this Policy Statement for achieving the Portfolio's stated objectives. It is not expected that this Policy Statement will change frequently. In particular, short-term changes in the financial markets should not require an adjustment in this Policy Statement.

Review of Investment Performance Measurement

The Advisor shall report on a quarterly basis to the County to review the investment performance of the Portfolio. In addition, the Advisor will be responsible for keeping the County advised of any material change in investment strategy, Managers, and other pertinent information potentially affecting performance of the Portfolio.

The Advisor shall compare the investment results on a quarterly basis to appropriate peer universe benchmarks, as well as market indices in both equity and fixed income markets. Examples of benchmarks and indexes that will be used include the Russell 3000 Index for broad U.S. equity strategies; S&P 500 Index for large cap U.S. equities, Russell 2000 Index for small cap U.S. equities, MSCI ACWI ex-U.S. Index for broad based non-U.S. equity strategies; MSCI Europe, Australasia, and Far East (EAFE) Index for developed markets international equities, Barclays Capital Aggregate Bond Index for fixed income securities, and the U.S. 91 Day T-bill for cash equivalents. The Russell 3000 Index will be used to benchmark the U.S. equities portfolio; the MSCI ACWI ex-U.S. Index will be used to benchmark the non-U.S. equities portfolio; the Barclays U.S. Aggregate Bond Index will be used to benchmark the fixed income portfolio. The categories "Other" will be benchmarked against appropriate indices depending on the specific characteristics of the strategies and funds used.

Portfolio Blended Benchmark

<u>Asset Classes</u>	<u>Target Allocation</u>	<u>Benchmark (Index)</u>	<u>Weight (%)</u>
Growth Assets			
Domestic Equity	42%	Russell 3000 Index	42%
International Equity	23%	MSCI AC World ex USA (Net)	23%
Income Assets			
Fixed Income	35%	Bloomberg Barclays U.S. Aggregate	35%

Voting of Proxies

The County recognizes that proxies are a significant and valuable tool in corporate governance. The voting rights of individual stocks held in separate accounts or collective, common, or pooled funds will be exercised by the investment managers in accordance with their own proxy voting policies. The voting rights of funds will be exercised by the Advisor.

X. Authorized Investment Institutions and Dealers

County Staff shall recommend and approve a list of financial institutions authorized to be public depositors and/or provide investment services.

XI. Third-Party Custodial Agreements

The County will seek to protect its interests in all securities purchased by the County via appropriate insurance coverage by broker/dealers or via the use of a third party custodian approved by the Finance Director and evidenced by safekeeping receipts.

XII. Master Repurchase Agreement

When dealing with repurchase agreement transactions, the Finance Director will require all approved institutions and dealers transacting repurchase agreements to execute and perform as stated in the Securities Industry and Financial Markets Association ("SIFMA") Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the SIFMA Master Repurchase Agreement.

XIII. Bid Requirement

When applicable, staff will determine the appropriate maturity date based on cash-flow needs and market conditions, analyze and select one or more optimal types of investment, and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the bid deemed to best meet the investment objectives specified in subsection (2) must be selected.

XIV. Internal Controls

The Clerk's Finance Director or designee shall establish a system of internal controls and operational procedures that are in writing and made a part of the County's finance operational procedures. The controls shall be designed to prevent the loss of public funds which might arise from fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees and officers or County board members. The written procedures should include reference to safekeeping, repurchase agreements, separation of transaction authority from accounting and recordkeeping, 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 Statement.

XV. Continuing Education

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

XVI. Reporting

The Advisor shall provide quarterly reporting at minimum to the Investment Committee summarizing investment transactions that occurred during the reporting period, and discussing the current portfolio in terms of maturity, rates of return and other features.

XVII. Adoption of Investment Policy Statement

The authority to issue and/or revise this Policy Statement is reserved for the Board of County Commissioners.

Approved by the County Board of Commissioners:

Clerk

Chair
BOARD OF COUNTY COMMISSIONERS
BREVARD COUNTY, FLORIDA

Date

Date

Member

Member

Date

Date

ORDINANCE NO. 18- _____

AN ORDINANCE OF BREVARD COUNTY, FLORIDA; AMENDING ORDINANCE 16-14 WHICH PROVIDES A LIST OF PERMITTED INVESTMENTS, PURSUANT TO THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES; PROVIDING FOR INCLUSION OF **MULTI-ASSET CLASS PORTFOLIO INVESTMENTS** IN THE LIST OF PERMITTED INVESTMENTS; PROVIDING FOR SEVERABILITY; PROVIDING FOR REPEAL; PROVIDING FOR INCLUSION IN CODE AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Board of County Commissioners of Brevard County, Florida is authorized to adopt a list of permitted investments by ordinance pursuant to Section 218.415(16)(h), Florida Statutes.

WHEREAS, the Board of County Commissioners previously established an Investment Committee comprised of volunteers with financial or investment expertise;

WHEREAS, the County has retained a financial advisor (currently PFM Asset Management LLC) for the County who provides guidance to the Investment Committee and the Board of County Commissioners;

WHEREAS, the Investment Committee, with the concurrence of the financial advisor, recommends that the County authorize county funds to be invested in **Multi-Asset Class Portfolio Investments** and added to the list of permitted investments.

NOW, THEREFORE, BE IT ORDAINED by the Board of County Commissioners of Brevard County, Florida:

SECTION 1. PERMITTED INVESTMENTS. The Board of County Commissioners hereby adopts the list of permitted investments as follows:

- A. The Florida Local Government Surplus Funds Trust Fund ("SBA")
- B. United States Government Securities
- C. United States Government Agencies
- D. Federal Instrumentalities
- E. Interest Bearing Time Deposit or Saving Accounts
- F. Repurchase Agreements
- G. Commercial Paper
- H. Corporate Notes
- I. Bankers' Acceptances
- J. State and/or Local Government Taxable and/or Tax-Exempt Debt
- K. Registered Investment Companies (Money Market Mutual Funds)
- L. Intergovernmental Investment Pool

- M. Inter-Departmental Loans
- N. Supranationals
- O. Asset-Backed Securities

P. Multi-Asset Class Portfolio Investments, including:

- a) US Domestic Equities
- b) Non-US International Equities
- c) US Investment Grade Corporate Bonds
- d) US Below-Investment Grade Bonds
- e) Non-US and Emerging Market Debt
- f) Real Estate Investment Trusts ("REITs")
- g) Treasury Inflation Protected Securities ("TIPS")
- h) Commodity mutual funds or Exchange Traded Funds ("ETFs")

Q. Registered Investment Companies (Mutual Funds) that invest in any of the permitted investments shown

SECTION 2. SEVERABILITY. It is hereby declared to be the intent of the Board of County Commissioners of Brevard County that if any section, subsection, clause, phrase or provision of the ordinance is held invalid or unconstitutional, such invalidity or unconstitutionality shall not be construed as to render invalid or unconstitutional the remaining provisions of the ordinance.

SECTION 3. REPEAL. All ordinances or parts of ordinances, in conflict with this ordinance are to the extent of such conflict hereby repealed.

SECTION 4. INCLUSION IN CODE. It is the intention of the Board of County Commissioners of Brevard County, Florida, and it is hereby provided that the provision of this ordinance shall become and be made a part of the Code of Ordinances of Brevard County, Florida by the Municipal Code Corporation, that the sections of the ordinance may be renumbered or re-lettered to accomplish such intention; and that the word "ordinance" may be changed to "section", "article" or other appropriate designation.

SECTION 5. EFFECTIVE DATE. A certified copy of this ordinance shall be filed with the Department of State by the Clerk within ten (10) days after enactment by the Board, and shall take effect upon receipt of official acknowledgment of filing as provided in Section 125.66(2), Florida Statutes.

DULY ADOPTED this 22nd day of May, 2018.

ATTEST:

**BOARD OF COUNTY COMMISSIONERS
BREVARD COUNTY, FLORIDA**

By: Scott Ellis, Clerk

By: Rita Pritchett, CHAIR