Children's Services Council of Broward County
Finance Committee Meeting

November 8, 2021; 2:30pm
Virtual Zoom Webinar

Agenda

I.	Welcome and Introductions		Dr. Paula Thaqi, Finance Committee Chair
II.	Approve June Finance Minutes	(Tab 1)	
III.	Draft Investment Policy	(Tab 2)	Cindy Arenberg Seltzer
IV.	Investment Presentation	(Tab 3)	Richard Pengelly, CFA, CIMA, CTP PFM Asset Management
V.	Investment Recommendations	(Tab 4)	Cindy Arenberg Seltzer
VI.	Fund Balance Estimate	(Tab 5)	Cindy Arenberg Seltzer
VII.	Budget Carry-Forward	(Tab 6)	Cindy Arenberg Seltzer
VIII.	Public & Members' Comments		Dr. Paula Thaqi, Finance Committee Chair
IX.	Adjourn		

Tab 1

Tab 2

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CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
INVESTMENT POLICY

I. PURPOSE

The purpose of this Investment Policy ("Policy") is to set forth the investment objectives and parameters for the management of public funds of the Children's Services Council of Broward County, Florida (hereinafter "CSC"). This Policy is designed to ensure the prudent management of public funds, the availability of operating funds when needed, and an investment return competitive with comparable funds and financial market indices. The Policy includes the attached Appendix A (Glossary) and Appendix B (Investment Pool/Fund Questionnaire). Words or terms in the Policy contained in the Glossary shall have the meaning set forth in the Glossary.

II. SCOPE

In accordance with § 218.415, Florida Statutes, this Policy applies to all cash and investments held or controlled by the CSC and shall be identified as (hereafter "Portfolios") of the CSC.

III. INVESTMENT OBJECTIVES

A. 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 Portfolios.

B. Maintenance of Liquidity

The second highest priority is liquidity of funds. The Portfolios shall be managed in such a manner that funds are available to meet reasonably anticipated cash flow requirements in an orderly manner. Periodically cash flow analyses will be completed in order to ensure that the Portfolios are positioned to provide sufficient liquidity.

C. Return on Investment

The third highest priority is investment income. The 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 on investment is of least importance compared to the safety and liquidity objectives described above. However, return is attempted through active management where the investment manager utilizes a total return strategy (which includes both realized and unrealized gains and losses in the Portfolios). This total return strategy seeks to increase the value of the Portfolios through reinvestment of income and capital gains. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Despite this, an investment manager may trade to recognize a loss from time to time to achieve a perceived relative value based on its potential to enhance the total return of the Portfolios.

IV. DELEGATION OF AUTHORITY

The responsibility for providing oversight and direction regarding the management of the investment program resides with the CSC's Chief Operating Officer (COO). The management responsibility for all CSC funds in the investment program and investment transactions is delegated to the Finance Director.

A. **Written Procedures**

The COO shall establish written procedures for the operation of the Portfolios and a system of internal accounting and administrative controls to regulate the activities of employees.

B. **Investment Manager**

The CSC may employ an investment manager to assist in managing some of the CSC's Portfolios. Such Investment Manager must be registered under the Investment Adviser's Act of 1940.

V. STANDARDS OF PRUDENCE

A. The standard of prudence to be used by investment officials shall be the "prudent person rule "and shall be applied in the context of managing the overall investment program.

B. Investment officers acting in accordance with written procedures and this Policy 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 to the COO in

a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this Policy.

C. While the standard of prudence to be used by investment officials who are officers or employees is the "prudent person rule", 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 rule."

VI. The standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these funds, the responsible person or firm 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.

VII. ETHICS AND CONFLICTS OF INTEREST

A. 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.

B. Also, employees involved in the investment process shall disclose to the Council any material financial interests in financial institutions that conduct business with CSC, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the CSC's investment program.

VIII. INTERNAL CONTROLS AND INVESTMENT PROCEDURES

A. The COO shall establish a system of internal controls and operational procedures that are in writing and made a part of the CSC's operational procedures. 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.

B. The written procedures should include reference to safekeeping, bonding, repurchase agreements, and separation of transaction authority from accounting and record keeping, wire transfer agreements, banking service contracts and collateral/depository agreements.

C. No person may engage in an investment transaction except as authorized under the terms of this Policy.

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

IX. CONTINUING EDUCATION

The COO and appropriate staff shall each annually complete eight (8) hours of continuing education in subjects or courses of study related to investment practices and products.

X. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

A. Authorized CSC staff shall and investment managers only purchase securities from financial institutions, which are qualified as public depositories by the Treasurer of the State of Florida, or institutions designated as "primary dealers" by the Federal Reserve Bank of New York. Qualified public depositories may provide the services of a securities dealer through a Section 20 subsidiary of the financial institution or from direct issuers of commercial paper and bankers' acceptances.

B. Authorized CSC staff and investment managers 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.

C. CSC's investment manager shall utilize and maintain its own list of approved primary and non-primary dealers.

XI. MATURITY AND LIQUIDITY REQUIREMENTS

A. **Operating Funds**

To the extent possible, investment maturities will be matched with known cash needs and anticipated cash flow requirements. Investments of current operating funds ("Short Term Portfolio") shall have maturities of no longer than twenty-four (24) months.

B. **Core Funds**

Investments of reserves, project funds and other non-operating funds ("Core Funds" or "Long Term Portfolio") shall have a term appropriate to

the need for funds, but in no event shall exceed five and one-half (5.50) years and the maximum effective duration of the funds as a whole may not exceed three (3) years.

C. The maturities of the underlying securities of a repurchase agreement will follow the requirements of the master repurchase agreement.

XII. RISK AND DIVERSIFICATION

Assets held shall be diversified to control risks resulting from over concentration of assets in a specific maturity, issuer, instruments, dealer, or bank through which these instruments are bought and sold. The COO shall determine diversification strategies within the established guidelines.

XIII. MASTER REPURCHASE AGREEMENT

The COO 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 will adhere to the requirements of the SIFMA Master Repurchase Agreement.

XIV. COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS

A. After the COO or the investment manager 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 banks and/or approved broker/dealers must be contacted and asked to provide bids/offers on securities in question. Bids will be held in confidence until the bid deemed to best meet the investment objectives is determined and selected.

B. 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:

1. Bloomberg Information Systems
2. Wall Street Journal or a comparable nationally recognized financial publication providing daily market pricing
3. Daily market pricing provided by the CSC's custodian or their correspondent institutions

C. The COO or the investment manager 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 COO or the investment manager, competitive bidding would inhibit the selection process.

D. Examples of when this method may be used 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

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

XV. AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION

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

B. The following are the investment requirements and allocation limits on security types, issuers, and maturities as established by the Council. The CEO, COO, and the Finance Committee shall have the option to further restrict investment percentages from time to time based on market conditions, risk and diversification investment strategies.

C. The percentage allocation requirements for investment types and issuers are calculated based on the original cost of each investment, at the time of purchase. Investments not listed in this Policy are prohibited.

Permitted Investments

Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement[1]	Maximum Maturity
U.S. Treasury	100%	100%	N/A	5.50 Years (5.50 Years avg. life[4] for GNMA)
GNMA		40%		
Other U.S. Government Guaranteed (e.g. AID, GTC)		10%		
Federal Agency/GSE: FNMA, FHLMC, FHLB, FFCB*	80%	40%[3]	N/A	5.50 Years
Federal Agency/GSE other than those above		10%		
Supranationals where U.S. is a shareholder and voting member	10%	5%	Highest ST or Highest LT Rating Categories (A-1/P-1, AAA/Aaa, or equivalent)	5.50 Years
Corporates	35%[2]	5%	Highest ST or Three Highest LT Rating Categories (A-1/P-1, A-/A3 or equivalent)	5.50 Years
Municipals	25%	5%	Highest ST or Three Highest LT Rating Categories (SP-1/MIG 1, A-/A3, or equivalent)	5.50 Years
Agency Mortgage-Backed Securities (MBS)	25%	40%[3]	N/A	5.50 Years Avg. Life[4]
Asset-Backed Securities (ABS)	10%	5%	Highest ST or LT Rating (A-1+/P-1, AAA/Aaa, or equivalent)	5.50 Years Avg. Life[4]
Non-Negotiable Collateralized Bank Deposits or Savings Accounts	50%	25%	Secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes	2 Years
Overnight Bank Deposit Account	100%	N/A	Secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes	N/A
Commercial Paper (CP)	35%[2]	5%	Highest ST Rating Category (A-1/P-1, or equivalent)	270 Days
Repurchase Agreements (Repo or RP)	25%	10%	Counterparty (or if the counterparty is not rated by an NRSRO, then the counterparty's parent) must be rated in the Highest ST Rating Category (A-1/P-1, or equivalent) If the counterparty is a Federal Reserve Bank, no rating is required	1 Year
Money Market Funds (MMFs)	50%	25%	Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent)	N/A
Intergovernmental Pools (LGIPs)	50%	25%	Highest Fund Quality and Volatility Rating Categories by all NRSROs who rate the LGIP, (AAAm/AAAf, S1, or equivalent)	N/A

Notes:

[1] Rating by at least one SEC-registered Nationally Recognized Statistical Rating Organization ("NRSRO"), unless otherwise noted. ST=Short- term; LT=Long-term.

[2] Maximum allocation to all corporate and bank credit instruments is 50% combined.

[3] Maximum exposure to any one Federal agency, including the combined holdings of Agency debt and Agency MBS, is 40%.

[4] The maturity limit for MBS and ABS is based on the expected average life at time of settlement, measured using Bloomberg or other industry standard methods.

* Federal National Mortgage Association (FNMA); Federal Home Loan Mortgage Corporation (FHLMC); Federal Home Loan Bank or its District banks (FHLB); Federal Farm Credit Bank (FFCB).

1) **U.S. Treasury & Government Guaranteed -** U.S. Treasury obligations, and obligations the principal and interest of which are backed or guaranteed by the full faith and credit of the U.S. Government.
2) **Federal Agency/GSE -** Debt obligations, participations or other instruments issued or fully guaranteed by any U.S. Federal agency, instrumentality or government-sponsored enterprise (GSE).
3) **Supranationals –** U.S. dollar denominated debt obligations of a multilateral organization of governments where U.S. is a shareholder and voting member.
4) **Corporates –** U.S. dollar denominated corporate notes, bonds or other debt obligations issued or guaranteed by a corporation, financial institution, non-profit, or other entity.
5) **Municipals –** Obligations, including both taxable and tax-exempt, issued or guaranteed by any State, territory or possession of the United States, political subdivision, public corporation, authority, agency board, instrumentality or other unit of local government of any State or territory.
6) **Agency Mortgage Backed Securities -** Mortgage-backed securities (MBS), backed by residential, multi-family or commercial mortgages, that are issued or fully guaranteed as to principal and interest by a U.S. Federal agency or government sponsored enterprise, including but not limited to pass-throughs, collateralized mortgage obligations (CMOs) and REMICs.
7) **Asset-Backed Securities -** Asset-backed securities (ABS) whose underlying collateral consists of loans, leases or receivables, including but not limited to auto loans/leases, credit card receivables, student loans, equipment loans/leases, or home-equity loans.
8) **Non-Negotiable Certificate of Deposit and Savings Accounts -** Non-negotiable interest bearing time certificates of deposit, or savings accounts in banks organized under the laws of this state or in national banks organized under the laws of the United States and doing business in this state, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.
9) **Overnight Bank Deposit Account –** depository accounts in banks organized under the laws of this state or in national banks organized under the laws of the

United States and doing business in this state, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

10) **Commercial Paper –** U.S. dollar denominated commercial paper issued or guaranteed by a domestic corporation, company, financial institution, trust or other entity, only unsecured debt permitted.

11) **Repurchase Agreements -** Repurchase agreements (Repo or RP) that meet the following requirements:

   a. Must be governed by a written SIFMA Master Repurchase Agreement which specifies securities eligible for purchase and resale, and which provides the unconditional right to liquidate the underlying securities should the Counterparty default or fail to provide full timely repayment.
   b. Counterparty must be a Federal Reserve Bank, a Primary Dealer as designated by the Federal Reserve Bank of New York, or a nationally chartered commercial bank.
   c. Securities underlying repurchase agreements must be delivered to a third party custodian under a written custodial agreement and may be of deliverable or tri-party form. Securities must be held in the CSC's custodial account or in a separate account in the name of the CSC.
   d. Acceptable underlying securities include only securities that are direct obligations of, or that are fully guaranteed by, the United States or any agency of the United States, or U.S. Agency-backed mortgage related securities.
   e. Underlying securities must have an aggregate current market value of at least 102% (or 100% if the counterparty is a Federal Reserve Bank) of the purchase price plus current accrued price differential at the close of each business day.
   f. Final term of the agreement must be 1 year or less.

12) **Money Market Funds -** Shares in open-end and no-load money market mutual funds, provided such funds are registered under the Investment Company Act of 1940 and operate in accordance with Rule 2a-7.

    A thorough investigation of any money market fund is required prior to investing. Attachment B is a questionnaire that contains a list of questions, to be answered prior to investing, that cover the major aspects of any investment pool/fund. A current prospectus must be obtained.

13) **Local Government Investment Pools –** State, local government or

privately-sponsored investment pools that are authorized pursuant to state law.

A thorough investigation of any intergovernmental investment pool is required prior to investing. Attachment B is a questionnaire that contains a list of questions, to be answered prior to investing, that cover the major aspects of any investment pool/fund. A current prospectus must be obtained.

General Investment and Portfolio Limits

1. General investment limitations:
    a. Investments must be denominated in U.S. dollars and issued for legal sale in U.S. markets.
    b. Minimum ratings are based on the highest rating by any one Nationally Recognized Statistical Ratings Organization ("NRSRO"), unless otherwise specified.
    c. All limits and rating requirements apply at time of purchase.
    d. Should a security fall below the minimum credit rating requirement for purchase, the investment manager will notify the COO.
    e. The maximum maturity (or average life for MBS/ABS) of any investment is 5.50 years. Maturity and average life are measured from settlement date. The final maturity date can be based on any mandatory call, put, pre-refunding date, or other mandatory redemption date.

2. General portfolio limitations:
    a. The maximum effective duration of the aggregate portfolio is 3 years.

3. Investment in the following are permitted, provided they meet all other Policy requirements:Callable, step-up callable, called, pre-refunded, putable and extendable securities, as long as the effective final maturity meets the maturity limits for the sector
    a. Variable-rate and floating-rate securities
    b. Subordinated, secured and covered debt, if it meets the ratings requirements for the sector
    c. Zero coupon issues and strips, excluding agency mortgage-backed Interest-only structures (I/Os)
    d. Treasury TIPS

4. The following are **NOT PERMITTED** investments, unless specifically authorized by statute and with prior approval of the governing body**:**

a. Trading for speculation
b. Derivatives (other than callables and traditional floating or variable-rate instruments)
c. Mortgage-backed interest-only structures (I/Os)
d. Inverse or leveraged floating-rate and variable-rate instruments
e. Currency, equity, index and event-linked notes (e.g. range notes), or other structures that could return less than par at maturity
f. Private placements and direct loans, except as may be legally permitted by Rule 144A or commercial paper issued under a 4(2) exemption from registration
g. Convertible, high yield, and non-U.S. dollar denominated debt
h. Short sales
i. Use of leverage
j. Futures and options
k. Mutual funds
l. Equities, commodities, currencies and hard assets
m. Reverse repurchase agreements

XVI. PERFORMANCE MEASUREMENTS

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

A. The short-term portfolio shall be designed with the annual objective of exceeding the weighted average return (net book value rate of return) of the S&P Rated GIP Index Government 30-Day Gross of Fees Yield.

B. Investment performance of funds designated as core funds, long term portfolio, or other non-operating funds that have a longer-term investment horizon will be compared to either the ICE BAML 1-year U.S. Treasury Index or the ICE BAML 1-3 year U.S. Treasury Index. This will be utilized as a benchmark to be compared to the portfolio's total rate of return.

XVII. REPORTING

A. The COO shall provide timely transaction data as necessary to record and document investment activity.

B. The COO shall provide a monthly report including the listing of holdings in the Portfolios at market value to the CEO, Finance Committee, and the Council.

C. The COO and/or investment manager shall provide the CEO and Finance Committee with quarterly investment reports. Once reviewed by the Finance Committee this report shall be submitted to the Council.

D. Schedules in the quarterly report should include, but not be limited to the following:

1. A listing of individual securities held at the end of the reporting period
2. Percentage of available funds represented by each investment type
3. Coupon, discount or earning rate, total return performance (if applicable)
4. Average life or duration and final maturity of all investments
5. Par value, and market value

E. On an annual basis, the COO and/or the investment manager shall prepare and submit to the CEO, Finance Committee, and the Council a written report on all invested funds. The annual report shall provide all, but not limited to, the following for each investment:

1. A complete list of all invested funds
2. Name or type of security in which the funds are invested
3. Amount invested
4. Maturity date
5. Income earned
6. Book value
7. Market value
8. Yield

F. The annual report will show performance on both a book value and total return basis (if applicable) and will compare the results to the above-stated performance benchmarks. All investments shall be reported at fair value per GASB standards. Investment reports shall be available to the public.

XVIII. THIRD-PARTY CUSTODIAL AGREEMENTS

A. All securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by the CSC should be properly designated as an

asset of the CSC.

B. The securities must be held in an account separate and apart from the assets of the financial institution.

C. 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 § 658.12, F.S., 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.

D. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

E. The custodian shall accept transaction instructions only from those persons who have been duly authorized by CSC and which authorization has been provided, 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.

F. The custodian shall provide the COO with safekeeping receipts that provide detail information on the securities held by the custodian.

G. 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.

H. Securities held as collateral shall be held free and clear of any liens

XIX. INVESTMENT POLICY ADOPTION

The CEO, COO and the Finance Committee shall review the Policy annually and the Council shall approve any modification made thereto.

Appendix A
Glossary of Cash and Investment Management Terms

The following is a glossary of key investing terms, many of which appear in CSC's Policy. This glossary clarifies the meaning of investment terms generally used in cash and investment management. This glossary has been adapted from the GFOA Sample Investment Policy and the Association of Public Treasurers of the United States and Canada's Model Investment Policy.

Accrued Interest. Interest earned but which has not yet been paid or received.

Agency. See "Federal Agency Securities."

Ask Price. Price at which a broker/dealer offers to sell a security to an investor. Also known as "offered price."

Asset Backed Securities (ABS). A fixed-income security backed by notes or receivables against assets other than real estate. Generally issued by special purpose companies that "own" the assets and issue the ABS. Examples include securities backed by auto loans, credit card receivables, home equity loans, manufactured housing loans, farm equipment loans, and aircraft leases.

Average Life. The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

Bankers' Acceptance (BA's). A draft or bill of exchange drawn upon and accepted by a bank. Frequently used to finance shipping of international goods. Used as a short-term credit instrument, bankers' acceptances are traded at a discount from face value as a money market instrument in the secondary market on the basis of the credit quality of the guaranteeing bank.

Basis Point. One hundredth of one percent, or 0.01%. Thus 1% equals 100 basis points.

Bearer Security. A security whose ownership is determined by the holder of the physical security. Typically, there is no registration on the issuer's books. Title to bearer securities is transferred by delivery of the physical security or certificate. Also known as "physical securities."

Benchmark Bills: In November 1999, FNMA introduced its Benchmark Bills program, a short-term debt securities issuance program to supplement its existing discount note program. The program includes a schedule of larger, weekly issues in three- and six-month maturities and biweekly issues in one-year for Benchmark Bills. Each issue is brought to market via a Dutch (single price) auction. FNMA conducts a weekly auction

for each Benchmark Bill maturity and accepts both competitive and non-competitive bids through a web based auction system. This program is in addition to the variety of other discount note maturities, with rates posted on a daily basis, which FNMA offers. FNMA's Benchmark Bills are unsecured general obligations that are issued in book-entry form through the Federal Reserve Banks. There are no periodic payments of interest on Benchmark Bills, which are sold at a discount from the principal amount and payable at par at maturity. Issues under the Benchmark program constitute the same credit standing as other FNMA discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

Benchmark Notes/Bonds: Benchmark Notes and Bonds are a series of FNMA “bullet” maturities (non- callable) issued according to a pre-announced calendar. Under its Benchmark Notes/Bonds program, 2, 3, 5, 10, and 30-year maturities are issued each quarter. Each Benchmark Notes new issue has a minimum size of $4 billion, 30-year new issues having a minimum size of $1 billion, with re-openings based on investor demand to further enhance liquidity. The amount of non-callable issuance has allowed FNMA to build a yield curve in Benchmark Notes and Bonds in maturities ranging from 2 to 30 years. The liquidity emanating from these large size issues has facilitated favorable financing opportunities through the development of a liquid overnight and term repo market. Issues under the Benchmark program constitute the same credit standing as other FNMA issues; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Benchmark. A market index used as a comparative basis for measuring the performance of an investment portfolio. A performance benchmark should represent a close correlation to investment guidelines, risk tolerance, and duration of the actual portfolio's investments.

Bid Price. Price at which a broker/dealer offers to purchase a security from an investor.

Bond. Financial obligation for which the issuer promises to pay the bondholder (the purchaser or owner of the bond) a specified stream of future cash-flows, including periodic interest payments and a principal repayment.

Book Entry Securities. Securities that are recorded in a customer’s account electronically through one of the financial markets electronic delivery and custody systems, such as the Fed Securities wire, DTC, and PTC (as opposed to bearer or physical securities). The trend is toward a certificate-free society in order to cut down on paperwork and to diminish investors’ concerns about the certificates themselves. The vast majority of securities are now book entry securities.

Book Value. The value at which a debt security is reflected on the holder's records at

any point in time. Book value is also called “amortized cost” as it represents the original cost of an investment adjusted for amortization of premium or accretion of discount. Also called “carrying value.” Book value can vary over time as an investment approaches maturity and differs from “market value” in that it is not affected by changes in market interest rates.

Broker/Dealer. A person or firm transacting securities business with customers. A “broker” acts as an agent between buyers and sellers, and receives a commission for these services. A “dealer” buys and sells financial assets from its own portfolio. A dealer takes risk by owning inventory of securities, whereas a broker merely matches up buyers and sellers. See also "Primary Dealer."

Bullet Notes/Bonds. Notes or bonds that have a single maturity date and are non-callable.

Call Date. Date at which a call option may be or is exercised.

Call Option. The right, but not the obligation, of an issuer of a security to redeem a security at a specified value and at a specified date or dates prior to its stated maturity date. Most fixed-income calls are a par, but can be at any previously established price. Securities issued with a call provision typically carry a higher yield than similar securities issued without a call feature. There are three primary types of call options (1) European - one-time calls, (2) Bermudan - periodically on a predetermined schedule (quarterly, semi- annual, annual), and (3) American - continuously callable at any time on or after the call date. There is usually a notice period of at least 5 business days prior to a calldate.

Callable Bonds/Notes. Securities which contain an imbedded call option giving the issuer the right to redeem the securities prior to maturity at a predetermined price and time.

Certificate of Deposit (CD). Bank obligation issued by a financial institution generally offering a fixed rate of return (coupon) for a specified period of time (maturity). Can be as long as 10 years to maturity, but most CDs purchased by public agencies are one year and under.

Collateral. Investment securities or other property that a borrower pledges to secure repayment of a loan, secure deposits of public monies, or provide security for a repurchase agreement.

Collateralization. Process by which a borrower pledges securities, property, or other deposits for securing the repayment of a loan and/or security.

Collateralized Mortgage Obligation (CMO). A security that pools together mortgages and separates them into short, medium, and long-term positions (called tranches). Tranches are set up to pay different rates of interest depending upon their maturity. Interest payments are usually paid monthly. In “plain vanilla” CMOs, principal is not paid on a tranche until all shorter tranches have been paid off. This system provides interest and principal in a more predictable manner. A single pool of mortgages can be carved up into numerous tranches each with its own payment and riskcharacteristics.

Commercial Paper. Short term unsecured promissory note issued by a company or financial institution. Issued at a discount and matures for par or face value. Usually a maximum maturity of 270 days and given a short-term debt rating by one or more NRSROs.

Convexity. A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

Corporate Note. A debt instrument issued by a corporation with a maturity of greater than one year and less than ten years.

Counterparty. The other party in a two party financial transaction. "Counterparty risk" refers to the risk that the other party to a transaction will fail in its related obligations. For example, the bank or broker/dealer in a repurchase agreement.

Coupon Rate. Annual rate of interest on a debt security, expressed as a percentage of the bond’s face value.

Current Yield. Annual rate of return on a bond based on its price. Calculated as (coupon rate / price), but does not accurately reflect a bond’s true yield level.

Custody. Safekeeping services offered by a bank, financial institution, or trust company, referred to as the “custodian.” Service normally includes the holding and reporting of the customer's securities, the collection and disbursement of income, securities settlement, and market values.

Dealer. A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his/her own account.

Delivery Versus Payment (DVP). Settlement procedure in which securities are delivered versus payment of cash, but only after cash has been received. Most security transactions, including those through the Fed Securities Wire system and DTC, are done DVP as a protection for both the buyer and seller of securities.

Depository Trust Company (DTC). A firm through which members can use a computer to arrange for securities to be delivered to other members without physical delivery of certificates. A member of the Federal Reserve System and owned mostly by the New York Stock Exchange, the Depository Trust Company uses computerized debit and credit entries. Most corporate securities, commercial paper, CDs, and BAs clear through DTC.

Derivatives. (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities, or commodities). For hedging purposes, common derivatives are options, futures, interest rate swaps, and swaptions.

Derivative Security. Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

Designated Bond. FFCB's regularly issued, liquid, non-callable securities that generally have a 2 or 3 year original maturity. New issues of Designated Bonds are $1 billion or larger. Re-openings of existing Designated Bond issues are generally a minimum of $100 million. Designated Bonds are offered through a syndicate of two to six dealers. Twice each month the Funding Corporation announces its intention to issue a new Designated Bond, reopen an existing issue, or to not issue or reopen a Designated Bond. Issues under the Designated Bond program constitute the same credit standing as other FFCB issues; they simply add organization and liquidity to the intermediate- and long-term Agencymarket.

Discount Notes. Unsecured general obligations issued by Federal Agencies at a discount. Discount notes mature at par and can range in maturity from overnight to one year. Very large primary (new issue) and secondary markets exist.

Discount Rate. Rate charged by the system of Federal Reserve Banks on overnight loans to member banks. Changes to this rate are administered by the Federal Reserve and closely mirror changes to the "fed funds rate."

Discount Securities. Non-interest bearing money market instruments that are issued at discount and redeemed at maturity for full face value. Examples include: U.S. Treasury Bills, Federal Agency Discount Notes, Bankers' Acceptances, and Commercial Paper.

Discount. The amount by which a bond or other financial instrument sells below its face value. See also "Premium."

Diversification. Dividing investment funds among a variety of security types, maturities, industries, and issuers offering potentially independent returns.

Dollar Price. A bond's cost expressed as a percentage of its face value. For example, a bond quoted at a dollar price of 95 ½, would have a principal cost of $955 per $1,000 of face value.

Duff & Phelps. One of several NRSROs that provide credit ratings on corporate and bank debt issues. **Duration.** The weighted average maturity of a security's or portfolio's cash-flows, where the present values of the cash-flows serve as the weights. The greater the duration of a security/portfolio, the greater its percentage price volatility with respect to changes in interest rates. Used as a measure of risk and a key tool for managing a portfolio versus a benchmark and for hedging risk. There are also different kinds of duration used for different purposes (e.g. MacAuley Duration, Modified Duration).

Effective Duration. A measure of the sensitivity of a security's price to a change in interest rates, stated in years.

Fannie Mae. See "Federal National Mortgage Association."

Fed Money Wire. A computerized communications system that connects the Federal Reserve System with its member banks, certain U. S. Treasury offices, and the Washington D.C. office of the Commodity Credit Corporation. The Fed Money Wire is the book entry system used to transfer cash balances between banks for themselves and for customer accounts.

Fed Securities Wire. A computerized communications system that facilitates book entry transfer of securities between banks, brokers and customer accounts, used primarily for settlement of U.S. Treasury and Federal Agency securities.

Fed. See "Federal Reserve System."

Federal Agency Security. A debt instrument issued by one of the Federal Agencies. Federal Agencies are considered second in credit quality and liquidity only to U.S. Treasuries.

Federal Agency. Government sponsored/owned entity created by the U.S. Congress, generally for the purpose of acting as a financial intermediary by borrowing in the marketplace and directing proceeds to specific areas of the economy considered to otherwise have restricted access to credit markets. The largest Federal Agencies are GNMA, FNMA, FHLMC, FHLB, FFCB, SLMA, and TVA.

Federal Deposit Insurance Corporation (FDIC). Federal agency that insures deposits at commercial banks, currently to a limit of $250,000 per depositor per bank.

Federal Farm Credit Bank (FFCB). One of the large Federal Agencies. A government sponsored enterprise (GSE) system that is a network of cooperatively-owned lending institutions that provides credit services to farmers, agricultural cooperatives and rural utilities. The FFCBs act as financial intermediaries that borrow money in the capital markets and use the proceeds to make loans and provide other assistance to farmers and farm-affiliated businesses. Consists of the consolidated operations of the Banks for Cooperatives, Federal Intermediate Credit Banks, and Federal Land Banks. Frequent issuer of discount notes, agency notes and callable agency securities. FFCB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and agricultural industry. Also issues notes under its “designated note” program.

Federal Funds (Fed Funds). Funds placed in Federal Reserve Banks by depository institutions in excess of current reserve requirements, and frequently loaned or borrowed on an overnight basis between depository institutions.

Federal Funds Rate (Fed Funds Rate). The interest rate charged by a depository institution lending Federal Funds to another depository institution. The Federal Reserve influences this rate by establishing a "target" Fed Funds rate associated with the Fed's management of monetary policy.

Federal Home Loan Bank System (FHLB). One of the large Federal Agencies. A government sponsored enterprise (GSE) system, consisting of wholesale banks (currently twelve district banks) owned by their member banks, which provides correspondent banking services and credit to various financial institutions, financed by the issuance of securities. The principal purpose of the FHLB is to add liquidity to the mortgage markets. Although FHLB does not directly fund mortgages, it provides a stable supply of credit to thrift institutions that make new mortgage loans. FHLB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes and callable agency securities. Also issues notes under its “global note” and “TAP” programs.

Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides stability and assistance to the secondary market for home mortgages by purchasing first mortgages and participation interests financed by the sale of debt and guaranteed mortgage backed securities. FHLMC debt is not an obligation of, nor is it guaranteed by

the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities, and MBS. Also issues notes under its "reference note" program.

Federal National Mortgage Association (FNMA or "Fannie Mae"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides liquidity to the residential mortgage market by purchasing mortgage loans from lenders, financed by the issuance of debt securities and MBS (pools of mortgages packaged together as a security). FNMA debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its "benchmark note" program.

Federal Reserve Bank. One of the 12 distinct banks of the Federal Reserve System.

Federal Reserve System (the Fed). The independent central bank system of the United States that establishes and conducts the nation's monetary policy. This is accomplished in three major ways: (1) raising or lowering bank reserve requirements, (2) raising or lowering the target Fed Funds Rate and Discount Rate, and (3) in open market operations by buying and selling government securities. The Federal Reserve System is made up of twelve Federal Reserve District Banks, their branches, and many national and state banks throughout the nation. It is headed by the seven member Board of Governors known as the "Federal Reserve Board" and headed by its Chairman.

Financial Industry Regulatory Authority, Inc. (FINRA). A private corporation that acts as a self-regulatory organization (SRO). FINRA is the successor to the National Association of Securities Dealers, Inc. (NASD). Though sometimes mistaken for a government agency, it is a non-governmental organization that performs financial regulation of member brokerage firms and exchange markets. The government also has a regulatory arm for investments, the Securities and Exchange Commission(SEC).

Fiscal Agent/Paying Agent. A bank or trust company that acts, under a trust agreement with a corporation or municipality, in the capacity of general treasurer. The agent performs such duties as making coupon payments, paying rents, redeeming bonds, and handling taxes relating to the issuance of bonds.

Fitch Investors Service, Inc. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

Floating Rate Security (FRN or “floater”). A bond with an interest rate that is adjusted according to changes in an interest rate or index. Differs from variable-rate debt in that the changes to the rate take place immediately when the index changes, rather than on a predetermined schedule. See also “Variable Rate Security.”

Freddie Mac. See "Federal Home Loan Mortgage Corporation."

Ginnie Mae. See "Government National Mortgage Association."

Global Notes: Notes designed to qualify for immediate trading in both the domestic U.S. capital market and in foreign markets around the globe. Usually large issues that are sold to investors worldwide and therefore have excellent liquidity. Despite their global sales, global notes sold in the U.S. are typically denominated in U.S. dollars.

Government National Mortgage Association (GNMA or "Ginnie Mae"). One of the large Federal Agencies. Government-owned Federal Agency that acquires, packages, and resells mortgages and mortgage purchase commitments in the form of mortgage-backed securities. Largest issuer of mortgage pass-through securities. GNMA debt is guaranteed by the full faith and credit of the U.S. government (one of the few agencies that are actually full faith and credit of the U.S. government).

Government Securities. An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, Bonds, and SLGS."

Government Sponsored Enterprise (GSE). Privately owned entity subject to federal regulation and supervision, created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy such as students, farmers, and homeowners. GSEs carry the implicit backing of the U.S. government, but they are not direct obligations of the U.S. government. For this reason, these securities will offer a yield premium over U.S. Treasuries. Examples of GSEs include: FHLB, FHLMC, FNMA, and SLMA.

Government Sponsored Enterprise Security. A security issued by a Government Sponsored Enterprise. Considered Federal Agency Securities.

Index. A compilation of statistical data that tracks changes in the economy or in financial markets.

Interest-Only (IO) STRIP. A security based solely on the interest payments from the bond. After the principal has been repaid, interest payments stop and the value of the

security falls to nothing. Therefore, IOs are considered risky investments. Usually associated with mortgage-backed securities.

Internal Controls. An internal control structure ensures that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. **Control of collusion** - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. **Separation of transaction authority from accounting and record keeping** - A separation of duties is achieved by separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction.
3. **Custodial safekeeping** - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
4. **Avoidance of physical delivery securities** - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. **Clear delegation of authority to subordinate staff members** - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. **Written confirmation of transactions for investments and wire transfers** - Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
7. **Development of a wire transfer agreement with the lead bank and third-party custodian** - The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

Inverse Floater. A floating rate security structured in such a way that it reacts inversely to the direction of interest rates. Considered risky as their value moves in the opposite direction of normal fixed-income investments and whose interest rate can fall to zero.

Investment Advisor (Investment Manager). A company that provides professional advice managing portfolios, investment recommendations, and/or research in exchange for a management fee.

Investment Adviser Act of 1940. Federal legislation that sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Grade. Bonds considered suitable for preservation of invested capital, including bonds rated a minimum of Baa3 by Moody's, BBB- by Standard & Poor's, or BBB- by Fitch. Although "BBB" rated bonds are considered investment grade, most public agencies cannot invest in securities rated below "A."

Liquidity. Relative ease of converting an asset into cash without significant loss of value. Also, a relative measure of cash and near-cash items in a portfolio of assets. Additionally, it is a term describing the marketability of a money market security correlating to the narrowness of the spread between the bid and ask prices.

Local Government Investment Pool (LGIP). An investment by local governments in which their money is pooled as a method for managing local funds, (e.g., Florida State Board of Administration's Florida Prime Fund).

Long-Term Core Investment Program. Funds that are not needed within a one-year period.

Market Value. The fair market value of a security or commodity. The price at which a willing buyer and seller would pay for a security.

Mark-to-market. Adjusting the value of an asset to its market value, reflecting in the process unrealized gains or losses.

Master Repurchase Agreement. A widely accepted standard agreement form published by the Securities Industry and Financial Markets Association (SIFMA) that is used to govern and document Repurchase Agreements and protect the interest of parties in a repo transaction.

Maturity Date. Date on which principal payment of a financial obligation is to be paid.

Medium Term Notes (MTN's). Used frequently to refer to corporate notes of medium maturity (5-years and under). Technically, any debt security issued by a corporate or

depository institution with a maturity from 1 to 10 years and issued under an MTN shelf registration. Usually issued in smaller issues with varying coupons and maturities, and underwritten by a variety of broker/dealers (as opposed to large corporate deals issued and underwritten all at once in large size and with a fixed coupon and maturity).

Money Market. The market in which short-term debt instruments (bills, commercial paper, bankers' acceptance, etc.) are issued and traded.

Money Market Mutual Fund (MMF). A type of mutual fund that invests solely in money market instruments, such as: U.S. Treasury bills, commercial paper, bankers' acceptances, and repurchase agreements. Money market mutual funds are registered with the SEC under the Investment Company Act of 1940 and are subject to "rule 2a-7" which significantly limits average maturity and credit quality of holdings. MMF's are managed to maintain a stable net asset value (NAV) of $1.00. Many MMFs carry ratings by a NRSRO.

Moody's Investors Service. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

Mortgage Backed Securities (MBS). Mortgage-backed securities represent an ownership interest in a pool of mortgage loans made by financial institutions, such as savings and loans, commercial banks, or mortgage companies, to finance the borrower's purchase of a home or other real estate. The majority of MBS are issued and/or guaranteed by GNMA, FNMA, and FHLMC. There are a variety of MBS structures with varying levels of risk and complexity. All MBS have reinvestment risk as actual principal and interest payments are dependent on the payment of the underlying mortgages which can be prepaid by mortgage holders to refinance and lower rates or simply because the underlying property wassold.

Mortgage Pass-Through Securities. A pool of residential mortgage loans with the monthly interest and principal distributed to investors on a pro-rata basis. The largest issuer is GNMA.

Municipal Note/Bond. A debt instrument issued by a state or local government unit or public agency. The vast majority of municipals are exempt from state and federal income tax, although some non- qualified issues are taxable.

Mutual Fund. Portfolio of securities professionally managed by a registered investment company that issues shares to investors. Many different types of mutual funds exist (e.g., bond, equity, and money market funds); all except money market funds operate on a variable net asset value (NAV).

Negotiable Certificate of Deposit (Negotiable CD). Large denomination CDs ($100,000 and larger) that are issued in bearer form and can be traded in the secondary market.

Net Asset Value. The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets including securities, cash, and any accrued earnings, then subtracting the total assets from the fund's liabilities, and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.)

[(Total assets) - (Liabilities)]/(Number of shares outstanding)

NRSRO. A “Nationally Recognized Statistical Rating Organization” (NRSRO) is a designated rating organization that the SEC has deemed a strong national presence in the U.S. NRSROs provide credit ratings on corporate and bank debt issues. Only ratings of a NRSRO may be used for the regulatory purposes of rating. Includes Moody’s, S&P, Fitch, and Duff & Phelps.

Offered Price. See also "Ask Price."

Open Market Operations. A Federal Reserve monetary policy tactic entailing the purchase or sale of government securities in the open market by the Federal Reserve System from and to primary dealers in order to influence the money supply, credit conditions, and interest rates.

Par Value. The face value, stated value, or maturity value of a security.

Physical Delivery. Delivery of readily available underlying assets at contract maturity.

Portfolio. Collection of securities and investments held by an investor.

Premium. The amount by which a bond or other financial instrument sells above its face value. See also "Discount."

Primary Dealer. A designation given to certain government securities dealer by the Federal Reserve Bank of New York. Primary dealers can buy and sell government securities directly with the Fed. Primary dealers also submit daily reports of market activity and security positions held to the Fed and are subject to its informal oversight. Primary dealers are the largest buyers and sellers by volume in the U.S. Treasury securities market.

Prime Paper. Commercial paper of high quality. Highest rated paper is A-1+/A-1 by S&P and P-1 by Moody's.

Principal. Face value of a financial instrument on which interest accrues. May be less than par value if some principal has been repaid or retired. For a transaction, principal is par value times price and includes any premium or discount.

Prudent Expert Rule. Standard that requires that a fiduciary manage a portfolio with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. This statement differs from the "prudent person" rule in that familiarity with such matters suggests a higher standard than simple prudence.

Prudent Investor Standard. Standard that requires that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. More stringent than the "prudent person" standard as it implies a level of knowledge commensurate with the responsibility at hand.

Prudent Person Rule. 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.

Qualified Public Depository - Per Subsection 280.02(26), F.S., "qualified public depository" means any bank, savings bank, or savings association that:

1. Is organized and exists under the laws of the United States, the laws of this state or any other state or territory of the United States.
2. Has its principal place of business in this state or has a branch office in this state which is authorized under the laws of this state or of the United States to receive deposits in this state.
3. Has deposit insurance under the provision of the Federal Deposit Insurance Act, as amended, 12 U.S.C. ss.1811 et seq.
4. Has procedures and practices for accurate identification, classification, reporting, and collateralization of public deposits.

5. Meets all requirements of Chapter 280, F.S.
6. Has been designated by the Chief Financial Officer as a qualified public depository.

Range Note. A type of structured note that accrues interest daily at a set coupon rate that is tied to an index. Most range notes have two coupon levels; a higher accrual rate for the period the index is within a designated range, the lower accrual rate for the period that the index falls outside the designated range. This lower rate may be zero and may result in zeroearnings.

Rate of Return. Amount of income received from an investment, expressed as a percentage of the amount invested.

Realized Gains (Losses). The difference between the sale price of an investment and its book value. Gains/losses are "realized" when the security is actually sold, as compared to "unrealized" gains/losses which are based on current market value. See "Unrealized Gains (Losses)."

Reference Bills: FHLMC's short-term debt program created to supplement its existing discount note program by offering issues from one month through one year, auctioned on a weekly or on an alternating four-week basis (depending upon maturity) offered in sizeable volumes ($1 billion and up) on a cycle of regular, standardized issuance. Globally sponsored and distributed, Reference Bill issues are intended to encourage active trading and market-making and facilitate the development of a term repo market. The program was designed to offer predictable supply, pricing transparency, and liquidity, thereby providing alternatives to U.S. Treasury bills. FHLMC's Reference Bills are unsecured general corporate obligations. This program supplements the corporation's existing discount note program. Issues under the Reference program constitute the same credit standing as other FHLMC discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

Reference Notes: FHLMC's intermediate-term debt program with issuances of 2, 3, 5, 10, and 30-year maturities. Initial issuances range from $2 - $6 billion with re-openings ranging $1 - $4 billion.

The notes are high-quality bullet structures securities that pay interest semiannually. Issues under the Reference program constitute the same credit standing as other FHLMC notes; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Repurchase Agreement (Repo). A short-term investment vehicle where an investor agrees to buy securities from a counterparty and simultaneously agrees to resell the securities back to the counterparty at an agreed upon time and for an agreed upon price.

The difference between the purchase price and the sale price represents interest earned on the agreement. In effect, it represents a collateralized loan to the investor, where the securities are the collateral. Can be DVP, where securities are delivered to the investor's custodial bank, or "tri-party" where the securities are delivered to a third party intermediary. Any type of security can be used as "collateral," but only some types provide the investor with special bankruptcy protection under the law. Repos should be undertaken only when an appropriate Securities Industry and Financial Markets Association (SIFMA) approved master repurchase agreement is in place.

Reverse Repurchase Agreement (Reverse Repo). A repo from the point of view of the original seller of securities. Used by dealers to finance their inventory of securities by essentially borrowing at short-term rates. Can also be used to leverage a portfolio and in this sense, can be considered risky if used improperly.

Safekeeping. Service offered for a fee, usually by financial institutions, for the holding of securities and other valuables. Safekeeping is a component of custody services.

Secondary Market. Markets for the purchase and sale of any previously issued financial instrument.

Securities Industry and Financial Markets Association (SIFMA). The bond market trade association representing the largest securities markets in the world. In addition to publishing a Master Repurchase Agreement, widely accepted as the industry standard document for Repurchase Agreements, the SIFMA also recommends bond market closures and early closes due to holidays.

Securities Lending. An arrangement between and investor and a custody bank that allows the custody bank to "loan" the investors investment holdings, reinvest the proceeds in permitted investments, and shares any profits with the investor. Should be governed by a securities lending agreement. Can increase the risk of a portfolio in that the investor takes on the default risk on the reinvestment at the discretion of the custodian.

Sinking Fund. A separate accumulation of cash or investments (including earnings on investments) in a fund in accordance with the terms of a trust agreement or indenture, funded by periodic deposits by the issuer (or other entity responsible for debt service), for the purpose of assuring timely availability of moneys for payment of debt service. Usually used in connection with term bonds.

Spread. The difference between the price of a security and similar maturity U.S. Treasury investments, expressed in percentage terms or basis points. A spread can also be the absolute difference in yield between two securities. The securities can be in

different markets or within the same securities market between different credits, sectors, or other relevant factors.

Standard & Poor's. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

STRIPS (Separate Trading of Registered Interest and Principal of Securities). Acronym applied to U.S. Treasury securities that have had their coupons and principal repayments separated into individual zero- coupon Treasury securities. The same technique and "strips" description can be applied to non-Treasury securities (e.g., FNMA strips).

Structured Notes. Notes that have imbedded into their structure options such as step-up coupons or derivative-based returns.

Supranational. Supranational organizations are international financial institutions that are generally established by agreements among nations, with member nations contributing capital and participating in management. These agreements provide for limited immunity from the laws of member countries. Bonds issued by these institutions are part of the broader class of Supranational, Sovereign, and Non-U.S. Agency (SSA) sector bonds. Supranational bonds finance economic and infrastructure development and support environmental protection, poverty reduction, and renewable energy around the globe. For example, the World Bank, International Finance Corporation (IFC), and African Development Bank (AfDB) have “green bond” programs specifically designed for energy resource conservation and management. Supranational bonds, which are issued by multi-national organizations that transcend national boundaries. Examples include the World Bank, African Development Bank, and European Investment Bank.

Swap. Trading one asset for another.

TAP Notes: Federal Agency notes issued under the FHLB TAP program. Launched in 6/99 as a refinement to the FHLB bullet bond auction process. In a break from the FHLB’s traditional practice of bringing numerous small issues to market with similar maturities, the TAP Issue Program uses the four most common maturities and reopens them up regularly through a competitive auction. These maturities (2, 3, 5, and 10 year) will remain open for the calendar quarter, after which they will be closed and a new series of TAP issues will be opened to replace them. This reduces the number of separate bullet bonds issued, but generates enhanced awareness and liquidity in the marketplace through increased issue size and secondary market volume.

Tennessee Valley Authority (TVA). One of the large Federal Agencies. A wholly owned corporation of the United States government that was established in 1933 to

develop the resources of the Tennessee Valley region in order to strengthen the regional and national economy and the national defense. Power operations are separated from non-power operations. TVA securities represent obligations of TVA, payable solely from TVA's net power proceeds, and are neither obligations of nor guaranteed by the United States. TVA is currently authorized to issue debt up to $30 billion. Under this authorization, TVA may also obtain advances from the U.S. Treasury of up to $150 million. Frequent issuer of discount notes, agency notes, and callable agency securities.

Total Return. Investment performance measured over a period of time that includes coupon interest, interest on interest, and both realized and unrealized gains or losses. Total return includes, therefore, any market value appreciation/depreciation on investments held at periodend.

Treasuries. Collective term used to describe debt instruments backed by the U.S. government and issued through the U.S. Department of the Treasury. Includes Treasury bills, Treasury notes, and Treasury bonds. Also a benchmark term used as a basis by which the yields of non-Treasury securities are compared (e.g., "trading at 50 basis points over Treasuries").

Treasury Bills (T-Bills). Short-term direct obligations of the United States government issued with an original term of one year or less. Treasury bills are sold at a discount from face value and do not pay interest before maturity. The difference between the purchase price of the bill and the maturity value is the interest earned on the bill. Currently, the U.S. Treasury issues 4-week, 13-week, and 26-week T-Bills.

Treasury Bonds. Long-term interest-bearing debt securities backed by the U.S. government and issued with maturities of ten years and longer by the U.S. Department of the Treasury.

Treasury Inflation Protected Securities (TIPS). A treasury security that is indexed to inflation in order to protect investors from the negative effects of inflation.

Treasury Notes. Intermediate interest-bearing debt securities backed by the U.S. government and issued with maturities ranging from one to ten years by the U.S. Department of the Treasury. The Treasury currently issues 2-year, 3-year, 5-year, and 10-year Treasury Notes.

Trustee. A bank designated by an issuer of securities as the custodian of funds and official representative of bondholders. Trustees are appointed to insure compliance with the bond documents and to represent bondholders in enforcing their contract with the issuer.

Uniform Net Capital Rule. SEC Rule 15c3-1 that outlines the minimum net capital ratio (ratio of indebtedness to net liquid capital) of member firms and non-member broker/dealers.

Unrealized Gains (Losses). The difference between the market value of an investment and its book value. Gains/losses are “realized” when the security is actually sold, as compared to “unrealized” gains/losses which are based on current market value. See also “Realized Gains (Losses).”

Variable-Rate Security. A bond that bears interest at a rate that varies over time based on a specified schedule of adjustment (e.g., daily, weekly, monthly, semi-annually, or annually). See also “Floating Rate Note.”

Weighted Average Maturity (or just “Average Maturity”). The average maturity of all securities and investments of a portfolio, determined by multiplying the par or principal value of each security or investment by its maturity (days or years), summing the products, and dividing the sum by the total principal value of the portfolio. A simple measure of risk of a fixed-income portfolio.

Weighted Average Maturity to Call. The average maturity of all securities and investments of a portfolio, adjusted to substitute the first call date per security for maturity date for those securities with call provisions.

Yield Curve. A graphic depiction of yields on like securities in relation to remaining maturities spread over a time line. The traditional yield curve depicts yields on U.S. Treasuries, although yield curves exist for Federal Agencies and various credit quality corporates as well. Yield curves can be positively sloped (normal) where longer-term investments have higher yields, or “inverted” (uncommon) where longer- term investments have lower yields than shorter ones.

Yield to Call (YTC). Same as “Yield to Maturity,” except the return is measured to the first call date rather than the maturity date. Yield to call can be significantly higher or lower than a security’s yield to maturity.

Yield to Maturity (YTM). Calculated return on an investment, assuming all cash-flows from the security are reinvested at the same original yield. Can be higher or lower than the coupon rate depending on market rates and whether the security was purchased at a premium or discount. There are different conventions for calculating YTM for various types of securities.

Yield. There are numerous methods of yield determination. In this glossary, see also "Current Yield," "Yield Curve," "Yield to Call," and "Yield to Maturity."

Appendix B:
Investment Pool/Fund Questionnaire

1. Describe the eligible investment securities.
2. Does the pool have a stable net asset value or floating net asset value?
3. What are the liquidity gates and fees?
4. What is the pool/fund currently rated?
5. What are the pool/fund's total assets?
6. Describe how interest is calculated, how it will be distributed, and how gains and losses will be treated.
7. Describe how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
8. Describe who may invest in the program, how often, what size deposit and withdrawal are allowed.
9. Will the CSC be provided a schedule for receiving statements and portfolio listings?
10. Are reserves, retained earnings, etc. utilized by the pool/fund?
11. Will the CSC be provided a fee schedule, and when and how is it assessed?
12. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?
13. Does the fund follow GASB 79 standards?

I. Scope

The investment policy shall apply to funds under the control of the Children's Services Council (CSC) in excess of those required to meet current expenses. The Chief Operating Officer (COO) or duly authorized personnel will consolidate, where practicable and allowable, for the purposes of investment, cash balances and investments from all funds covered by this policy to maximize investment earnings and reduce risks. The investment of funds shall comply with all controlling state statutes, ordinances and covenants covering the CSC's investments.

II. General Objectives

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

1. Safety - Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks the preservation of capital in the overall portfolio. The objective will be to limit credit risk and interest rate risk to a level commensurate with the risks associated with prudent investment practices and performance benchmarks, if applicable.

    A. Credit Risk - The CSC will limit credit risk, the risk of loss due to the failure of the security issuer or backer, by diversifying the investment portfolio so that potential losses on individual securities will be minimized and by limiting investments to specified credit ratings.

    B. Interest Rate Risk - The CSC will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by limiting the maximum duration of the overall portfolio to 2 years.

2. Liquidity - The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature to meet anticipated demands (static liquidity). Furthermore, since all possible cash

demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). The portfolio may be placed in local government investment pools or money market mutual funds that offer same-day liquidity for short-term funds.

3. Yield - The investment portfolio shall be designed with the objective of attaining a market rate of return, as measured by specified benchmarks, throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:

   A. A security with declining credit may be sold early to minimize loss of principal.

   B. A security swap that would improve the quality, yield, or target duration in the portfolio.

   C. Liquidity needs of the portfolio require that the security be sold.

4. Transparency – The CSC shall operate its portfolio in a transparent manner, making its periodic reports both available for public inspection and designed in a manner which communicates clearly and fully information about the portfolio, including market pricing, adjusted book value, yields, and CUSIPs of various securities.

III. Standards of Care

1. Prudence - The standard of prudence to be used by investment officials shall be the Prudent Person Rule and shall be applied in the context of managing an overall portfolio. CSC's personnel, acting in accordance with this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or

market price changes, provided deviations from expectations are reported to the CSC's COO in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy. The CSC's COO has the discretion to report any material events to the CSC's Council. The annual audit report shall be presented to the CSC's Council. The Prudent Person Rule states that:

> "Investments should 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."

2. Ethics and Conflicts of Interest – The COO and other authorized personnel shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. These investment officials shall disclose to the CSC's Council annually, in a written statement, any material interests in financial institutions with which they conduct business with the CSC. They shall further disclose any personal financial/investment positions that could be related to the performance of the CSC's investment portfolio. They shall refrain from undertaking personal investment transactions with the same individual(s) with whom business is conducted on behalf of the CSC.

3. Delegation of Authority - Authority to manage the investment program is granted to the COO and other authorized personnel. Additional authorized personnel include any other person or position approved by the CSC's CEO/President. The CSC may seek professional advice and therefore may contract with a federally registered investment advisory firm that specializes in public funds fixed income management. This engagement would be set forth in a separate Investment

Advisory Agreement approved by the Council. No person may engage in an investment transaction except as provided under the terms of this policy. The COO shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

4. Bid Process – The COO will determine the approximate maturity date and optimal types of investment based on the cash flow needs and market conditions, and solicit bids from a minimum of three qualified institutions as determined under Section IV. Bids shall be held in confidence until the bid deemed to best meet the investment objectives is determined and awarded. With the exception of new issues, this process is used for securities purchased or sold. In the event that three bids are not available, the COO may select a security based upon a documented comparison of similar securities utilizing online resources such as Bloomberg.

IV. Broker Dealers, Safekeeping and Custody

1. Authorized Financial Dealers and Institutions – The CSC shall maintain a list qualified financial institutions as follows:

   a. Qualified public depositories in accordance with Chapter 280, Florida Statutes,

   b. A primary or regional broker dealer that qualifies under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule) with a minimum net capital of $10 million ($10,000,000); a member of Financial Industry Regulatory Authority (FINRA), and Securities Investors Protection Corporation (SIPC);

Both lists shall be reviewed by the COO at least annually.

2. Annual Review - An annual review of the qualified financial institutions and broker/dealers will be conducted by the COO and/or Investment Advisor under the direction of the CSC. The distribution of trading among the approved broker/dealers of securities which at the time of purchase

had maturities greater than 7 days, shall be reported annually to the CSC's Council.

3. Delivery vs. Payment - Securities transactions between a broker-dealer and the safekeeping agent or custodian involving 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.

4. Safekeeping, Custody & Perfection of Interest - Securities shall be held with a third party; and all securities purchased by, and all collateral obtained by, the unit of local government should be properly designated as an asset of the unit of local government. No withdrawal of securities, in whole or in part, shall be made from safekeeping or custody, except by the COO or other designee by the CEO/President on an as-needed basis.

V. Suitable and Authorized Investments

This investment policy shall be authorized by the CSC's Council. Investments not listed in the investment policy are prohibited.

The investment portfolio shall be structured in such manner as to provide sufficient liquidity to pay obligations as they come due. To that end, the investment policy should direct that, to the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash-flow requirements.

Prior to conducting transactions as authorized by this policy the COO shall determine the approximate 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 shall be selected.

Consistent with the Florida Statutes the following investments will be permitted by this policy:

1. **Authorized Issuers** - The criteria for authorized investments is broken down into four sections. Each investment must comply with the provisions of each section. These sections address who can issue authorized investments, what minimum credit ratings these investments must have, what maturity or other limitations apply concerning interest rate risk, and how much of any security may be held. Subject to additional restrictions in this Part V, securities may be held that are issued by:

   A. The United States Treasury and Agency securities - Securities that are issued by the United States Treasury or those for which the full faith and credit of the United States government guarantees fully all principal and interests payments.

   B. Government Sponsored Enterprises (GSE) - Securities issued by the Federal Farm Credit Bank (FFCB), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), or the Federal Agricultural Mortgage Corporation. Any other GSE shall be considered as corporate debt for the purposes of this Policy and shall be authorized under the criteria set forth in D, Corporations.

   C State & Local Governments - General or revenue obligation of any state of the United States, the District of Columbia, or any territorial possession of the United States, or, of any political subdivision, institution, department, agency, instrumentality, or authority of any of such governmental entities.

   D Corporate Debt Instruments and Commercial Paper - United States dollar denominated debt instruments issued by a corporation or bank which is organized and operated within the United States.

   E. Bank Deposits or Certificates of Deposit – Deposit of funds in a bank, savings bank, or savings association and for which the bank, savings bank, or savings association doing business and situated in State of

Florida, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes and provided that the institution is not recognized on a credit watch information service list. This includes, but is not limited to, time deposit accounts, demand deposit accounts, and nonnegotiable certificates of deposit. Moneys in deposit notes and in other non-deposit accounts such as repurchase or reverse repurchase operations are not public deposits. Securities, mutual funds, and similar types of investments are not considered public deposits.

F. Local Government Investment Pools - Shares in local government investment pools organized under Chapter 163, Part I, Florida Statutes. Cash Flow Analysis should be conducted to determine if a short-term Stable Net Asset Value ("NAV") or a long-term Variable NAV or Bond Fund is appropriate.

G. The State Board of Administration pool (SBA). Shares in the SBA pool organized under Chapter 218, Part IV, Florida Statutes.

H. Money Market Mutual Funds - Shares of any money market fund that is registered as an investment company under the federal "Investment Company Act of 1940", as amended, which stipulates that a money market fund must have an average weighted maturity of 90 days or less.

I. Repurchase Agreements - Securities referred to in paragraph A or B of this Section 1 and that can otherwise be purchased under this Policy may be subject to a Repurchase Agreement. Such securities subject to this agreement must have a coupon rate that is fixed from the time of settlement until its maturity date, and must be marketable. Such securities must be delivered to the CSC or to a third-party custodian or third-party trustee for safekeeping on behalf of the

CSC. The collateral securities of any repurchase agreement must be collateralized at no less than one hundred two percent and marked to market no less frequently than weekly. All approved institutions and dealers transacting repurchase agreements shall execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement.

J. Limitation on Derivatives: The COO must have developed sufficient understanding of derivative products and have the expertise to manage them. For purposes of this subsection, a "derivative" is defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or index or asset values.

No CSC funds shall be invested in any security issued by entities authorized in this Section I on which the coupon rate (or a schedule of stepped fixed coupon rates) is not fixed from the time the security is settled until its maturity date, other than shares in qualified money market mutual funds or local government investment pool, unless the coupon rate is: (I) Established by reference to the rate on a United States treasury security with a maturity of one year or less, or to the United States dollar London Interbank Offered Rate (LIBOR) of one year or less maturity, or to the cost of funds index or the prime rate as published by the federal reserve; and (II) Expressed as a positive value of the referenced index plus or minus a fixed number of basis points. (b) A municipal index may be used for the investment of bond or note accounts from issues with coupons linked to the same index. (c) For purposes of this section, "maturity date" means the last possible date, barring default, that principal can be repaid to the purchaser.

2. **Credit Ratings** - Securities may be purchased if at the time of purchase the securities meet the following credit quality criteria:

A. United States Treasury and Agency securities – Ratings are not required for U.S. Treasury securities. Agencies backed by the full faith and credit of the United States government, such as Government National Mortgage Association (GNMA), must have at least two AAA/Aaa/AAA long-term credit ratings from Standard & Poor's, Moody's or Fitch respectively. Neither Standard & Poor's, Moody's nor Fitch may rate this security below AAA/Aaa/AAA respectively otherwise any security below this rating shall for the purposes of this Policy be treated as Corporate debt subject to the restrictions of sections 2 -4 of this Part V.

B. Government Sponsored Enterprises (GSE) - Authorization of the listed GSE in paragraph B of Section 1 is predicated upon these institutions maintaining at least two AAA/Aaa/AAA long-term credit ratings from Standard & Poor's, Moody's or Fitch respectively.

C. State & Local Governments - At the time of purchase, such securities must carry at least two long-term credit rating of AAA/Aaa/AAA from Standard & Poor's, Moody's or Fitch respectively and neither Standard & Poor's, Moody's nor Fitch may rate this security below AAA/Aaa/AAA respectively. If the AAA/Aaa/AAA credit rating was achieved via some form of third party credit enhancement, then the underlying issuer must have two long-term credit rating none of which may be below AA-/Aa3/AA- from Standard & Poor's, Moody's or Fitch respectively. This criterion will not apply to the purchase of the outstanding debt of the CSC.

D. Corporate Debt Instruments and Commercial Paper - At the time of purchase, all non-money market

instruments must carry at least two long-term credit rating from Standard & Poor's, Moody's or Fitch respectively and neither Standard & Poor's, Moody's or Fitch may rate this instrument below AA-/Aa3/AA- respectively. For money market instruments, which comply with rule 2a7 at the time of purchase, such securities must carry at least two short-term credit ratings of A1+ from Standard & Poor's, P1 from Moody's, or F1+ from Fitch.

Should a security's credit rating drop below these standards after purchase, the CSC's authorized personnel shall act as Prudent Persons, in managing the risks associated with this security, and shall immediately notify the CSC's Council of such an event.

E. Bank Deposits or Certificates of Deposit - At the time of purchase, the qualified public depositories (QPD) must comply with Chapter 280.16 Florida Statutes. Such deposits in QPD's must be collateralized according to the statutory requirements.

F. Local Government Investment Pools

Stable NAV: At the time of purchase, local government investment pool must carry a rating of "AAAm" from Standard & Poor's, Aaa from Moody's or AAA from Fitch.

Variable NAV or Bond Fund: At the time of purchase, local government investment pool must carry a rating of "AAAf" and a Volatility Rating of "S1+" from Standard & Poor's, Aaa from Moody's or AAA from Fitch.

G. The State Board of Administration pool - At the time of purchase, the state pool must carry a AAAm rating from Standard & Poor's, AAA from Moody's or AAA from Fitch.

H. Money Market Mutual Funds - At the time of purchase, money market fund must carry a AAAm rating from Standard & Poor's, AAA from Moody's or AAA from Fitch.

I. Repurchase Agreements - At the time of purchase the counter-party to any such agreements must carry short-term credit ratings which conform to those required by paragraph D of this section 2.

3. Interest Rate Risk Restrictions - Securities may be purchased if at the time of purchase the securities meet the following credit quality criteria:

A. The United States Treasury and Agency securities backed by the full faith and credit of the United States government - At the time of purchase, securities must have a maturity no greater than of five years from the date of settlement to the maximum possible maturity date. The forward delivery period on such securities may not exceed 60 days.

B. Government Sponsored Enterprises [G.S.E.] - At the time of purchase, securities must have a maturity no greater than of five years from the date of settlement to the maximum possible maturity date. The forward delivery period on such securities may not exceed 60 days.

C. State & Local Governments - At the time of purchase, such securities must have a maturity no greater than of five years from the date of settlement to the maximum possible maturity date. The forward delivery period on such securities may not exceed 60 days. This criterion will not apply to the purchase of the outstanding debt of the CSC.

D. Corporate Debt Instruments and Commercial Paper - At the time of purchase, such securities must have a maturity no greater than three years from the date of settlement to the maximum possible maturity date. The

forward delivery period on such securities may not exceed 60 days.

E. Bank Deposits or Certificates of Deposit - At the time of purchase, such securities must have a maturity no greater than one year from the date of settlement to the maximum possible maturity date.

F. Local Government Investment Pools

Stable NAV: At the time of purchase, shares in the local government investment pool must be fully redeemable on the next business day.

Variable NAV or Bond Fund: At the time of purchase, shares in the local government investment pool must be fully redeemable within 14 business days.

G. The State Board of Administration pools (SBA) - At the time of purchase, shares in the SBA pool must be fully redeemable on the next business day.

H. Money Market Mutual Funds - At the time of purchase, shares in the money market fund must be fully redeemable on the next business day.

I. Repurchase Agreements - For repurchase agreements, at the time of purchase such agreements must have a maturity no greater than one year from the date of settlement. The forward delivery period on such securities may not exceed 60 days.

J. Overall Portfolio Interest Rate Risk - At no time may the CSC purchase any security:

1) With current operating funds having a maturity greater than twelve (12) months;

2) With non-operating funds having a maturity greater than 3 years.

4. **Diversification Limits** – Chapter 281.415 (8) Florida Statutes states that the investment policy shall provide for appropriate diversification of the investment portfolio. The specific diversification guidelines for the CSC will be determined based on the individual requirements of the CSC. At the time of purchase, each investment instrument, as a percentage of the total portfolio value, shall be within the following limits,:

Type of Instrument Type	Total Portfolio Maximum	Individual Issuer Maximum
A. United States Treasury	[100%]	
A2. United States Agency	[50%]	[25%]
B. Government Sponsored Enterprises (GSE)	[50%]	[25%]
C. State & Local Government	[20%]	
D. Corporate Debt Instruments and Commercial Paper	[35%]	[10%]
E1. Bank Deposit	[75%]	
E2. Certificate of Deposit	[25%]	[15%]
F1. Stable NAV LGIP	[75%]	
F2. Variable NAV LGIP or Bond Fund	[50%]	
G. SBA	[75%]	
H. Money Market Mutual Funds	[50%]	[25%]
I. Repurchase Agreements	[50%]	[25%]

VI. Internal Controls

The COO shall establish and monitor a system of internal controls which shall be in writing and made a part of the CSC's operational procedures. The investment policy shall provide for review of such controls by independent auditors as part of any financial audit periodically required of the unit of local government. The internal controls should be designed to prevent losses of funds which might

arise from fraud, employee error, or misrepresentation by third parties, or imprudent actions by employees of the CSC.

VII. Reporting

1. Methods - The COO shall provide CSC's Council an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last month. This management summary will be prepared in a manner that will allow the CSC to ascertain whether investment activities during the reporting period have conformed to the investment policy. This investment report shall include a list of securities in the portfolio by class or type, book value, income earned, and market value as of the report date. Such reports shall be available to the public.

2. Performance Standards - The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. The benchmark for the portfolio shall be according to the CSC's Cash Flow requirements.

   A. Operating Funds: 0-1year: Standard and Poor's LGIP Index

   B. Non-operating Funds: 1–5 years: Merrill Lynch 1-3 yr Yield Index

3. Portfolio Pricing - The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least quarterly.

4. Auditing – The annual audit of the CSC's financial records shall include a review of all investment activity for the year for compliance with investment policy and procedures, and a review of internal controls related to investment of CSC funds.

VIII. Policy Considerations & Implementation

1. Exemption - Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

2. Continuing Education - Chapter 281.415 (14) Florida Statutes states that the investment policy as of the date of adoption shall provide for the local government's officials responsible for making investment decisions. The COO or designee responsible for making investment decisions shall annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products.

3. Indemnification – The COO and other employees authorized to invest CSC funds shall be personally indemnified in the event of investment loss provided investments are made in full compliance with these policies.

4. Amendments - This policy shall be reviewed on an annual basis. Any changes must be approved by the CSC's Council.

5. Investment Advisors - Any Investment Advisor selected will have the Investment Advisory Agreement approved by the CSC's Council.

Tab 3

Children's Services Council of Broward County

Portfolio Review & Recommendation

Richard Pengelly, CFA, CIMA, CTP, Director
Scott Sweeten, BCM, CFS, Senior Managing Consultant

November 8, 2021

PFM Asset Management LLC

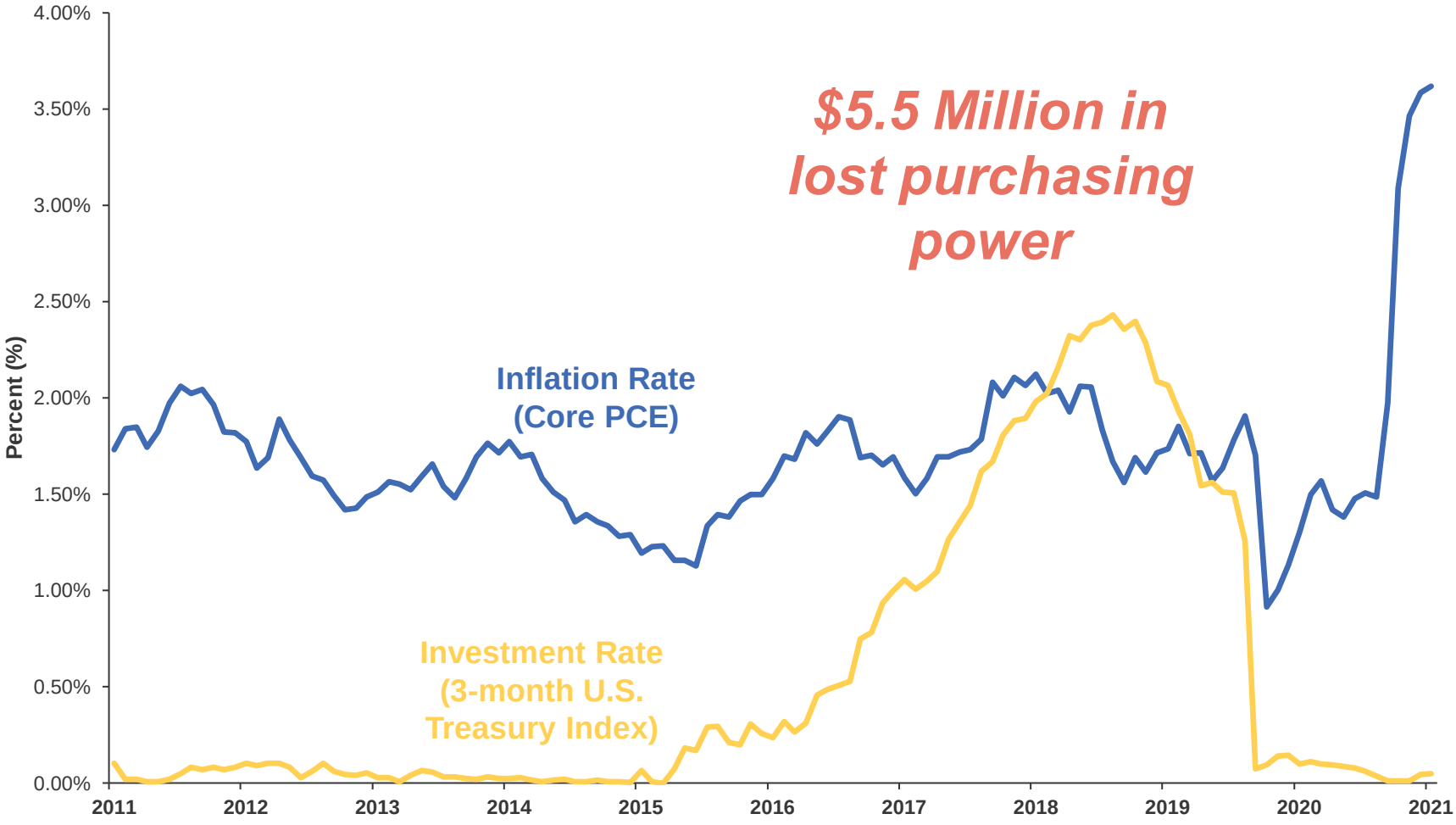
3501 Quadrangle Boulevard
Suite 270
Orlando, FL 32817

pfm.com
407.648.2208

CSC Broward's Challenges

- Properly identifying assets for long-term investment
- Maintaining purchasing power of assets
- Properly diversifying assets
- Manageable oversight of investment program

Erosion of Principal Purchasing Power Over 10 Years



Source: Bloomberg, as of 7/31/2021. Loss calculation is based on a starting portfolio size of $45,000,000 and a starting date of 7/31/2011.

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Improving Diversification and Expected Yield

Current Allocation			Liquidity Tier	Recommended Allocation		
	Balance	Net Yield			Balance	Net Yield
Cash Deposits	$3,123,936	0.17%	**Immediate Liquidity**	Cash Deposits	$3,123,936	0.17%
SBA-Florida Prime	$30,208,420	0.09%		SBA-Florida Prime	$14,858,468	0.09%
FL PALM	$34,508,516	0.05%		FL PALM	$14,858,468	0.05%
FL PALM TERM	$25,000,000	0.11%	**Liquidity Reserves**	FL PALM TERM	$10,000,000	0.11%
				Enhanced Cash Portfolio	$37,000,000	0.14%
			Core Reserves	Core Portfolio	$13,000,000	0.44%
Total	$92,840,872	0.08%		**Total**	$92,840,872	0.15%

Estimated Annual Earnings: $77,253

Estimated Annual Earnings: $146,113

Balances provided by the Council as of 6/30/2021. Cash deposits' yield is interest rate of the Council's operating account with Wells Fargo. SBA-Florida Prime participant yield as of 8/24/2021. FL PALM monthly distribution yield as of 8/24/2021. FL PALM TERM yield calculated as weighted average yield of outstanding FL PALM TERM Holdings as of 7/30/2021. Enhanced Cash & Core Portfolio's yields are net of an assumed 0.09% management fee. Estimated Annual Earnings assume constant balances and yields. Please see important disclosures at the end of this presentation.

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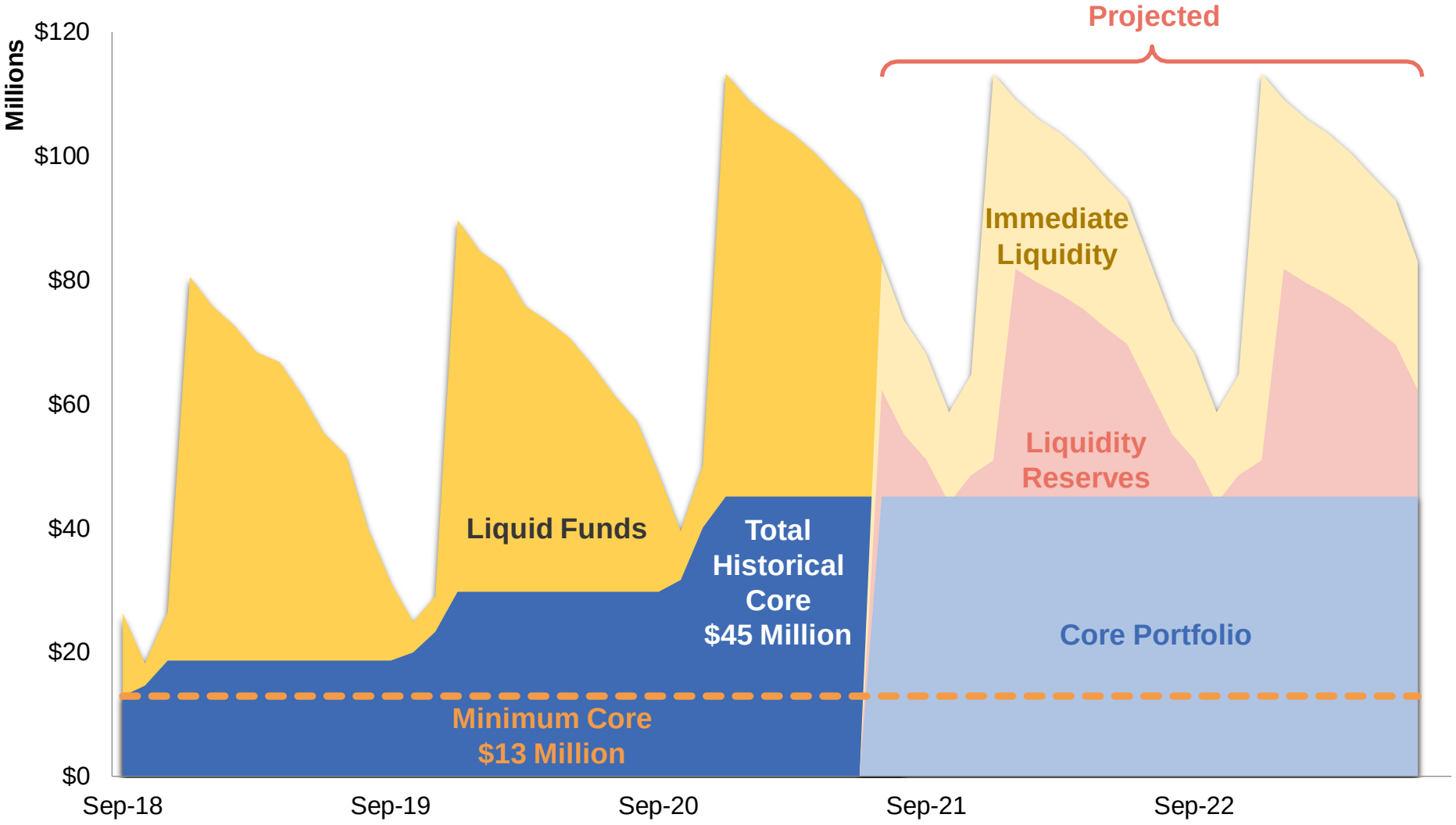
Historical Analysis Indicates a Maximum Core Size of $45.1 Million



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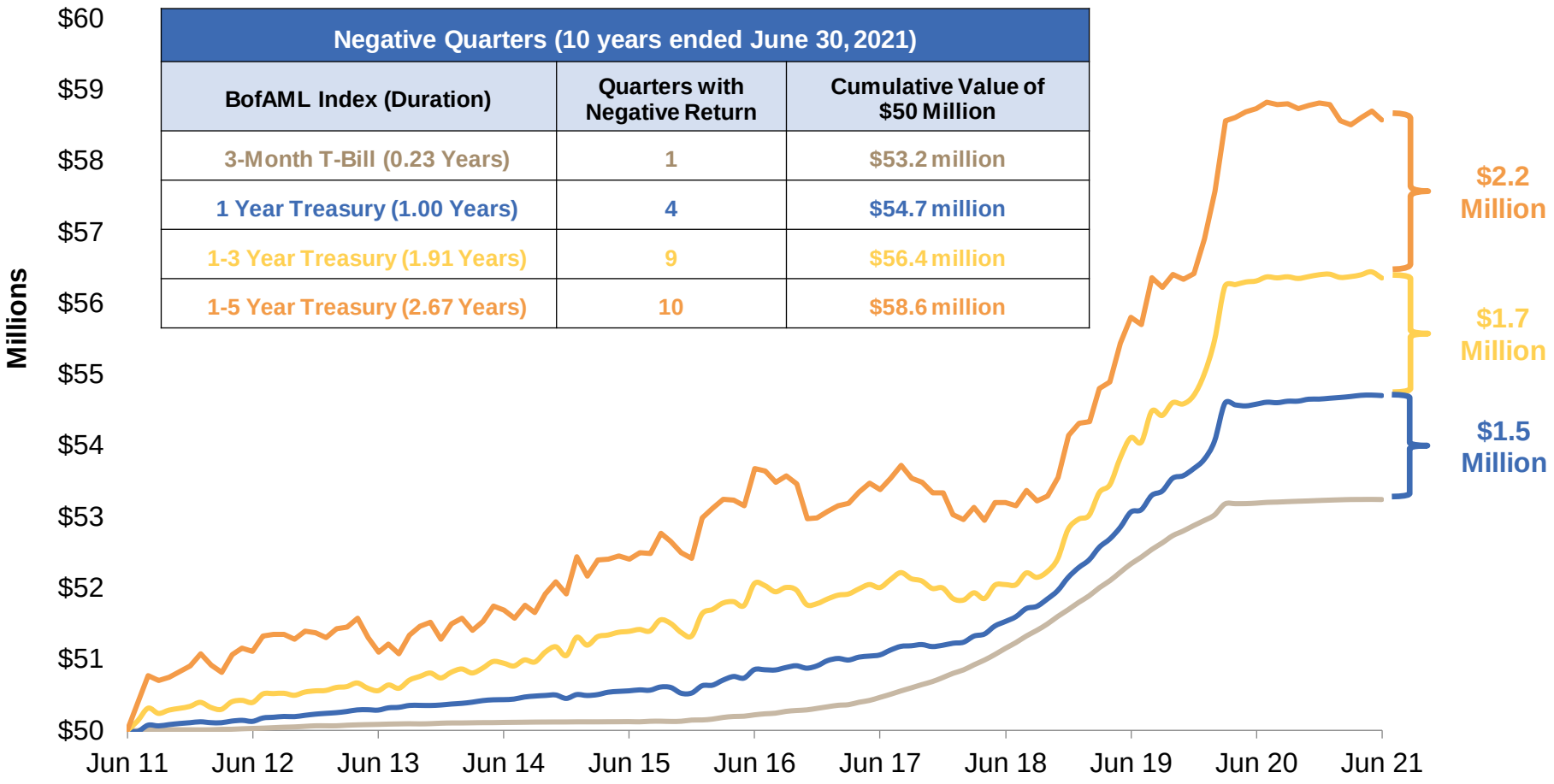
Balances as of 6/30/2021.
Cash Flow Analysis assumes a 20% liquidity cushion.

Historical Benefit of Increased Duration

Growth of $50,000,000 Invested 10 Years Prior

Negative Quarters (10 years ended June 30, 2021)		
BofAML Index (Duration)	**Quarters with Negative Return**	**Cumulative Value of $50 Million**
3-Month T-Bill (0.23 Years)	1	$53.2 million
1 Year Treasury (1.00 Years)	4	$54.7 million
1-3 Year Treasury (1.91 Years)	9	$56.4 million
1-5 Year Treasury (2.67 Years)	10	$58.6 million



Source: Bloomberg, as of June 30, 2021.

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Investment Policy Review Framework

- Objectives: Safety, Liquidity, Yield
- Standard of Prudence
- Ethics and Conflicts of Interest
- Delegation of Authority
- Authorized Investments
- Portfolio Diversification by Asset Class
- Portfolio Diversification by Issuer
- Maximum Maturity of Single Security
- Maximum Maturity of Fund
- Targeted Duration/WAM
- Security Downgrades
- Investment of Bond Proceeds
- Collateralization of Bank Deposits
- Selection of Broker/Dealers
- Engagement of Investment Managers
- Competitive Selection of Investment Instruments
- Safekeeping and Custody
- Internal Controls
- 8 Hour Statutory Training
- Performance Standards
- Glossary

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Florida School District Investment Policy Comparison

Sector	CSC Broward (2010)	CSC Broward (Draft)	Sarasota County (2019)	Broward County (2007)	Brevard County (2012)*	Marion County (2018)	Lake County (2018)	Osceola County (2014)	Palm Beach County (2017)	Pasco County (2013)	Seminole County (2009)	Volusia County (2015)
U.S. Treasuries	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Federal Agencies	100%	80%	80%	80%	80%	80%	75%	75%	100%	80%	80%	75%
Savings Accounts & CDs	100%	50%	50%	25%	25%	50%	50%	50%	25%	25%	25%	25%
Commercial Paper	100%	35%	35%	35%	35%	50%	35%	25%	50%	35%	35%	35%
Corporate Bonds	100%	35%	35%	25%	20%	50%	35%	25%	15%	15%	0%	25%
Municipal Obligations	100%	25%	25%	20%	20%	25%	25%	25%	20%	20%	20%	25%
Agency Mortgage Backed Security	0%	25%	25%	20%	20%	25%	25%	25%	20%	0%	0%	25%
Local Government Investment Pools	100%	50%	50%	25%	25%	75%	75%	50%	50%	50%	25%	25%
Supranationals	0%	10%	10%	0%	0%	25%	0%	0%	0%	0%	0%	0%
Asset-Backed Securities	0%	10%	10%	10%	0%	25%	0%	0%	0%	0%	0%	0%
Money Market Mutual Funds	100%	50%	50%	50%	75%	0%	0%	0%	75%	75%	75%	0%

Representative sample of investment policy permitted investments. Each school board investment policy contains detailed requirements including additional permitted investments, maturity specifications and minimum ratings levels.

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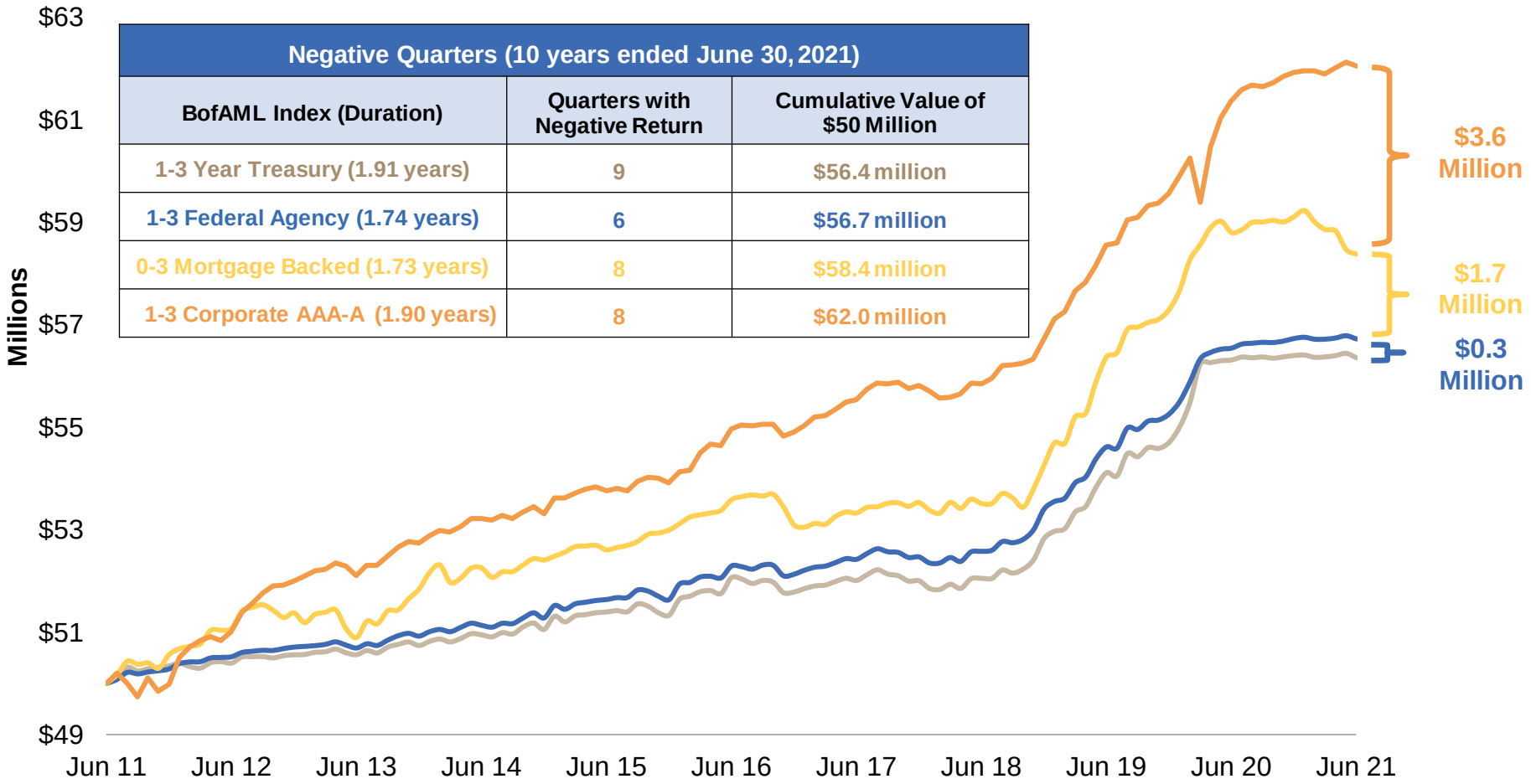
Historical Benefit of Increased Diversification

Growth of $50,000,000 Invested 10 Years Prior

Negative Quarters (10 years ended June 30, 2021)		
BofAML Index (Duration)	**Quarters with Negative Return**	**Cumulative Value of $50 Million**
1-3 Year Treasury (1.91 years)	9	$56.4 million
1-3 Federal Agency (1.74 years)	6	$56.7 million
0-3 Mortgage Backed (1.73 years)	8	$58.4 million
1-3 Corporate AAA-A (1.90 years)	8	$62.0 million



Source: Bloomberg, as of June 30, 2021.

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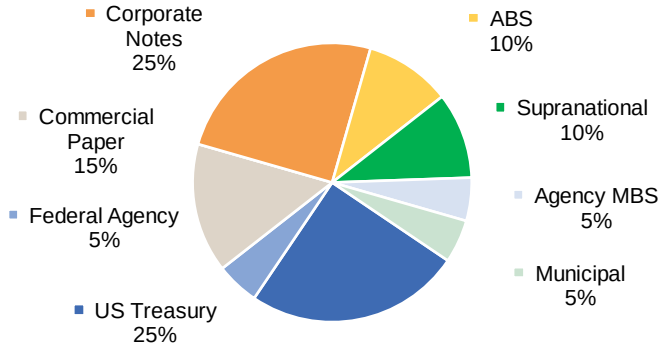
Sample Portfolio: Enhanced Cash

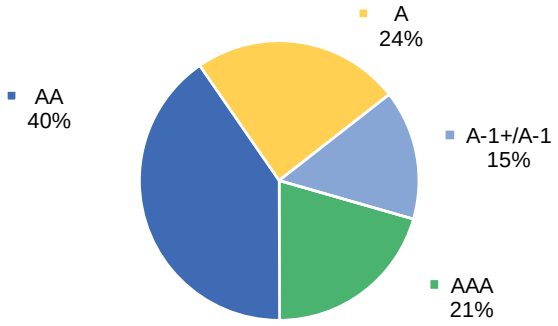
Portfolio Statistics

Duration *Benchmark*	1.0 years *1.0 years*
Gross Yield *Benchmark*	0.23% *0.07%*

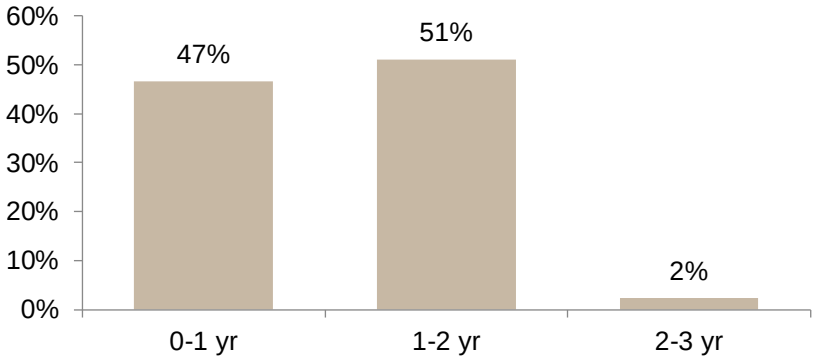
Sector Allocation



Credit Quality (S&P Ratings)



Duration Distribution



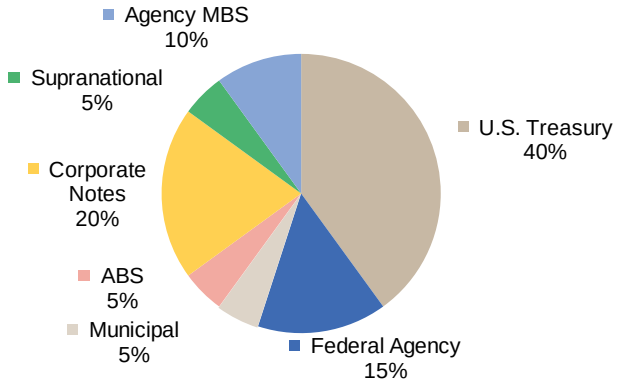
Data Source: Bloomberg. Data as of September 3, 2021. Comparative benchmark is the ICE BofAML 1-Year US Treasury Index. Sample portfolio structured by PFM. Please see important disclosures at the end of this presentation.

Sample Portfolio: 1-3 Year

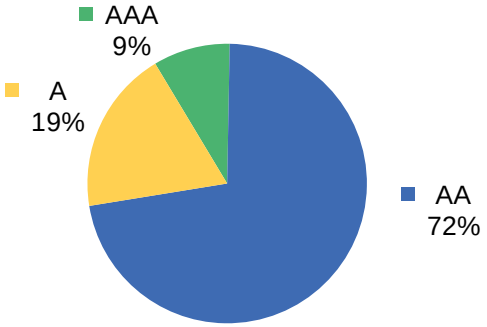
Portfolio Statistics

Duration *Benchmark*	1.83 years *1.82 years*
Gross Yield *Benchmark*	0.53% *0.23%*

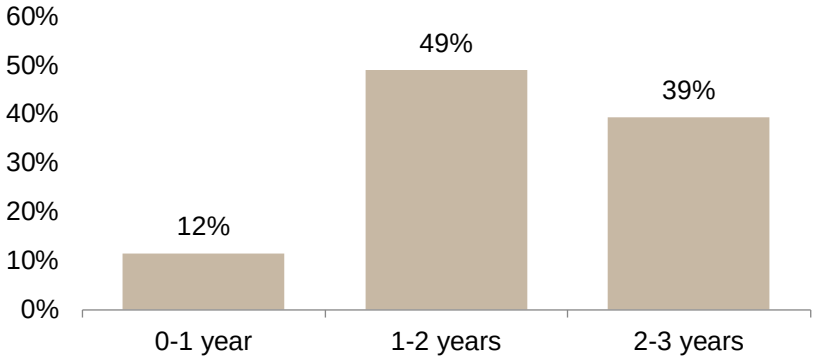
Sector Allocation



Credit Quality (S&P Ratings)



Duration Distribution



Data Source: Bloomberg. Data as of August 24, 2021. Comparative benchmark is the ICE BofAML 1-3 Year US Treasury Index. Sample portfolio structured by PFM. Please see important disclosures at the end of this presentation.

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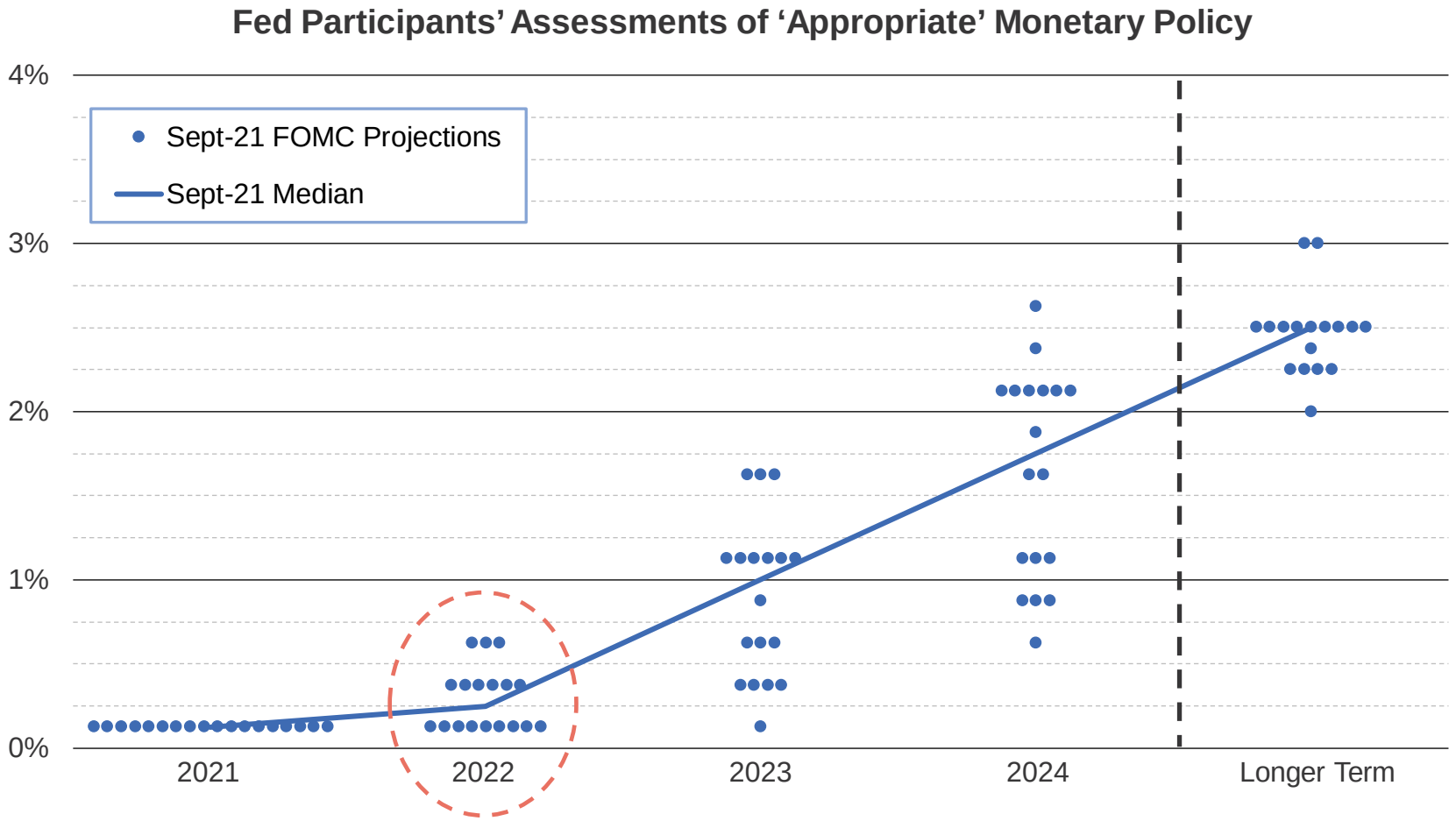
Fed's September "Dot Plot" Signals Rate Liftoff in 2022



Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.

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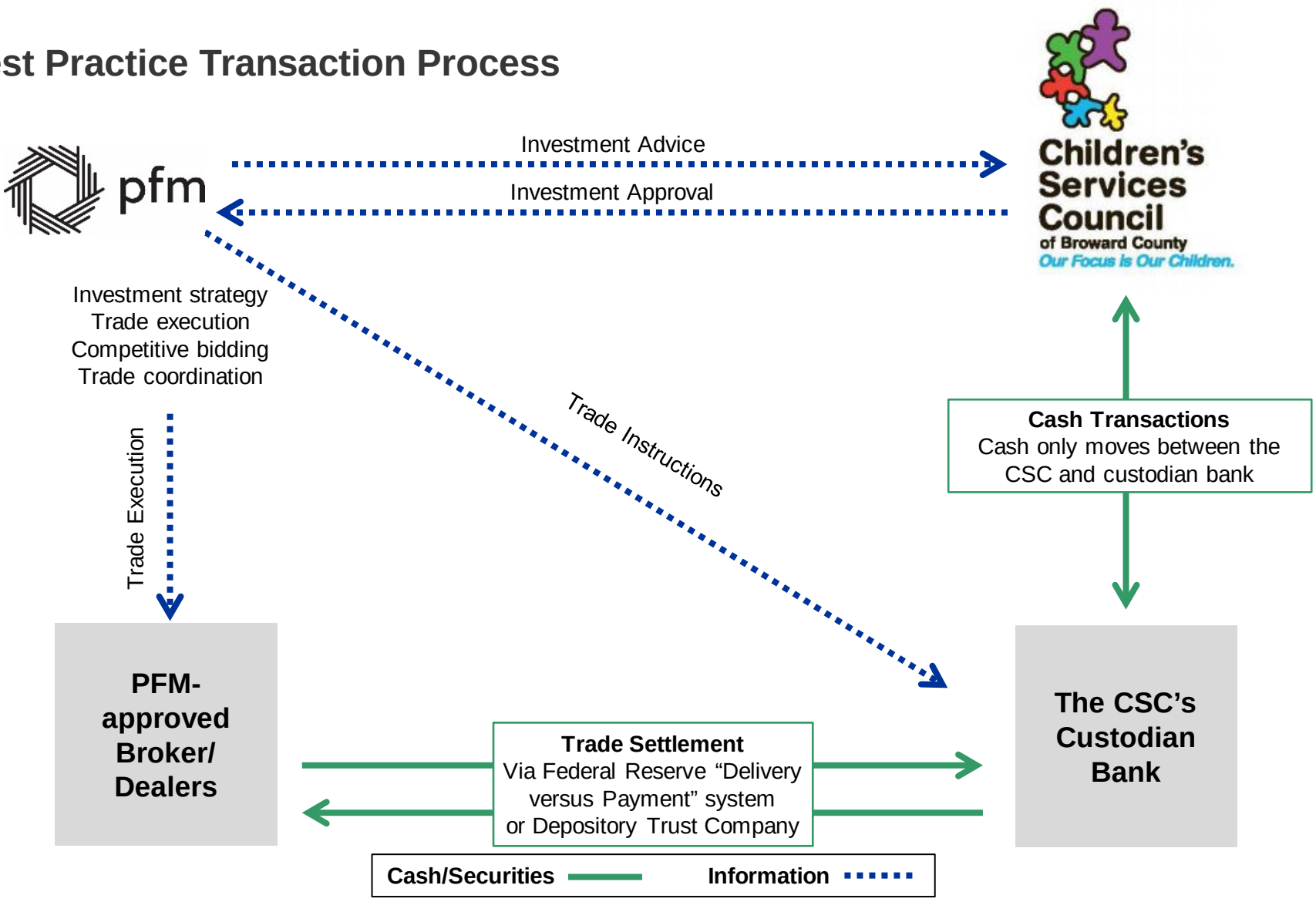
Working with PFM

Best Practice Transaction Process



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Market Access

- Electronic trading and processing platforms
- Robust list of 50+ approved broker/dealers
- Up to $2 billion in average daily trading volume

Competitive Shopping Can Save Money

Broker	Price (32nds)	Price (decimal)	Yield	Cost ($)	Difference ($)
Barclays	116-08 5/8	116.27	1.044%	8,364,294.34	Value Added
Merrill Lynch	116-08 5/8	116.27	1.044%	8,364,294.34	-
BNP Paribas	116-09	116.28	1.042%	8,365,126.37	832.03
JP Morgan Chase	116-09 1/8	116.29	1.041%	8,365,403.71	1,109.37
Deutsche Bank	116-17 7/8	116.56	0.986%	8,384,817.78	20,523.44

* For illustrative purposes only.

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PFM's Fixed-Income Portfolio Management Team

Chief Credit Officer
Robert Cheddar, CFA
Head Portfolio Manager

Chief Investment Officer
Marty Margolis
Managing Director

Money Market Funds & LGIPs
Michael Varano
Co-Head Portfolio Manager

Money Market Funds & LGIPs
Jeff Rowe, CFA
Co-Head Portfolio Manager

Corporates
Joseph Creason, CFA
Sr. Portfolio Manager

Rates & Asset-Backed Securities
James Sims, CFA
Sr. Portfolio Manager

Stable Value Products & Corporates-Insurance
David Molin, CFA
Director of Research, Stable Value

Cash & Short Duration Separate Accounts
Christi Fletcher
Sr. Portfolio Manager

Commercial Paper & Negotiable CDs
Kerri Muskin
Sr. Portfolio Manager

Mortgage-Backed Securities
Michael Downs, CFA
Portfolio Manager

Municipals
Brian Raubenstine
Sr. Portfolio Manager

Proprietary Models

Bloomberg AIM

TradeWeb

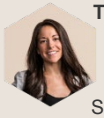
MarketAxess

S&P Global Market Intelligence

CreditSights

Commercial Paper & Short-Term Agencies
Laura Creason
Trader

Repurchase Agreements & FDIC-Insured CDs
Greta Foust
Trader



Treasury, Agency & Supranationals
Meredith LaBuda Sullivan
Sr. Portfolio Manager

Asset-Backed Securities
Giancarlo Morales-Belletti
Sr. Portfolio Manager

Generalist Trader
Kylie Bueti
Trader

Generalist Trader
Ryan Petrasic
Trader

Securitized Analytics
Ryan McCauley
Senior Analyst

Corporates-Industrials
John Zhang, CFA
Credit Research

Corporates–Bank & Financials
Kevin Xie
Credit Research

Portfolio Strategies Group (PSG)

Co-Head of PSG
Kenneth Schiebel, CFA

Co-Head of PSG
Kyle Jones

Sr. Portfolio Strategist
Jack Wilhelm

Sr. Client Strategist
Gray Lepley

Senior Analyst
Raphael Mettle

Analyst
Shane Gatti

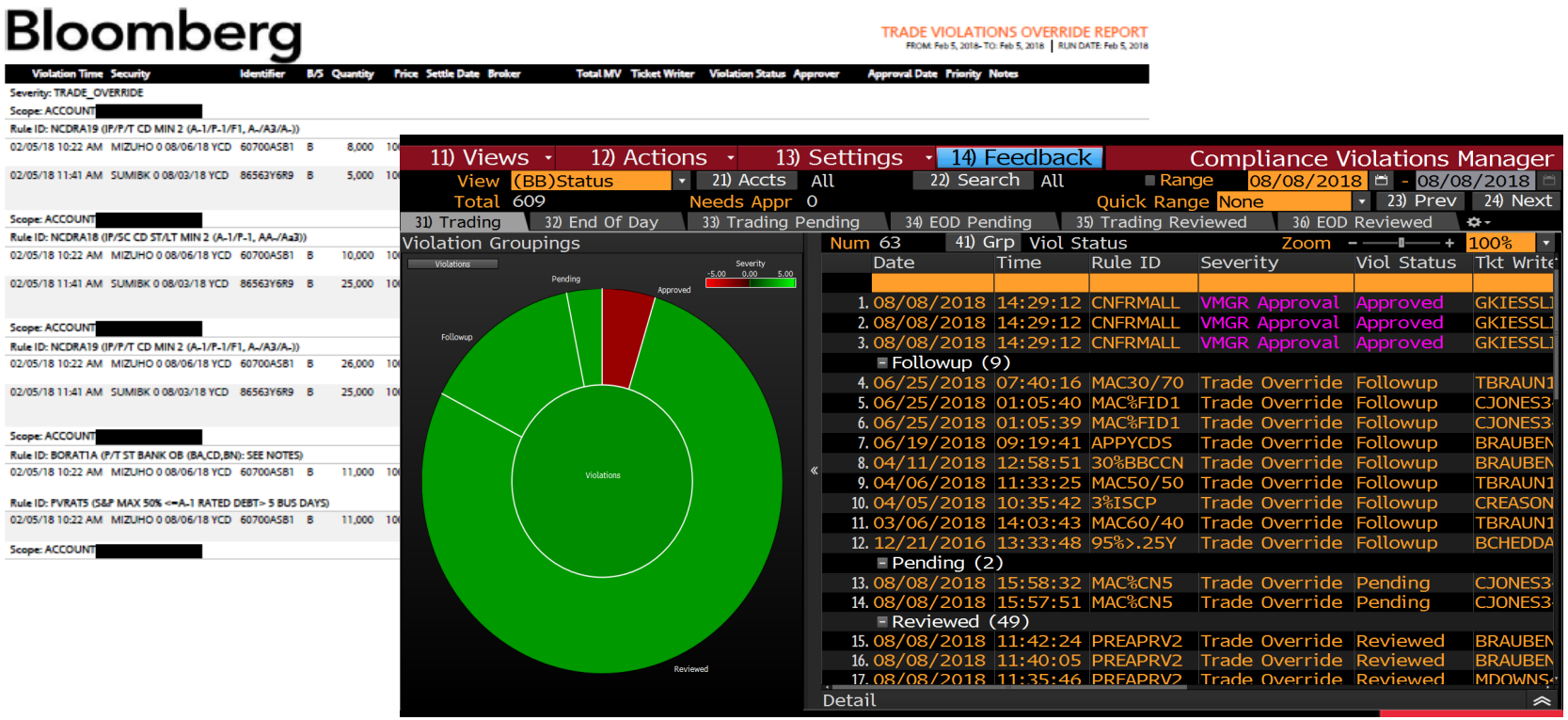
Investment Services Group

Review of portfolio rules, perform trade settlement, and data management

© PFM

Daily Compliance Monitoring

- Pre-trade compliance checks verify if proposed trade complies with all compliance rules
- If trade violates rules, “alert status” is triggered and notifies compliance department via Violation Manager Tool in AIM
- Any alert violations must be reviewed and approved or rejected by a member of the compliance team



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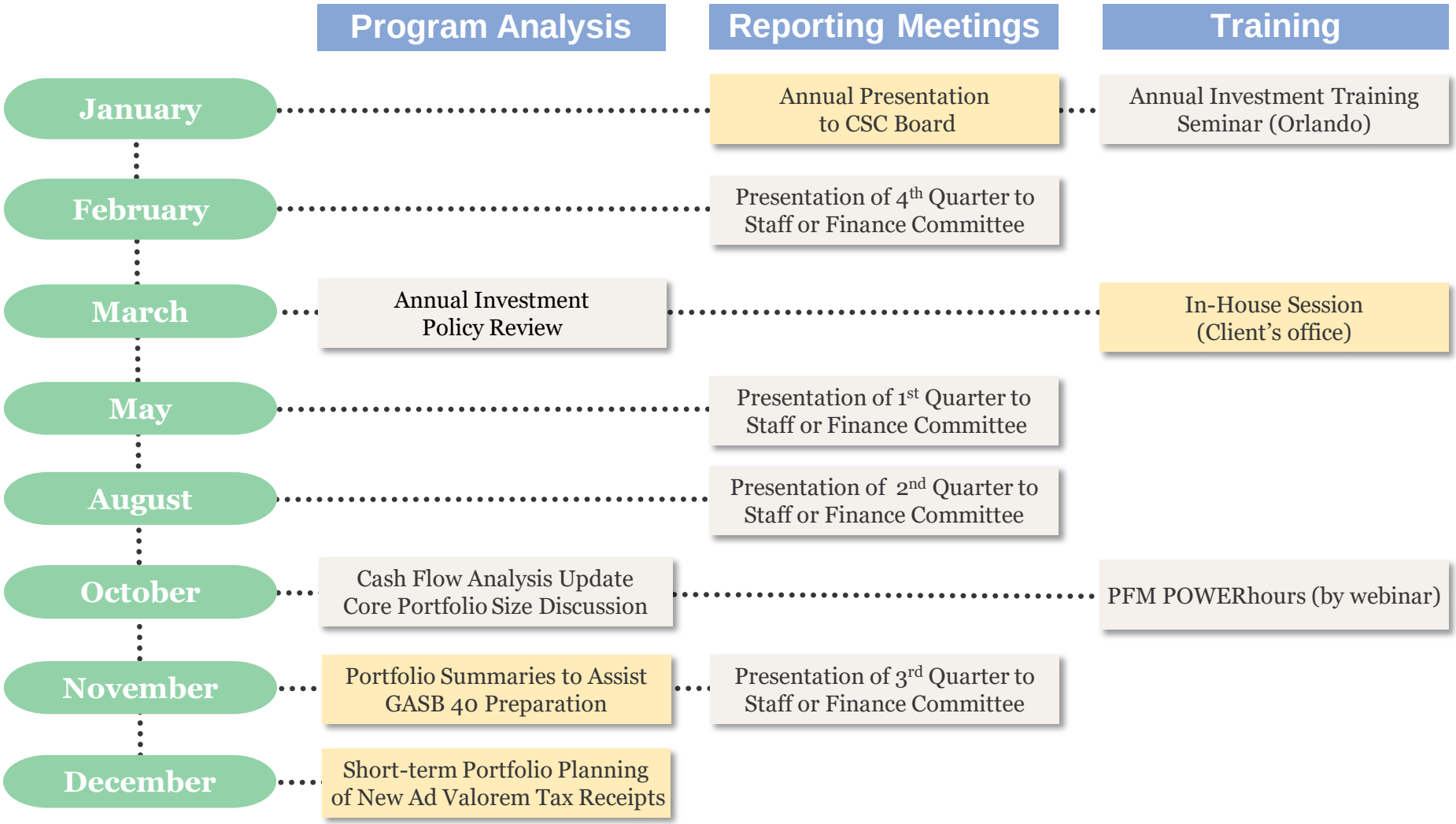
Comprehensive Client Interaction



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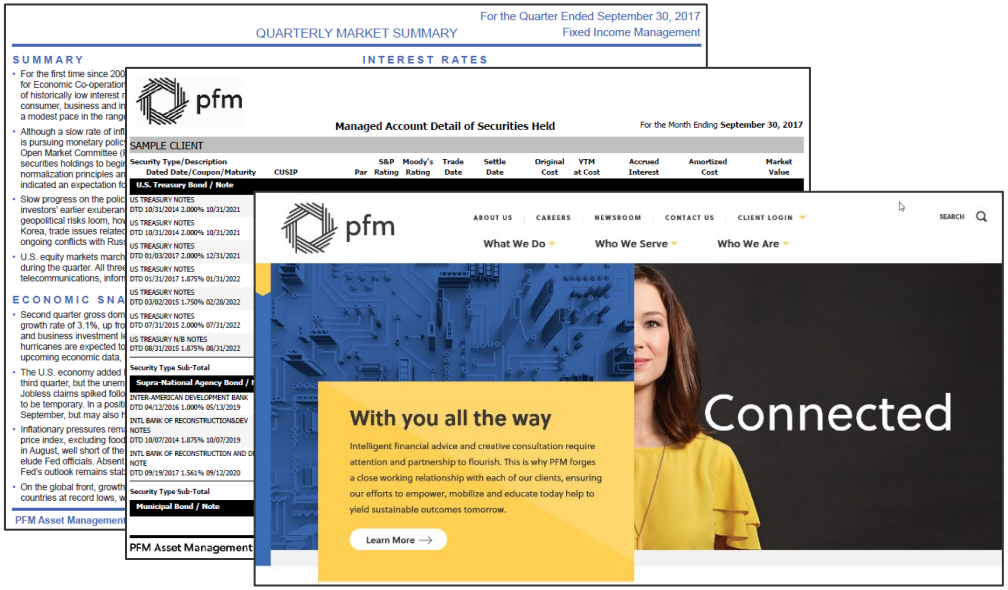
Accounting and Reporting Designed to Save the CSC's Staff Time

PFM Asset Management LLC will provide:

- Account reconciliation with custodian
- Full-time, in-house accounting department that can help answer your accounting-related questions
- Earnings calculations and projections
- Full transparency: daily updates of transactions and portfolio holdings
- Enhanced communication



Investment reports are "ready to use."

Monthly Reports

- Investment holdings & positions
- Transaction detail
- Performance results
- Market values and sources

Client Reporting Website

- 24-Hour online account access
- Daily portfolio holdings
- Details of transactions updated daily
- Archive of month-end portfolio statements

Quarterly/Annual Reports

- Economic review and outlook
- Trading strategy
- Compliance with policy
- Portfolio composition and duration
- Return vs. benchmark (*if applicable)*

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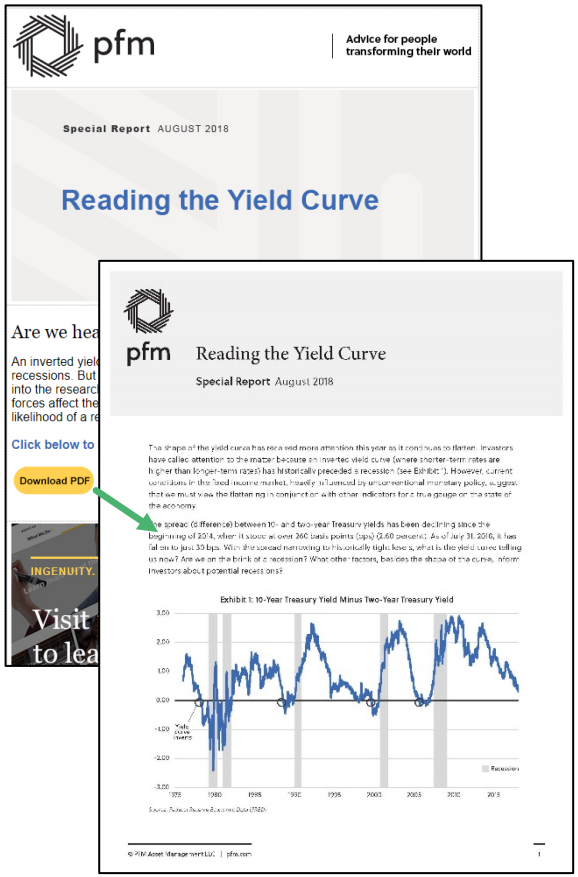
Client Communication and Education

EMAIL INVITATIONS & ONLINE REGISTRATION

COMMUNICATIONS DISTINCT TO PFM



Dedicated Team Approach to Deliver a Custom Portfolio

Richard Pengelly, CFA, CIMA®, CTP

Engagement Manager

Client Service

Policy development | Cash flow analysis

Client's risk preferences | Pool specialization

Portfolio Strategy

Sector preferences | Duration target

Yield curve placement | Credit monitoring

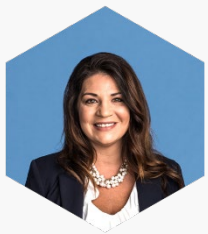
Management

Daily monitoring of market & portfolio

Trade execution

Scott Sweeten

Edward Polansky



Lesley Allison

Kyle Jones

Gray Lepley

Robert Cheddar, CFA

James Sims, CFA

Other groups in the engagement

Accounting & Reporting

Compliance & Legal

Investment Services

Structured Products

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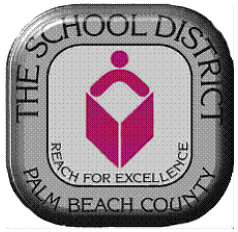
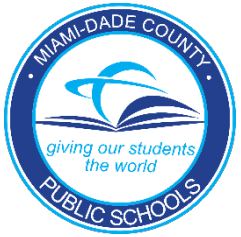
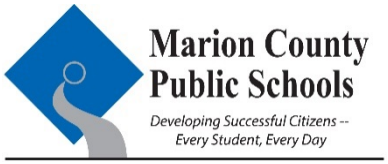
PFMAM Experience Managing School District's Assets







Managing public funds since 1980.

Portfolio management leadership team members average over 25 years of investment experience.

The PFM Group has offices in Orlando and Coral Gables.

Providing investment solutions to nearly 800 public sector clients nationwide with total assets of $170.3 billion.

Managing over $4.2 billion in assets for more than 100 school districts nationwide.

As of 6/30/2021. Totals include discretionary assets and clients under management and non-discretionary assets and clients under advisement. Clients listed are school board clients serviced by PFMAM's Orlando office.
Listing does not represent an endorsement of PFMAM services. A full client list is available on request.

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Disclosures

This material is based on information obtained from sources generally believed to be reliable and available to the public, however PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some but not all of which are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

- Sample portfolio is provided for illustrative purposes only and is not recommendation.
- Yield source Bloomberg as of August 24, 2021 and September 3, 2021.
- Security universe sourced from Bloomberg.
- Actual yields and security availability may vary at time of purchase.
- As economic and market conditions may change in the future, so may PFM's recommendations as to the sale and purchase of securities in the portfolio.

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Thank You!

pfm

Tab 4

For Finance Committee Meeting
November 8, 2021

Issue: CSC Investment Options

Action: Recommend to Council Moving a Portion of Investments to a PFM Managed Fund

Budget Impact: None

Background: Since 2010, the Council has followed the Investment Policy and best practices by diversifying its investments between the Local Government Surplus Funds Trust Fund managed by the State Board of Administration (SBA) and the Florida Public Assets for Liquidity Management (PFM). Using a conservative approach, the investments are highly-liquid, short-term, money-management funds and are designed to meet cash management and short-term investment needs. One drawback, however, is that in the current economic environment, the yield has not been able to maintain the inflation index over time.

With COVID-19 affecting the ability of the Providers to fully utilize their contracts, excessive cash has accumulated over the past few years. Staff was tasked to review options to effectively invest these idle funds to improve yield while not sacrificing safety and liquidity. Staff worked with PFM and conducted a thorough cash-flow analysis identifying a portion of investments that could be placed in a managed fund which utilizes a longer-term approach, thereby increasing yield while maintaining safety.

To put the cash flow cycle in perspective, once taxes are levied in November usually about 70% of the annual cash is received in December for use throughout the fiscal year. Using a money market type fund that is highly liquid with short-term maturity dates allows for the best access to meet current obligations. The portion of investments under consideration for the managed fund do not include the upcoming FY tax revenue.

Current Status: As discussed over these past few months when setting the budget and the FY 21/22 millage rate, the strategy over the next few years is to incrementally draw down Fund Balance (FB) to meet the budget needs while maintaining or slowly increasing the millage rates. After a thorough cash flow analysis, staff recommends moving $50 million, currently in Investments or “Core FB,” to be managed by PFM and invested in a longer-term portfolio that maintains safety but adds additional yield even in today’s economic environment.

Moving Core FB to into a managed fund is permitted per the Investment Policy and aligns with proper internal controls, as PFM will not directly manage the invested funds. Rather, they will provide advice, which must be approved by CSC, and then communicated to the Custodian to make the actual trades. If the managed funds concept is approved, staff will select bids from various custodian banks and will bring it back for Council approval. The managed funds will be measured against several highly respected industry performance measure indexes to ensure the portfolio is on track. Staff will bring to the Council for approval a monthly Investment Report to include the listing of holdings, benchmark performance measures, and other monthly activity.

The attached PowerPoint presentation provides a full outline of the recommended action, and Richard Pengelly will be available to answer any questions.

Recommended Action: Recommend to Council Moving a Portion of Investments to a PFM Managed Fund

Tab 5

Children's Services Council of Broward County
Our Focus is Our Children.

For Finance Committee Meeting
November 8, 2021

Issue: Discussion Fiscal Year 20/21 Fund Balance Preliminary Estimate

Action: For Your Information

Budget Impact: TBD

Background: The 2020/21 Fiscal Year has been a continuation of uncertainty with the continuation of COVID protocols and providers finding ways to reach the children and families to deliver much needed services. Unfortunately, overall program underutilization continued to be under anticipated at 22%, which will result in an increase of the end of year Fund Balance. Another factor contributing to a higher Fund Balance was a larger than normal unallocated amount at 7% of the budget, an increase of 3% from the prior year. Some of this was expected as the budget for the HEAL Trauma RFP was included in FY 20/21 but programs are beginning in the current FY 21/22.

Current Status: Staff is working on closing the Fiscal Year 20/21 year and does not have a final accounting of Fund Balance just yet. The preliminary estimate is as follows:

Fund Balance Estimate
(In thousands)

Beginning Total Fund Balance 10/1/2020	$41,470,000
Minimum Fund Balance FY 20/21	(10,454,000)
Committed for Building	(3,000,000)
Beginning Unassigned Fund Balance 10/1/2020	$28,016,000
Estimated Increase in Fund Balance Ending 9/30/21	20,927,000
TRIM Budgeted for FY 21/22	(14,657,000)
Budget Carry Forward approved October, 2021	(683,000)
Estimated Ending Unassigned Fund Balance at 9/30/2021	$33,603,000
Fund Balance Proposed Appropriations:	
FY21/22 Carry Forward for Contracts /POs Estimate	(4,075,000)
Estimated Unassigned Fund Balance at 9/30/2021	$29,528,000

Recommended Action: FYI.

Tab 6

For Finance Committee
November 8, 2021

Issue: Budget Carry Forward for FY Ended September 30, 2021.

Action: Approve Budget Carry Forward from FY 20/21 into FY 21/22.

Budget Impact: $4,074,528 Additional Budget in Various Line Items for FY 2021/22.

Background: Each year there are Purchase Orders ("PO") and contracts where the work may not have been completed during the fiscal year, or the contract spans fiscal years. These POs and related budget amounts are "carried forward" into the new fiscal year. Additionally, there may be underutilized budget that is carried forward into the subsequent year for continuation of various initiatives or one-time expenses.

Current Status: Attached is a schedule detailing the requested carry forward items for FY 2021/22. These POs and contracts were presented to the Council and approved at various times during fiscal year 2020/21. As is CSC's practice, when the Provider is TBD or Unallocated, the expenditures will be brought back to the Council for approval as the providers and proposed budgets are determined.

Administrative budget carryforward includes lapse in salaries and benefits which will be used to offset a proposed 2.3% staff salary increase and a new Program Manager position. Finally, as in past practice, unused facilities and technology budget is carried forward to build reserves for future major projects such as replacement and/or repairs for the building, an updated Audio-Visual system and a new Website, as well as to maintain and improve our technologies/network. Of course, any proposals using this funding will be submitted for the Council's approval.

Recommended Action: Approve Budget Carry Forward from FY 20/21 into FY 21/22.

Children's Services Council of Broward
Budget Carry-Forward from FY 20/21 to FY 21/22
General Fund

Goal	GOAL NAME	PROVIDER	DESCRIPTION		Requested CF Amount
	Service Goals:				
2.1.3	Trauma	The Center for Mind-Body Medicine	Trauma Supervision and Certification		$20,750
2.2,1	Hunger	FLIPPANY	Contract crosses FY		$37,784
2.2,2	Financial Stability	United Way	3 month extension-Approved 9/23		$344,325
5.1,1	Early Education	Early Learning Coalition- Vulnerable POP	6 month extension- Approved 9/23		$2,434,171
		Total Goals			**$2,837,030**
	Administration: Purchase Orders that Span FY				
	Salary / Fringe	Increase 2.3% to match CPI for Staff and CEO Salary Adjustment;		Total lapse was $506,256	$210,000
		New Program Manager Position for Program Services (10 months)			$86,000
		Employee Retirement and Termination payout			$30,000
					$326,000
		Ebiz-soft	Great Plains annual maintenance (final year)		$12,000
		Marsh & McLennan Agency	Increase in Cyber Liability Insurance		$14,625
		Monday.com	Additional licenses		$5,804
					$32,429
	Capital Outlay:				
		TBD	Reserve for future Technology projects (Possible projects : AV Upgrade, Website Development, Application software, Equipment)		$620,431
	Facilities Related:				
		TBD	Facilities Reserves		$258,638
		Total Administration, Capital Outlay & Facility Related			**$1,237,498**
			Grand Total Budget Carry-Forward		**$4,074,528**