

FLORIDA CITY AND COUNTY MANAGEMENT ASSOCIATION,
INC. STATEMENT OF INVESTMENT POLICY
Revised 8/28/2020; 10/29/2021; 9/12/2025

I. AUTHORITY

In accordance with the Bylaws of the Florida City and County Management Association, Inc. (the “Association” for “FCCMA”), the Board of Directors (the “Board”) shall supervise and control the affairs of the Association and shall have the power and authority to enter into contractual agreements for association services. The Association and the Florida League of Cities, Inc. (“Administrator”) have entered into an association management services agreement whereby the Administrator manages and administers the day-to-day financial and service needs of the Association.

The Board has determined that it is in the best interest of the Association to manage its financial assets prudently by opening and maintaining investment account(s) and establishing guidelines for Authorized Investments to enhance returns while ensuring sound financial management.

It is the Board’s policy that no entity or person may engage in any investment transaction with funds held in a trust relationship by the Association, except as authorized herein or approved by the Board.

II. SCOPE AND PURPOSE

All Financial assets held or controlled by the Association, and not otherwise classified as restricted assets requiring separate investment direction by the Board, shall be invested under the guidelines as herein set forth. These policies and procedures herein are intended to provide sufficient latitude to effectively manage the Association’s financial assets to maximize the return on assets within an acceptable and permitted exposure to risk. At times, exceptions to the policy may need to be made, on a case-by-case basis, and with the approval of the Board.

III. DUTIES AND RESPONSIBILITIES

The Board shall be responsible for all investment decisions of the Association. The Board shall make investment decisions prudently, considering risk and return objectives. The Administrator is authorized to implement the Board’s investment decisions but shall not provide financial advisory or investment advisory services to the Association or the Board.

Under the direction of the Board, it shall be the responsibility of the Administrator to supervise and administer the Association’s investments and to perform the following:

1. Provide for the investment of the financial assets of the Association as required pursuant to this policy and within appropriate levels of liquidity to meet identified current and projected obligations of the Association.
2. Assist the Board in its reviews to ensure compliance with this policy and applicable laws.
3. Immediately notify the Board in the event of any information that may have a severe or adverse effect on the Association’s assets.

IV. OBJECTIVES

The foremost objective of the Association’s investment activity is the preservation of capital in the portfolio followed by liquidity and then yield. The FCCMA’s investment portfolio shall be designed to attain a market rate of return throughout financial and economic cycles, considering the Association’s investment risk constraints as discussed in Section IX of this investment policy.

V. PRUDENCE AND ETHICS

The standard of prudence to be used by the Association, shall be the “prudent person” and shall be applied in the context of managing the overall portfolio. The Association shall act in accordance with established procedures 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 in a timely fashion and appropriate action is taken to minimize any investment losses. The Association, or if engaged, its investment advisors, shall undertake all reasonable efforts to preclude imprudent transactions involving the funds of the Association. The Administrator shall avoid conflicts of interest and act in the best interest of the Association when administering the Association funds.

The Association, or if engaged, its investment advisors, involved in the investment process shall refrain from personal business activity that could conflict with the proper management of the Association’s investment activities, or which could impair their ability to make impartial investment decisions. The Administrator shall disclose to the Board any material financial/investment position or finding that may be contrary to this policy. Any adverse findings of the U.S. Department of Labor and/or the Securities and Exchange Commission regarding any investment advisor, engaged by the Association, or its financial activities shall be brought to the immediate attention of the Board.

VI. REPORTING AND PERFORMANCE

On a quarterly basis the Administrator is to provide to the Board a review of the balance or net position of any deposit account or Authorized Investments and re-distribute funds as directed by the Board. The Administrator shall provide to the Association’s independent auditor such information and reports as are requested for the purpose of developing and supporting the annual financial statements of the Association, and the footnotes thereto.

VII. SAFEKEEPING AND CUSTODY

The Administrator is authorized to open and maintain the Authorized Investments for the benefit of the Association and to deposit or withdraw Association funds to or from such Authorized Investments. All Authorized Investments opened on behalf of the Association under this policy shall be properly designated as assets of the Association.

The Administrator will deposit funds in investments pursuant to this policy at the direction of the Board. The Administrator will withdraw funds from Authorized Investments at the direction of the Board or to meet the day-to-day operating needs of the Association. On behalf of the Association the Executive Director/Chief Executive Officer of the Administrator is authorized to open, or cause to be opened, the Authorized Investments on such terms and conditions as may be necessary. The Executive Director/ Chief Executive Officer is further authorized to execute and deliver all necessary forms, agreements, or signature cards required to establish, maintain, or close the Authorized Investments.

The Association authorizes the following officers of the Administrator to be designated as "Authorized Signers" on the Authorized Investments opened on behalf of the Association:

- o Executive Director/Chief Executive Officer
- o Chief Financial Officer.

VIII. RISKS

The Board recognizes that investment risks can result for various reasons and is expected to display prudence in the selection of investments to minimize risks. In the event of a potential investment risk, the Administrator or the Association’s investment advisors shall notify the Board and, with Board approval, proceed to liquidate investments having comparable credit risks.

IX. LIQUIDITY

Funds that exceed the amount required for operating expenses may be invested in a combination of equity and bonds mutual funds.

X. AUTHORIZED INVESTMENTS

To effectively manage the Association's financial assets and enhance returns within an acceptable exposure to investment risk, the following investment instruments are hereby authorized (referred to as "Authorized Investments"):

1. Vanguard Short-Term Bond Index Fund (VBIRX), including any successor fund, renamed fund, or reclassified investment option offered by Vanguard that maintains a similar investment objective and risk profile.
2. Vanguard Short-Term Investment-Grade Fund (VFSUX), including any successor fund, renamed fund, or reclassified investment option offered by Vanguard that maintains a similar investment objective and risk profile.
3. Vanguard Short-Term Treasury Fund (VFIRX), including any successor fund, renamed fund, or reclassified investment option offered by Vanguard that maintains a similar investment objective and risk profile.
4. Vanguard Total Bond Market Index Fund (VBTIX), including any successor fund, renamed fund, or reclassified investment option offered by Vanguard that maintains a similar investment objective and risk profile.
5. Vanguard Treasury Money Market Fund (VUSXX), including any successor fund, renamed fund, or reclassified investment option offered by Vanguard that maintains a similar investment objective and risk profile.

The target allocation for equity funds would be from 0 percent to 40 percent and the target allocation for bond funds and money market funds would be from 60 percent to 100 percent. Any deviation outside of the range would require the portfolio to be rebalanced to the target allocation at the direction of the Board. If funds are withdrawn by the Administrator to meet the day-to-day operating needs of the Association, funds will be withdrawn based on the following allocation: 33.33 percent from VBIRX, 33.33 percent from VFSUX, 33.33 percent from VFIRX. Funds invested in VBTIX are restricted and at the direction of the Board shall only be withdrawn for funding the BH Farmer Scholarship expenses.

On a quarterly basis the Administrator will monitor compliance with the target allocation and assist in the administrative reallocation of funds as necessary to maintain or restore compliance with the target allocation. In performing these functions, the Administrator acts in an administrative and ministerial capacity only and does not exercise discretion or provide investment advice or recommendations. All decisions regarding the selection of investment options, the establishment of target allocations, and any deviation from or modification to such allocations shall remain the sole responsibility of the Board.

XI. INVESTMENT COMMITTEE

The makeup of the Investment Committee is addressed in Section 4.2 of the FCCMA Committee Policy.

The Investment Committee shall serve in an advisory capacity to the Board and is responsible for reviewing the Association's Authorized Investments on a quarterly basis. A quorum of the members of the Investment Committee is required for the committee to take any action or make recommendations to the Board. A quorum consists of at least four members of the Investment Committee. The Committee may make recommendations to the Board regarding the Association's investments, including rebalancing actions, changes to investment allocations, or other matters related to the Association's investments. The Board retains final authority over all investment decisions.

XII. EFFECTIVE DATE

The Association's investment policy shall become effective immediately upon its adoption by the Board of Directors and any prior investment policy is superseded by this policy.

As adopted by the Board of Directors of the Florida City and County Management Association, Inc. on the ____ day
of _____ 2025.

President,
Florida City and County Management Association, Inc.

Attest:

Executive Director/Chief Executive Officer, Florida League of Cities, Inc.
For the Administrator