

**MBIA MUNICIPAL INVESTORS SERVICE CORPORATION**  
**Investment Advisory Agreement – Discretionary**

This Agreement, dated as of the 1st day of June, 2005 (the "Agreement"), is by and between MBIA Municipal Investors Service Corporation, a Delaware corporation registered to transact business in the State of Florida, (the "Adviser"), and the City of Fort Lauderdale, a Florida municipality (the "Client" or "City"). The parties agree as follows:

**1. Appointment**

The Client hereby appoints the Adviser as the investment adviser to the Client regarding those assets designated by the Client (the "Advisory Account").

**2. Duties of the Adviser**

The Adviser shall invest the assets of the Advisory Account in strict compliance with the written investment objectives, policies and restrictions of the Client and in strict compliance with applicable laws and ordinances. The Client's Investment Policy is attached hereto as Exhibit A and, as attached and as may be amended unilaterally by the Client from time to time, is incorporated herein. The Adviser shall be held to the standard of "prudent expert," as provided in the Client's Investment Policy.

The Adviser will provide to the Client monthly a written report detailing transactions for the period and an inventory of the investments in the Advisory Account. It is agreed that the Adviser, in the maintenance of records, does not assume responsibility for the accuracy of information furnished by the Client.

It shall be a condition of this Agreement that the Adviser be at all times during the term of this Agreement registered as an investment adviser under the Investment Advisers Act of 1940. The Adviser shall notify the Client in writing within three business days if such registration is revoked, proposed to be revoked, suspended, or otherwise impaired. Failure of the Adviser to be registered as an investment adviser under the Investment Advisers Act of 1940 at any time during the term of this Agreement shall operate immediately to terminate this Agreement.

The Adviser shall at all times during the term of this Agreement be authorized to transact business in the State of Florida. The Adviser shall notify the Client in writing within three business days if the Adviser's certificate of authority to transact business in the State of Florida is revoked, proposed to be revoked, withdrawn, or otherwise impaired. Failure of the Adviser to be authorized to transact business in the State of Florida at any time during the term of this Agreement shall constitute grounds for the Client unilaterally to terminate this Agreement upon seven days' written notice to the Adviser with an opportunity to cure within the seven-day period.

Any additional investment management services the Adviser shall provide to the Client are listed in Exhibit B.

**3. Discretionary Authority**

The Adviser, with full investment authority and discretion, and in strict compliance with the Client's investment objectives, policies and restrictions, and in strict compliance with applicable laws and ordinances referred to above, may buy or sell securities and place orders for the execution of such transactions with or through such brokers, dealers, or issuers as the Adviser may select, from the group of brokers and dealers the Client has pre-approved.

**4. Changes in Investment Policies or Assets in the Account**

The Client may modify its investment objectives, policies, and restrictions applicable to the Advisory Account at any time, and is required to notify the Adviser promptly in writing of any modifications to the investment objectives, policies or restrictions applicable to the Advisory

Account. The Client agrees to notify the Adviser promptly of any withdrawal of securities from the Advisory Account initiated by the Client.

#### **5. Allocation of Brokerage**

When placing orders for the execution of transactions for the Advisory Account, the Adviser will take into consideration not only the available prices but also other relevant factors such as, without limitation, execution capabilities and safekeeping arrangements. The Adviser will exercise good faith in obtaining the best price and execution for each transaction for the Advisory Account.

#### **6. Safekeeping and Custody**

The Adviser will not have custody or possession of assets in the Advisory Account of the Client. The Client shall select and authorize a custodian bank or brokerage firm to hold the assets of the Advisory Account in safekeeping for the Client. The Client shall be solely responsible for all fees involved with any custodial arrangements.

#### **7. Fees**

The compensation of the Adviser for its services under this Agreement shall be calculated and paid in accordance with the Fee Schedule in Exhibit C, as the same may be amended from time to time by mutual agreement of the Client and the Adviser.

#### **8. Insurance**

The Adviser shall maintain during the term of this Agreement and during the term of any extension or renewal of this Agreement and provide to the City a certificate of commercial general liability insurance with a reputable insurance company authorized to issue insurance policies in the State of Florida, subject to approval by the City's risk manager, in an amount not less than \$1,000,000 combined single limit for bodily injury and property damage, including coverage for premises/operations, products/completed operations, contractual liability, independent contractors, and coverage for the liability assumed by the Adviser under the indemnification provision of this Agreement in accordance with the City of Fort Lauderdale's Risk Management Manual.

The Adviser shall maintain during the term of this Agreement and during the term of any extension or renewal of this Agreement and provide to the City a certificate of professional liability insurance, investment advisers a/k/a advisors errors and omissions insurance, fiduciary liability insurance, and a financial institution bond, with a reputable insurance company authorized to issue insurance policies in the State of Florida, subject to approval by the City's risk manager, each with limits not less than \$3,000,000, including coverage for the liability assumed by the Adviser under the indemnification provision of this Agreement.

The Adviser shall maintain during the term of this Agreement and during the term of any extension or renewal of this Agreement and provide to the City a certificate of comprehensive or business automobile liability insurance with a reputable insurance company authorized to issue insurance policies in the State of Florida, subject to approval by the City's risk manager, with limits of not less than \$500,000 per occurrence combined single limit for bodily injury and property damage including coverage for owned, hired, and non-owned vehicles and/or equipment as applicable.

The Adviser shall maintain during the term of this Agreement and during the term of any extension or renewal of this Agreement and provide to the City a certificate of worker's compensation insurance, including employer's liability, with a reputable insurance company authorized to issue insurance policies in the State of Florida, subject to approval by the City of Fort Lauderdale's risk manager, with a limit of \$500,000 employer's liability, in compliance with all state and federal laws, and in accordance with the City of Fort Lauderdale's Risk Management Manual.

The commercial general liability insurance policy and the business automobile liability insurance policy shall name the City of Fort Lauderdale, a Florida municipality, and the City's officers, agents, employees, and commission members, as additional insureds. The professional liability insurance policy, the investment advisers errors and omissions insurance policy, the fiduciary liability insurance policy, and the financial institution bond shall name the City of Fort Lauderdale, a Florida municipality, as a certificate holder. The Adviser shall provide to the City at least thirty (30) days' written notice by registered mail, return receipt requested, addressed to the City of Fort Lauderdale's risk manager, prior to cancellation or modification of any required insurance or bond.

#### **9. Liability and Indemnification**

The Adviser will not be liable for any error in judgment or any acts or omissions to act except those resulting from the Adviser's negligence, willful misconduct, or disregard of its duties and obligations under this Agreement. Nothing herein shall in any way constitute a waiver or limitation of any right of any person under the federal and state securities laws. In addition to any other remedies available to the Client at law or in equity, the Adviser shall be liable to the Client for damages in the amount of any diminution of the Client's assets managed by the Adviser as the result of the Adviser's or the Adviser's employee's or agent's negligence, willful misconduct, disregard of its/his/her duties or obligations under this Agreement, or breach of this Agreement, and Adviser shall be liable to the Client for the amount of the Client's costs and attorney fees to recover such damages. Client acknowledges that Adviser has not guaranteed or represented that the assets in the Advisory Account will achieve any specified level of performance and that the value of Client's assets managed by the Adviser as well as the investment returns thereon will fluctuate in response to changes in interest rates and general market conditions.

The Adviser shall protect and defend, at the Adviser's expense, counsel being subject to the Client's approval, and indemnify and hold harmless the Client and the Client's officers, employees, and agents, from and against any and all losses, penalties, damages, costs, charges, judgments, including awards of attorney fees, and other expenses or liabilities of every kind, as determined by any court of competent jurisdiction, and against settlements up to the amount of advisory fees paid by Client to Adviser, arising directly or indirectly out of the work agreed to or performed by the Adviser or arising directly or indirectly out of the Adviser's or the Adviser's employee's or agent's negligence, willful misconduct, disregard of its/his/her duties or obligations under this Agreement, or breach of this Agreement.

#### **10. Services to Other Clients**

It is understood that the Adviser performs investment advisory services for other clients. The Client agrees that the Adviser may give advice and take action with respect to any of its other clients which may differ from advice given, or the timing, or nature of action taken, with respect to the Advisory Account.

#### **11. Representations by the Client**

The Client represents that the terms of this Agreement do not violate any obligation by which the Client is bound, whether arising by contract, operation of law, or otherwise, and that this Agreement has been duly authorized by appropriate action and is binding upon the Client in accordance with its terms.

#### **12. Acknowledgment of Receipt of Brochure (Form ADV Part II)**

The Client hereby acknowledges receipt of the Adviser's Brochure (Form ADV Part II) at least 48 hours prior to the date of execution of this Agreement in compliance with Rule 204-3 of the Investment Advisers Act of 1940 (the "Act").

### **13. Notice**

All notices and other communications shall be deemed effective when received, in writing, at the following respective addresses. Receipt of written notice shall be presumed if mailed postpaid by registered or certified mail, return receipt requested. Each party shall be entitled to presume the correctness of such address until notified in writing to the contrary.

Mary Donovan, CFA  
1700 Broadway  
Denver, CO 80290  
Fax: 303-860-0016

City of Fort Lauderdale  
Attn: Director of Finance  
100 North Andrews Avenue  
Fort Lauderdale, FL 33301  
Fax: 954-828-5168

### **14. Termination; Assignment; Amendment**

This Agreement may be terminated at any time by either party giving to the other at least thirty (30) days' prior notice of such termination confirmed in writing. If any fees have been paid in advance, the Adviser will refund to the Client a prorata share of the fee. No assignment, as that term is defined in the Act, of this Agreement shall be made by either party without the consent of the other. This Agreement may be amended or modified at any time by mutual agreement in writing.

### **15. Governing Law**

To the extent federal law does not apply, this Agreement shall be construed in accordance with and governed by the laws of the State of Florida. Venue for any lawsuit by either party against the other party or otherwise arising out of this Agreement, and for any other legal proceeding, shall be in Broward County, Florida. In the event of federal jurisdiction, venue for any lawsuit by either party against the other party or otherwise arising out of this Agreement shall be in the Southern District of Florida.

### **16. Entire Agreement**

Except as provided in Paragraph 22 of this Agreement, this Agreement constitutes the entire agreement of the parties with respect to the management of the Advisory Account. The Exhibits referenced herein are incorporated into the Agreement.

### **17. Term of the Agreement**

The term of this Agreement shall be June 1, 2005, to May 31, 2009. The Client reserves the right to extend the contract for up to three (3), one year extension terms, providing: a) all terms, conditions and specifications remain the same, b) both parties agree to the extension, and c) such extension is approved by the Client.

### **18. Public Records**

Subject to certain statutory exemptions, records made or received by the City in connection with this Agreement and records made or received by the Adviser in connection with this Agreement are public records subject to public inspection and copying. The City's determination of whether any or no exemption applies shall be final.

### **19. Severability**

In the event any one or more of the provisions contained in this Agreement is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the remainder of this Agreement not having been held by a court of competent jurisdiction to be invalid, illegal, or unenforceable, shall remain in full force and effect.

### **20. No Waiver**

No failure or delay by either party in exercising any power or right under this Agreement shall operate as a waiver thereof. No waiver by either party of any provision of this Agreement shall

operate as a subsequent waiver of the same provision or a waiver of any other provision of this Agreement.

**21. Facsimile Signature**

A facsimile signature of either signatory or facsimile signatures of both signatories to this Agreement shall operate as and have the validity of an original signature or original signatures.

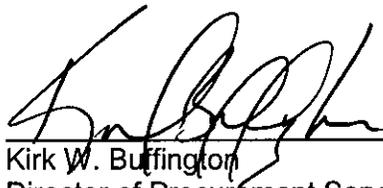
**22. Contract Documents**

In the event of conflict among the contract documents, which include this Agreement, the City's Request for Proposals No. 552-9110 and any addenda thereto, and the Adviser's response to Request for Proposals No. 552-9110, the order of priority is (a) this Agreement, (b) the City's Request for Proposals No. 552-9110 and any addenda thereto, and (c) the Adviser's response to Request for Proposals No. 552-9110.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their respective representatives as of the date first above written.

**City of Fort Lauderdale**

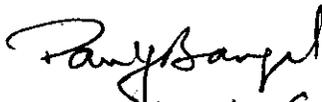
APPROVED BY:

  
Kirk W. Buffington  
Director of Procurement Services

ADDRESS:

100 N. Andrews Av. #619  
Fort Lauderdale, FL 33301

*Approved as to form;*

  
Assistant City Attorney

**MBIA Municipal Investors Service Corporation**

BY: Andrew W. Goodale  
Andrew W. Goodale  
Vice President

ADDRESS: 113 King Street  
Armonk, NY 10504

(Corporate Seal) ATTEST:  
Leonard I. Chubinsky  
Leonard I. Chubinsky  
Secretary  
113 King Street  
Armonk, NY 10504

STATE OF New York  
COUNTY OF Westchester

The foregoing Investment Advisory Agreement was acknowledged before me this 17 day of May, 2005, by Andrew W. Goodale, as Vice President, and by Leonard I. Chubinsky, as Secretary, for MBIA Municipal Investors Service Corporation, a Delaware corporation registered to transact business in the State of Florida.

Barbara B Edelmann  
Signature of Notary Public - State of \_\_\_\_\_

BARBARA B. EDELMANN  
Notary Public, State of New York  
No. 4858965  
Qualified in Westchester County  
Commission Expires May 19, 2006  
Barbara B Edelmann  
Notary Public

Personally Known  OR Produced Identification

Type of Identification Produced \_\_\_\_\_

## **Exhibit A**

### **Authorized Investments**

Insert a copy of the Client's Investment Policy or a List of Authorized Investments that specifies the types of securities, maximum maturity, credit ratings, diversification or percent of portfolio limits, and any other specified guidelines.

## **Exhibit B**

### **Work to be Performed**

MBIA Municipal Investors Service Corporation will provide the following services for the City of Fort Lauderdale:

- Provide full-time discretionary management of the Advisory Account, in strict compliance with the Client's investment objectives, policies and restrictions, and in strict compliance with applicable laws and ordinances.
- Develop and implement investment strategies for the Advisory Account that will seek to enhance portfolio performance under current and future market conditions within the parameters of the investment policy and cash flow needs.
- Provide technical and fundamental market research, including yield curve analysis.
- Obtain and document competitive prices for securities transactions.
- Assist with trade settlements.
- Provide monthly investment reports for the portfolio detailing securities holdings (including balances in local government investment pools), portfolio composition and sector analyses, portfolio return and weighted average maturity, and daily transaction activity.
- Provide semi-annual and annual portfolio performance reports.
- Perform due diligence reviews of current and proposed broker/dealers.
- Monitor the creditworthiness of investments in the portfolio.
- Evaluate safekeeping and custodial procedures and agreements.
- Review and suggest updates to the City's investment policy.
- Provide reviews of the investment program and portfolio performance with the finance staff, investment committee and/or governing body upon request.

## **Exhibit C**

### **Fee Schedule for Investment Advisory Services**

The annual fee for providing investment advisory services for the City of Fort Lauderdale is as follows:

8 basis points (.08%) per annum

The fees for investment advisory services are based on the average value (cost basis) of assets under management. A pro rata portion of the annual fee (1/12) is billed each month based on the average asset value of the portfolio for the month. The fee shall be payable in accordance with the Florida Prompt Payment Act.

**INVESTMENT POLICY**  
**REVISION EFFECTIVE - OCTOBER 1, 2000**



**Table of Contents**

## ***Investment Policy***

### **City of Fort Lauderdale, Florida**

#### **I. PURPOSE**

The purpose of this policy is to set forth the investment objectives and parameters for the management of public funds of the City of Fort Lauderdale, Florida (hereinafter "City"). These policies are designed to safeguard the City's funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices.

#### **II. SCOPE**

In accordance with Section 218.415, Florida Statutes, this investment policy applies to all cash and investments held or controlled by the City and shall be identified as "general operating funds" of the City with the exception of the City's Pension Funds, Deferred Compensation & Section 401(a) Plans, and funds related to the issuance of debt where there are other existing policies or indentures in effect for such funds. Additionally, any future revenues, which have statutory investment requirements conflicting with this Investment Policy and funds held by state agencies (e.g., Department of Revenue), are not subject to the provisions of this policy.

#### **III. INVESTMENT OBJECTIVES**

##### ***Safety of Principal***

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

From time to time, securities may be traded for other similar securities to improve yield, maturity or credit risk. For these transactions, a loss may be incurred for accounting purposes, provided any of the following occurs with respect to the replacement security:

- A. Yield has been increased, or
- B. Maturity has been reduced, or
- C. Quality of the investment has been improved.

##### ***Maintenance of Liquidity***

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

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

## VII. INTERNAL CONTROLS AND INVESTMENT PROCEDURES

The Director of Finance shall establish a system of internal controls and operational procedures that are in writing and made a part of the City'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. The written procedures should include reference to safekeeping, repurchase agreements, separation of transaction authority from accounting and recordkeeping, wire transfer agreements, banking service contracts, collateral/depository agreements, and "delivery-vs-payment" procedures. No person may engage in an investment transaction except as authorized under the terms of this policy.

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

## VIII. CONTINUING EDUCATION

The Director of Finance, Treasurer, and appropriate staff shall annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products.

## IX. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

Authorized City staff and Investment Advisors shall only purchase securities from the following financial and investment institutions

Investments purchased by the City may only be entities:

### A. Certificates of Deposit or Savings Accounts

These investments may only be purchased from public depositories qualified by the Treasurer of the State of Florida, in accordance with Chapter 280, Florida Statutes.

### B. Overnight Repurchase Agreement

Collateral for the City's "Sweep Accounts" shall be held at City's depository bank which must be a State Qualified Public Depository.

### C. All Other Investments

For purchases and sales of securities by the City, only dealers designated as "Primary Securities Dealers" by the Federal Reserve Bank of New York or from direct issuers of

- C. Wall Street Journal or a comparable nationally recognized financial publication providing daily market pricing
- D. Daily market pricing provided by the City's custodian or their correspondent institutions

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

Examples of when this method may be used include:

- A. When time constraints due to unusual circumstances preclude the use of the competitive bidding process
- B. When no active market exists for the issue being traded due to the age or depth of the issue
- C. When a security is unique to a single dealer, for example, a private placement
- D. When the transaction involves new issues or issues in the "when issued" market

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

## **XII. AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION**

Investments should be made subject to the cash flow needs and such cash flows are subject to revisions as market conditions and the City's needs change. However, when the invested funds are needed in whole or in part for the purpose originally intended or for more optimal investments, the Treasurer may sell the investment at the then-prevailing market price and place the proceeds into the proper account at the City's custodian.

The following are the investment requirements and allocation limits on security types, issuers, and maturities as established by the City. Diversification strategies within the established guidelines shall be reviewed and revised periodically as necessary by the Investment Committee. The Investment Committee, Director of Finance, Treasurer or the Treasurer's designee shall have the option to further restrict investment percentages from time to time based on market conditions, risk and diversification investment strategies. The percentage allocations requirements for investment types and issuers are calculated based on the original cost of each investment. Investments not listed in this policy are prohibited.

- A. The Florida Local Government Surplus Funds Trust Fund ("SBA")
  - 1. Investment Authorization

The Treasurer may invest in the SBA.

- Discount notes, notes and bonds
- Federal Housing Administration Debentures
- Government National Mortgage Association (GNMA)
  - GNMA guaranteed mortgage-backed bonds
  - GNMA guaranteed pass-through obligations
- General Services Administration
- United States Maritime Administration Guaranteed
  - Title XI Financing
- New Communities Debentures
  - United States Government guaranteed debentures
- United States Public Housing Notes and Bonds
  - United States Government guaranteed public housing notes and bonds
- United States Department of Housing and Urban Development
  - Project notes and local authority bonds

2. Portfolio Composition

A maximum of 50% of available funds may be invested in United States Government agencies.

3. Limits on Individual Issuers

A maximum of 10% of available funds may be invested in individual United States Government agencies.

4. Maturity Limitations

The maximum length to maturity for an investment in any United States Government agency security is ten (10) years from the date of purchase.

D. Federal Instrumentalities (United States Government sponsored agencies)

1. Purchase Authorization

The Treasurer may invest in bonds, debentures, notes or callables issued or guaranteed by United States Government sponsored agencies (Federal Instrumentalities) which are non-full faith and credit agencies limited to the following:

- Federal Farm Credit Bank (FFCB)
- Federal Home Loan Bank or its City banks (FHLB)
- Federal National Mortgage Association (FNMA)
- Federal Home Loan Mortgage Corporation (Freddie-Macs) including Federal - Home Loan Mortgage Corporation participation certificates

2. Portfolio Composition

A maximum of 100% of available funds may be invested in Federal Instrumentalities.

3. Limits on Individual Issuers

deviations from 102 percent requirement are permissible only upon the approval of the Treasurer.

- d. The overnight sweep arrangement shall adhere to the agreement between the City and the City's depository bank.

2. Portfolio Composition

A maximum of 20% of available funds may be invested in repurchase agreements excluding one (1) business day agreements and overnight sweep agreements.

3. Limits on Individual Issuers

A maximum of 10% of available funds may be invested with any one institution excluding one (1) business day agreements and overnight sweep agreements.

4. Limits on Maturities

The maximum length to maturity of any repurchase agreement is 90 days from the date of purchase.

G. Commercial Paper

1. Purchase Authorization

The Treasurer may invest in commercial paper of any United States company that is rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper). If the commercial paper is backed by a letter of credit ("LOC"), the long-term debt of the LOC provider must be rated "A" or better by at least two nationally recognized rating agencies.

2. Portfolio Composition

A maximum of 25% of available funds may be directly invested in prime commercial paper.

3. Limits on Individual Issuers

A maximum of 5% of available funds may be invested with any one issuer.

4. Maturity Limitations

The maximum length to maturity for prime commercial paper shall be 180 days from the date of purchase.

The Treasurer may invest in state and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least "Aa" by Moody's and "AA" by Standard & Poor's for long-term debt, or rated at least "MIG-2" by Moody's and "SP-2" by Standard & Poor's for short-term debt.

2. Portfolio Composition

A maximum of 25% of available funds may be invested in taxable and tax-exempt General Obligation bonds.

A maximum of 10% of available funds may be invested in taxable and tax-exempt Revenue and Excise tax bonds of the various municipalities of the State of Florida, provided none of such securities have been in default within five (5) years prior to the date of purchase.

3. Maturity Limitations

A maximum length to maturity for an investment in any state or local government debt security is ten (10) years from the date of purchase.

K. City of Fort Lauderdale Debt Obligations

1. Investment Authorization

City of Fort Lauderdale obligations, general obligations, revenue bonds, excise tax bonds or internal fund debt obligations.

2. Portfolio Composition and Maturity Limitations

Composition is based upon financial debt management requirements and internal fund asset and liabilities matching structuring requirements.

L. Registered Investment Companies (Money Market Mutual Funds)

1. Investment Authorization

The Treasurer may invest in shares in open-end, no-load provided such funds are registered under the Federal Investment Company Act of 1940 and operate in accordance with 17 C.F.R. § 270.2a-7, which stipulates that money market funds must have an average weighted maturity of 90 days or less. In addition, the share value of the money market funds must equal to \$1.00.

2. Portfolio Composition

A maximum of 20% of available funds may be invested in money market funds.

3. Limits of Individual Issuers

measure its returns against other investors in the same markets.

- A. The short-term investment portfolio shall be designed with the annual objective of exceeding the weighted average return (net book value rate of return) of the Florida Local Government Surplus Funds Trust Fund (SBA).
- B. The long-term investment portfolio shall be designed with the annual objective of exceeding the return of the Merrill Lynch 1-3 Year Treasury Index compared to the portfolio's total rate of return. The Merrill Lynch 1-3 Year Treasury Index represents all U.S. Treasury securities maturing over one year, but less than three years. This maturity range is an appropriate benchmark based on the objectives of the City.

## XV. REPORTING

- A. Treasurer and/or Investment Advisor shall provide the Director of Finance with quarterly investment reports. Schedules in the quarterly report should include 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
  4. Average life or duration and final maturity of all investments
  5. Par value, and market value

### B. Annual Investment Report

On an annual basis, the Treasurer shall prepare and submit to the City Commission a written report on all invested funds. The annual report shall provide all, but not limited to, the following: a complete list of all invested funds, name or type of security in which the funds are invested, the amount invested, the maturity date, earned income, the book value, the market value and the yield on each investment. The annual report will show performance on both a book value and total rate of return basis and will compare the results to the above-stated performance benchmarks. All investments shall be reported at fair value per GASB standards. Investment reports shall be available to the public.

### C. Investment Committee

The City shall have an investment committee comprised of the Director of Finance, an Assistant City Manager, and a Department Head appointed by the City Manager. The Treasurer shall report to this committee as often as requested. Reports shall be prepared and distributed to the committee quarterly.

## XVI. THIRD-PARTY CUSTODIAL AGREEMENTS

Securities, with the exception of certificates of deposits, shall be held with a third party custodian; an