

**SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT - REQUEST FOR PROPOSAL**  
**SUBMIT PROPOSALS TO: SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT**  
**VIA [WWW.DEMANDSTAR.COM](http://WWW.DEMANDSTAR.COM)**

**Direct Inquiries to:** Rachelle Jones, Senior Procurement Specialist  
**Phone:** 352-796-7211, Ext. 4106; **FAX:** 352-754-3497; **E-mail:** [Procurement@watermatters.org](mailto:Procurement@watermatters.org)

**DATE POSTED:**

**July 5, 2022**

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**PROPOSALS WILL BE OPENED:**

**July 28, 2022 at 2:00 p.m., and may not be withdrawn for 120 days after this date.**

**ORAL PRESENTATIONS:** If required, are expected to be held virtual on Wednesday, **August 17, 2022, Time: TBD.**

**TITLE: RFP 2231 INVESTMENT ADVISORY SERVICES**

**SPECIFICATIONS:** The Southwest Florida Water Management District (District) is soliciting proposals from qualified investment advisory firms to perform portfolio management services to supervise and direct the investments of the District.

Respondent Name:

Mailing Address:

City-State-Zip:

Reason for No-Response

Telephone Number (    )    -   

FAX Number (    )    -   

Toll-Free Number (    )    -   

Email address for correspondence:

Authorized Signature:

Full Name (please print or type):

Title (please print or type):

I the above signed, as Respondent hereby declare that I have carefully read this Request for Proposal and its provisions, terms, and conditions covering the equipment, materials, supplies or services as called for, and fully understand the requirements and conditions. I certify that this respondent proposal is made without prior understanding, agreement, or connection with any corporation, firm, entity, or person submitting a proposal for the same goods/services (unless otherwise specifically noted), and is in all respects fair and without collusion or fraud. I agree to be bound by all of the terms and conditions of this Request for Proposal and certify that I am authorized to sign this proposal for the Respondent.

**THE DISTRICT OFFICIALLY POSTS SOLICITATION PACKAGES ON [WWW.DEMANDSTAR.COM](http://WWW.DEMANDSTAR.COM) AND [WWW.WATERMATTERS.ORG/PROCUREMENT](http://WWW.WATERMATTERS.ORG/PROCUREMENT). THE DISTRICT RECEIVES PROPOSALS THROUGH DEMANDSTAR AT [WWW.DEMANDSTAR.COM](http://WWW.DEMANDSTAR.COM). THE DEMANDSTAR TIME STAMP WILL BE CONCLUSIVE AS TO THE TIMELINESS OF FILING. IT IS THE RESPONDENT'S RESPONSIBILITY TO ASSURE THAT ITS PROPOSAL IS TIMELY UPLOADED. PROPOSALS RECEIVED AFTER THE DATE AND TIME SPECIFIED WILL NOT BE ACCEPTED. TO MAINTAIN A SECURED SEALED PROCESS ELECTRONIC SUBMISSIONS MAY BE MADE ONLY THROUGH THE DEMANDSTAR PLATFORM. FAXES, EMAILS, OR HAND DELIVERY WILL NOT BE ACCEPTED.**

FORM 15.00 - 015 (05/07)

**SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
REQUEST FOR PROPOSAL # 2231  
INVESTMENT ADVISORY SERVICES**

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## **PART I - GENERAL CONDITIONS**

- 1.1 PURPOSE.** The purpose of this Request for Proposal (RFP) is to provide guidelines for submission of proposals to implement the project described in Part III, hereinafter referred to as the "Project."
- 1.2 DEFINITIONS.** "Respondent" will mean any firm submitting a response to this RFP. "District" will mean the Southwest Florida Water Management District, which is the issuing agency.
- 1.3 DEVELOPMENT COST.** Neither the District nor its representatives will be liable for any expenses incurred in connection with preparation of a response to this RFP. All proposals should be prepared simply and economically, providing a straightforward and concise description of the Respondent's ability to meet the requirements of the RFP.
- 1.4 CHANGES, DELAYS, AND ADDENDA.** The District reserves the right to delay scheduled RFP due dates if determined to be in the best interest of the District.

District solicitations, changes, delays, addenda and questions and answers are available for review and download at <http://www.watermatters.org/procurement> and [www.demandstar.com](http://www.demandstar.com). Persons/firms receiving solicitations from the Internet websites are responsible to recheck the websites for any changes or addenda.

All interpretations and supplemental instructions will be in the form of written Addenda to the contract documents including District answers provided in response to the Technical Questions provided in Section 1.9 of this RFP. Respondents will acknowledge receipt of all Addenda in their proposal.

No interpretation of the meaning of the specifications or other contract documents, nor correction of any apparent ambiguity, inconsistency or error therein, will be made to any Respondent orally. Prospective Respondents are advised that no other sources are authorized to give information concerning, explaining, or interpreting contract documents. Any information obtained from an officer, agent or employee of the District or any other person will not affect Respondent's risks or obligations or relieve it from fulfilling any and all conditions of the contract.

- 1.5 PRE-PROPOSAL CONFERENCES.** A pre-proposal conference will not be held for this RFP.
- 1.6 RULES FOR PROPOSALS.** Two (2) or more firms may combine for the purpose of responding to this RFP providing that one (1) is designated as "Prime" Respondent and the other as "Sub-Respondent(s)". The signer of the proposal must declare that any person or entity with any interest in the proposal, as a principal, is identified therein; that the proposal is made without collusion; that it is, in all respects, fair and in good faith; and that the signer of the proposal has full authority to negotiate for and bind the Respondent stated on the cover page.
- 1.7 PROPOSAL FORMAT.** In order to assist the District's review process, proposals are to be prepared utilizing the following format. The evaluation criteria are set forth in Part V, Evaluation Procedures.
  - 1.7.1 Sign and Return the Request for Proposal Form.** (Cover Sheet)
  - 1.7.2 Table of Contents with clear identification of the material by section and page number.**
  - 1.7.3 Letter of Transmittal.** This letter should not exceed two (2) pages in length and should briefly state the Respondent's understanding of the work to be done and make a positive commitment to perform the work in a timely fashion. It should also give the names of the individuals who will be authorized to make representations for the organization, their titles, addresses and telephone numbers. This letter must be signed by an official authorized to negotiate for the Respondent.
  - 1.7.4 Minimum Requirements.** Have a minimum of five (5) years of experience in managing fixed income assets for governmental agencies in Florida.

- 1.7.4.1 Be registered with the Securities and Exchange Commission under the Investment Advisor's Act of 1940.
  - 1.7.4.2 Assign an account manager to the District's account with a minimum of five (5) years of experience in managing fixed income assets for at least three (3) governmental agencies and familiar with all applicable Florida Statutes regarding qualified investments for public entities.
  - 1.7.4.3 Have at least one (1) office in the State of Florida.
  - 1.7.4.4 Be familiar with all applicable Federal and State of Florida laws, rules, regulations, codes, directives, or guidelines regarding qualified investments for public entities.
  - 1.7.4.5 Currently manage at least \$1 billion of domestic fixed income assets for public organizations. The firm's own funds will not count as public funds.
  - 1.7.4.6 Provide documentation showing Respondent to be financially solvent and appropriately capitalized to be able to service the District for the duration of the contract.
  - 1.7.4.7 Provide a copy of the firm's SEC Form ADV Part I and Part II.
  - 1.7.4.8 Provide documentation of authority to provide investment advisory services in the State of Florida.
  - 1.7.4.9 Verify implementation of SEC Rule 204A-1, Adoption of a Code of Ethics (include a copy of your Code of Ethics), and SEC Rule 206(4)-7, relating to adoption of internal policies and creation of a Chief Compliance Officer role.
- 1.7.5 **References.** Provide three (3) references from comparable or most representative of governmental clients. Florida public entities references are preferred. Include a contact name, address, telephone number, email address, identify the nature of the funds, length of service, and list the names and roles of the key investment professionals used for the referenced client.
- 1.7.6 **Resumes.** Provide resumes and biographical information on key investment professionals that will be directly involved in the decision-making process for the District. Include the number of years at firm, total years of experience, professional licenses and designations, the number of accounts managed, and the operating office that they are based out of.
- 1.7.7 **Scope of Services.** This section of the proposal should explain the Respondent's understanding of the overall investment program and the investment objectives and its unique constraints. Also provide the following information in this section.
- 1.7.7.1 Describe firm's investment management philosophy, including approach to managing governmental portfolios. Emphasis should be given to experience with Florida Statutes regarding qualified investments for public entities.
  - 1.7.7.2 Describe the ongoing daily investment procedures proposed for the District, including procedures for trades, security choice, controls, etc., and how liquidity will be provided.
  - 1.7.7.3 Describe firm's technical analysis, research capabilities and primary strategies for adding value to portfolios (e.g., market timing, credit research, trading).
  - 1.7.7.4 Provide experience regarding performance benchmarks for similar government entity portfolios. Suggest performance benchmarks for the District's portfolio based on the District Investment Policy attached as Exhibit 1.
  - 1.7.7.5 Describe the format of reports required under 3.1.2 and 3.1.3 and any other reports that you would provide to the District. Attach sample reports and verify that your

investment performance reporting is in compliance with GIPS®.

- 1.7.8 Fees.** Provide the complete fee schedule that would apply to this account for the three (3) year term of the Agreement. Fees shall be charged in arrears. The following is a sample format, not a required format. Respondents may present alternative fee options.

Assets Under Management	Basis % of Account Market Value
\$0 - \$ million dollars	0.0 % ( basis points)
Next \$ million dollars	0.0 % ( basis points)
Over \$ million dollars	0.0 % ( basis points)
Will Respondent reimburse custodial fees incurred by the District?	Yes <input type="checkbox"/> No <input type="checkbox"/>

- 1.7.8.1** Assets invested by an Adviser under the terms of the Agreement may from time to time be invested in a money market mutual fund or local government investment pool managed by the Adviser (a "Pool"), or in individual securities. Average daily net assets subject to the fees described in this section shall not take into account any funds invested in the Pool. Expenses of the Pool, including compensation for the Adviser and the Pool custodian, are described in the relevant prospectus or information statement and are paid from the Pool.
- 1.7.8.2** What additional expenses not covered through the fee structure will be expected in order to implement investment advisory services?
- 1.7.8.3** Any travel expenses that may be authorized under the Agreement will be paid in accordance with Section 112.061, Florida Statutes, and the District's Travel Procedure, as both may be amended from time to time.
- 1.7.8.4** If Respondent will reimburse custodial fees incurred by the District, please describe the reimbursement process.

- 1.7.9 Additional Data.** Briefly describe any additional information which is pertinent for consideration.

- 1.8 PROPOSAL OPENING.** Proposal opening will be public, on the date and at the time specified on the proposal form. It is the Respondent's responsibility to assure that its proposal is uploaded in DemandStar at the proper time. Proposals which for any reason are not timely uploaded will not be considered.

To be considered, one electronic Adobe™ Document Format File (.PDF) of a proposal must be uploaded to [www.Demandstar.com](http://www.Demandstar.com), by 2:00 p.m., Local Time, on July 28, 2022. Proposals not received in a timely manner by DemandStar will not be accepted. THE DEMANDSTAR TIME STAMP WILL BE CONCLUSIVE AS TO THE TIMELINESS OF FILING. THE DISTRICT HAS NO CONTROL OVER WHETHER [WWW.DEMANDSTAR.COM](http://WWW.DEMANDSTAR.COM) IS EXPERIENCING TECHNICAL DIFFICULTIES.

During the evaluation process, the District reserves the right, where it may serve the District's interest, to request additional information from Respondents for clarification purposes.

The District may make an award within one hundred twenty (120) days after the date of the opening, during which period responses shall remain firm and shall not be withdrawn. If award is not made within one hundred twenty (120) days, the response shall remain firm until either the District awards the Contract or the District receives from the Respondent written notice that the response is withdrawn. Any response that expresses a shorter duration may, in the District's sole discretion, be accepted or rejected.

By submitting a proposal, Respondent agrees to all the terms and conditions of this RFP and those included in the sample agreement attached as Exhibit 3. Any changes offered by a Respondent in a proposal will not be considered by the District. The submittal of a proposal shall constitute Respondent's acknowledgement of all terms and conditions of this RFP and the District will construe the proposal as though no proposed changes were presented. **If a Respondent desires to propose a change to a term**

**or condition of this RFP or sample agreement, Respondent must submit its request under the procedure set forth in Section 1.9, Technical Questions.**

AS INDICATED ON THE COVER SHEET, THE DISTRICT RECEIVES PROPOSALS THROUGH DEMANDSTAR. PROPOSAL PACKAGE DOCUMENTS MAY BE ELECTRONICALLY SIGNED OR SIGNATURES TRANSMITTED ELECTRONICALLY (VIA PDF, ETC.). ELECTRONIC SIGNATURE/TRANSMISSION SHALL BE DEEMED THE SAME AS A HANDWRITTEN SIGNATURE/ORIGINAL EXECUTED COPY FOR THE PURPOSES OF VALIDITY, ENFORCEABILITY, AND ADMISSIBILITY.

The District is providing a virtual option to join the proposal opening for RFP 2231 Investment Advisory Services. The meeting will begin at 2:00 p.m. on July 28, 2022. Respondents may listen to the opening by clicking on the "Join Microsoft Teams Meeting" title below. You may also click on or copy and paste the following Teams Link URL into your browser:

**Microsoft Teams meeting**  
**Join on your computer or mobile app**  
**Click here to join the meeting**  
<https://bit.ly/3yi6rVI>  
**Or call in (audio only)**  
**+1 786-749-6127,,150004593#** United States, Miami  
**Phone Conference ID: 150 004 593#**

**1.9 TECHNICAL QUESTIONS.** All questions should be presented in writing to [Procurement@watermatters.org](mailto:Procurement@watermatters.org), the address as stated in the paragraph named "Correspondence," or faxed, followed by a written confirmation, to the Procurement FAX number at 352-754-3497 for receipt no later than ten (10) calendar days prior to the proposal opening. Inquiries must reference the date of proposal opening, and proposal title and number. Respondents are responsible to check the District's web site as specified in Section 1.4 of this RFP, for the District's responses to the questions presented.

**1.10 CONFLICT OF INTEREST.** The award hereunder is subject to the provisions of Chapter 112, Part III, Florida Statutes, governing conflicts of interest. All Respondents must disclose with their proposal the name of any officer, director, or agent who is also a public employee. Further, all Respondents must disclose the name of any public employee who owns, directly or indirectly, an interest of 5% or more in the Respondent's firm or any of its branches.

The Respondent hereby agrees that, at the time of execution of an agreement, the Respondent will not be involved in any matters which adversely affect any interest or position of the District, and that the Respondent has no relationship with any third party relating to any matters which adversely affect any interest or position of the District. The Respondent will not accept during the term of the Agreement, or any renewal thereof, any retainer or employment from a third party whose interests appear to be conflicting or inconsistent with those of the District.

**1.11 PROPOSAL WITHDRAWAL.** Proposals may be withdrawn at any time prior to the opening via the DemandStar platform.

**1.12 PUBLIC AVAILABILITY OF RECORDS.** Once opened, all proposals will become the property of the District and, at the sole discretion of the District, may not be returned to Respondent. Any information, reports or other materials given to, prepared or submitted in response to this RFP will be subject to the provisions in Chapter 119, Florida Statutes, commonly known as the Florida Public Records Act. By submitting a bid, bidders agree to comply with the Public Records provision included in the Sample Agreement. Any Respondent claiming that its response contains information that is exempt from the public records law must clearly segregate (separate upload titled "Confidential") and mark that specific information and provide the specific statutory citation for such exemption (i.e., Section 815.04, Florida Statutes). The Florida Public Records Act, Section 119.071(1)(b), Florida Statutes, as amended, exempts sealed proposals from inspection, examination, and duplication until such time as the District issues a notice of decision or intended decision pursuant to Section 120.57(3)(a), Florida Statutes, or within thirty (30) days

after the proposal opening, whichever comes first. This exemption is not waived by the public opening of the proposals.

- 1.13 RIGHT TO ACCEPT OR REJECT PROPOSALS.** Proposals which are incomplete, conditional, obscure, or contain additions not contemplated by the RFP or irregularities of any kind, or do not comply in every respect with the RFP may be rejected as nonresponsive at the option of the District. The District does not bind itself to accept the minimum specifications stated in this RFP, but reserves the right to accept any proposal which in the judgment of the District will best serve the needs and the interests of the District. The District reserves the right to reject all proposals and not grant any award resulting from the issuance of this RFP. If awarded, no contract will be formed between the Respondent and the District until the contract is executed by both parties.
- 1.14 NOTICE OF INTENDED DECISION.** The Notice of Intended Decision will be posted for review by interested parties on the District's Internet website, (<http://www.watermatters.org/procurement>) and [www.demandstar.com](http://www.demandstar.com).
- 1.15 PROTESTS.** Any Respondent who protests the specifications, decision, or intended decision, must file with the District a notice of protest and formal protest in compliance with Chapter 28-110, Florida Administrative Code (F.A.C.), and applicable provisions in Section 120.57, Florida Statutes. Failure to file a protest within the time prescribed in Section 120.57(3), Florida Statutes, will constitute a waiver of proceedings under Chapter 120, Florida Statutes.
- 1.16 CONTRACT INFORMATION.** The contents of the proposal of the successful Respondent will be incorporated into a written contract document in terms acceptable to the District at its absolute discretion and will be binding on all parties to the executed contract. Failure of Respondent to accept this condition will result in the cancellation of any award. The laws of the State of Florida will govern any contract resulting from this RFP and venue will lie in Hernando County, Florida. The District will have the right to examine and audit the successful Respondent's Project-related books, records, documents and papers during the Project and for at least five (5) years following completion date provided such disclosure does not undermine the independence or the validity of the audit process. The successful Respondent will also be required to comply with all applicable laws, rules, regulations and contract provisions or conditions necessary in the judgment of the District to constitute a sound and complete contract. A sample agreement is attached as Exhibit 3.
- 1.17 INDEMNIFICATION.** See Paragraph 10 in the Sample Agreement.
- 1.18 WITHHOLDING PAYMENT.** The District may, in addition to other remedies available at law or equity, retain such monies from amounts due the Respondent under any resulting contract as may be necessary to satisfy any claim for damages, penalties, costs and the like asserted by or against the District. The District may set off any liability or other obligation of the Respondent or its affiliates to the District against any payments due the Respondent under any contract with the District.
- 1.19 TERMINATION.** Unless otherwise agreed to by the District, any contract resulting from this RFP may be terminated by the District without cause upon ten (10) days written notice. Termination is effective upon the tenth (10th) day as counted from the date of the written notice. In the event of termination under this paragraph, the contractor or consultant will be entitled to compensation for all services provided to the District up to the date of termination on a pro-rated basis and which are within the Statement of Work, are documented in the budget, and are allowed under the Agreement.
- 1.20 LAW COMPLIANCE.** The Respondent will abide by and assist the District in satisfying all applicable federal, state and local laws, rules, regulations and guidelines (including but not limited to the Americans with Disabilities Act) relative to performance under this RFP. The Respondent will not discriminate against any employee or applicant for employment because of race, color, religion, sex, handicap, disability, marital status or national origin. Respondent will obtain and maintain all permits and licenses necessary for its performance under this RFP.
- 1.21 AMERICANS WITH DISABILITIES ACT (ADA).** The District does not discriminate upon the basis of any individual's disability status. This non-discrimination policy involves every aspect of the District's functions including one's access to, participation, employment, or treatment in its programs or activities. Anyone

requiring reasonable accommodation as provided for in the Americans With Disabilities Act, should contact the District's Human Resources Bureau Chief, 2379 Broad Street, Brooksville, Florida 34604-6899; telephone (352) 796-7211 or 1-800-423-1476 (Florida Only), extension 4703; TDD (Florida only) 1-800-231-6103; or email to ADACoordinator@WaterMatters.org.

**1.22 PUBLIC ENTITY CRIMES.** Pursuant to Subsections 287.133(2) and (3), Florida Statutes, a person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a proposal on a contract to provide any goods or services to a public entity, may not submit a proposal on a contract with a public entity for the construction or repair of a public building or public work, may not submit proposals on leases of real property to a public entity, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in Subsection 287.017, Florida Statutes, for Category Two, for a period of thirty-six (36) months from the date of being placed on the convicted vendor list. By submitting a proposal to this RFP, the Respondent certifies that it is not on the convicted vendor list.

**1.23 DISCRIMINATION.** Pursuant to Subsection 287.134(2)(a), Florida Statutes, an entity or affiliate who has been placed on the discriminatory vendor list may not submit a bid on a contract to provide any goods or services to a public entity, may not submit a bid on a contract with a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real property to a public entity, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity. By submitting a proposal to this RFP, the Respondent certifies that it is not on the discriminatory vendor list.

**1.24 CORRESPONDENCE.** Unless otherwise stated or notified in writing by the District, correspondence pursuant to this RFP must be uploaded to DemandStar.

Proposed Respondents or persons acting on their behalf may not contact any employee or officer of the District concerning any aspect of this solicitation, except in writing to the Procurement Service Office as provided in this solicitation, until the Notice of Intended Decision is posted and becomes final. Violation of this provision may be grounds for rejecting a proposal.

**1.25 PURCHASES BY OTHER PUBLIC AGENCIES.** With the consent and agreement of the successful Respondent(s), purchases may be made under this proposal by other governmental agencies or political subdivisions within the State of Florida. Such purchases will be governed by the same terms and conditions stated herein. This agreement in no way restricts or interferes with the right of any public entity to procure any or all of these services independently.

**1.26 EMPLOYMENT ELIGIBILITY VERIFICATION.** In accordance with Section 448.095, Florida Statutes Respondent, by responding to a solicitation or entering into a contract with the District, certifies: (i) it is registered with and uses the E-Verify system operated by the U.S. Department of Homeland Security to verify the work authorization status of all newly hired employees, (ii) during the year prior to making its submission or entering into a contract with the District, no contract of Respondent was terminated by a public employer in compliance with Section 448.095, F.S, and (iii) it is and shall remain in compliance with Sections 448.09 and 448.095, Florida Statutes, including securing and maintaining subcontractor affidavits as required by Section 448.095(2)(b), Florida Statutes. Upon good faith belief that Respondent or its subcontractors of any tier have knowingly violated Sections 448.09(1) or 448.095(2), Florida Statutes the District shall terminate (or order the termination of) their contract. Respondent shall be liable for any additional cost incurred by the District as a result of its termination. The District's receipt of proof that Respondent and each subcontractor performing through Respondent are E-Verify system participants is a condition precedent to any District contract. Information on how to obtain proof of participation, register for and use the E-Verify system may be obtained via U.S. Department of Homeland Security website: <http://www.dhs.gov/E-Verify>. This provision shall be incorporated into any resulting contract with the District.



## **PART II - INTRODUCTION**

- 2.1 GENERAL INFORMATION.** The Southwest Florida Water Management District (District) hereby solicits offers for the services of qualified Respondents for the following purpose:

The District is soliciting proposals from qualified investment advisory firms to perform portfolio management services to supervise and direct the investments of the District.

During the evaluation process, the District reserves the right, where it may serve the District's interest, to request additional information from Respondents for clarification purposes. At the discretion of the District, Respondents submitting proposals may be requested to make oral presentations as part of the evaluation process.

The District anticipates awarding one (1) contract with a qualified advisory firm to perform the services set forth in this Request of Proposal. In order for a Respondent to be considered qualified, the Respondent must be registered with the Securities and Exchange Commission (SEC) under the Investor Adviser's Act of 1940, as amended, and be authorized to provide investment advisory services in the State of Florida.

- 2.2 BACKGROUND INFORMATION.** The Southwest Florida Water Management District is one of five regional districts charged by Chapter 373 of the Florida Statutes to preserve and protect the resources for the people through water resource development, regulatory and other programs. Central to the mission is maintaining the balance between the water needs of current and future residents, while protecting and maintaining the natural systems which provide the District with its existing and future water supply. The District's services include, but are not limited to, flood control; regulatory programs such as surface water and water use permitting; natural systems management; preservation and restoration of threatened lakes, rivers, streams and estuaries; land management and acquisition; and public education awareness.
- 2.3 TERM OF CONTRACT.** The expected term of the contract resulting from this Request for Proposal will be October 1, 2022 through September 30, 2025. The District has the option, in its sole discretion, to renew this Agreement for one (1) additional two (2) year period, for a total contract period of five (5) years.
- 2.4 PROPOSAL CALENDAR.** The following is a list of key dates up to and including the date proposals are due to be submitted:

<b>Request for Proposal issued by the District</b>	<b>July 5, 2022</b>
<b>Due date for Respondents to submit proposals (2:00 p.m.)</b>	<b>July 28, 2022</b>
<b>Evaluator's Meeting (Brooksville Office, 2:00 p.m.)</b>	<b>August 10, 2022</b>
<b>Oral Presentations, <i>if required</i> (Brooksville Office)</b>	<b>August 17, 2022</b>
<b>Evaluator's Meeting, <i>if required</i> (Brooksville Office)</b>	<b>August 17, 2022</b>
<b>Notice of Intended Decision, anticipated posting date</b>	<b>August 17, 2022</b>

The Brooksville Service Office is located at 2379 Broad Street, Brooksville, Florida 34604-1476.

## **PART III – STATEMENT OF WORK**

- 3.1 PROJECT DESCRIPTION.** The District is soliciting proposals from qualified investment advisory firms to perform portfolio management services to supervise and direct the investments of the District. All investment activity shall comply with the District's Investment Policy attached as Exhibit 1, and Section 218.415, Florida Statutes, as they may be amended from time to time. The District Treasurer's Report

dated 04/30/2022 is attached as Exhibit 2. The District does not guarantee a minimum portfolio amount to be managed.

The District's primary investment objective is the safety of capital. Investments shall be undertaken in a manner that seeks the preservation of capital with the objective to mitigate credit risk and interest rate risk. The investment portfolio shall remain sufficiently liquid to meet all operating requirements. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk and liquidity needs. Return on investment is of secondary importance compared to safety and liquidity objectives. Investments are limited to those authorized in the District's investment policy.

The investment portfolio shall consist of all cash, securities and other commingled assets of the District which are held in a separately designated management account by Truist Bank (formerly known as SunTrust Bank) or its successors (the "Custodian") at the effective date of the agreement, plus any proceeds therefrom or additions thereto, and less any losses thereon or withdrawals therefrom. A successful Respondent (Adviser) shall not act as Custodian for the District's investment portfolio or any portion thereof. All transactions will be consummated by payment to, or delivery by, the Custodian of all cash, securities and other assets due to or from the investment portfolio. The Custodian, and not the Adviser, shall be responsible for investing any daily cash balances in the investment portfolio.

Specific services, although not all-inclusive, are to be performed as follows:

- 3.1.1** Execute discretionary purchases and sales of securities with broker/dealers in accordance with the laws of the State of Florida, the District's Investment Policy and District directives. The Adviser will perform to the Prudent Expert Standard. Please see Paragraph 6 of the Sample Agreement attached as Exhibit 3.
- 3.1.2** Provide monthly reports on investment activities, earnings, the value of the portfolio holdings, and projected portfolio cash flows. These reports must include a market-to-market valuation and other information needed for the District to report investment holdings in accordance with the standards set forth by the Governmental Accounting Standards Board (GASB). An Adviser must maintain accurate reports of investments including the diversity of investments and compliance with the District's investment policy and the laws of the State of Florida. Investment performance reporting must comply with the CFA Institute's Global Investment Performance Standards (GIPS®).
- 3.1.3** Provide quarterly and annual investment reports including, but not limited to, a description of market conditions, investment strategies employed, performance and suggested changes to investment strategy and any other information the District may deem necessary for the investment of District's funds. Reports on investment performance must be provided on a total return basis and compared to established benchmarks for actively managed portfolios. The quarterly reports will be provided for quarters ended December 31, March 31, June 30 and September 30. Annual reports shall be based on the District's Fiscal Year ended September 30.
- 3.1.4** Be available to consult, attend meetings and provide professional presentations to the District by telephone, video conferencing or in person, as required, on portfolio status and performance.
- 3.1.5** Assist the District with cash flow/maturity analysis.
- 3.1.6** Provide credit analysis of investment instruments in portfolio.
- 3.1.7** Evaluate market risk and develop strategies that minimize the impact on the portfolio.
- 3.1.8** Establish an appropriate performance benchmark.
- 3.1.9** Review the District's Investment Policy and recommend appropriate amendments.

- 3.1.10 Maintain a list of approved broker/dealers that have met the District approved criteria, and furnish evidence of compliance with those criteria to the District.

#### **PART IV – INSURANCE REQUIREMENTS**

- 4.1 **INSURANCE REQUIREMENTS.** Any contract resulting from this RFP will require the successful Respondent to maintain, during the entire term of the contract, insurance in the following kinds and amounts or limits with a company or companies authorized to do business in the State of Florida and will not commence work under the contract until the District has received an acceptable certificate or certificates of insurance showing evidence of such coverage:

- 4.1.1 Liability insurance on forms no more restrictive than the latest edition of the Commercial General Liability policy (CG 00 01) of the Insurance Services Office without restrictive endorsements, or equivalent, with the following minimum limits and coverage:

Minimum Limits.....\$1,000,000 per occurrence

- 4.1.2 Vehicle liability insurance, including owned, non-owned and hired autos with the following minimum limits and coverage:

Bodily Injury Liability per Person ..... \$100,000

Bodily Injury Liability per Occurrence ..... \$300,000

Property Damage Liability ..... \$100,000

- or -

Combined Single Limit..... \$500,000

- 4.1.3 The Respondent must carry workers' compensation insurance in accordance with Chapter 440, Florida Statutes. If the Respondent does not carry workers' compensation coverage, the Respondent must submit to the District both an affidavit stating that Respondent meets the requirements of an independent contractor as stated in Chapter 440, Florida Statutes, and a certificate of exemption from workers' compensation coverage.

- 4.1.4 Professional liability (Investment Advisor's and Consultant's Errors and Omissions) insurance in a minimum amount of Five Million Dollars (\$5,000,000).

- 4.1.5 The District and its employees, agents, and officers must be named as additional insureds on the general liability policy to the extent of the District's interests arising from the contract and a copy of the endorsement will be required.

- 4.1.6 Fiduciary Insurance with minimum limit of \$1,000,000 per occurrence.

- 4.1.7 The Respondent must obtain certificates of insurance from any subcontractor otherwise the Respondent must provide evidence satisfactory to the District that coverage is afforded to the subcontractor by the Respondent's insurance policies.

- 4.1.8 The Respondent must notify the District in writing of the cancellation or material change to any insurance coverage required by the Agreement resulting from this RFP. Such notification must be provided to the District within five (5) business days of the Respondent's notice of such cancellation or change from its insurance carrier.

#### **PART V - EVALUATION PROCEDURES**

- 5.1 **EVALUATION OF PROPOSALS.** District Evaluation Committee members will individually evaluate all responsive and responsible proposals against the evaluation criteria described in Section 5.2. The

Evaluation Committee will meet at a public meeting which shall be properly noticed. Following discussions by the Evaluation Committee members, each Evaluation Committee member will independently complete his or her evaluation of each proposal and provide to the District Procurement staff. Individual raw scores will be ranked with the top ranked Respondent receiving a rank of one (1). The individual rankings will be totaled. The highest ranked Respondent will be the Respondent with the lowest total aggregate ranking. In the event of a tie, the raw scores will be totaled, and the Respondent deemed to have the highest rank, will be the Respondent with the highest cumulative raw score.

After the rankings, the Evaluation Committee will decide on whether they wish to be provided with oral presentations from the top ranked firms. If they do, the Evaluation Committee, in its sole discretion, will determine the number of the highest ranked firms to provide oral presentations. If the Evaluation Committee determines they do not wish to be provided with oral presentations, the award shall be made to the highest ranked firm, subject to the provisions of this RFP.

If oral presentations are required, the Evaluation Committee will meet at a properly noticed public meeting following the oral presentations and each Evaluation Committee member will independently finalize his or her evaluation of each proposal, considering the oral presentations, in accordance with the criteria set forth in Section 5.2 below. Thereafter, the proposals will be ranked in accordance with the procedure set forth in this paragraph.

Following the evaluations as provided herein, the District will commence cost negotiations with the highest ranked Respondent. If negotiations fail with the highest ranked Respondent, the District will commence negotiations with the second highest ranked Respondent. If such negotiations fail, this process will continue with the next highest ranked Respondent, until such time as a contract is negotiated to the satisfaction of the District, subject to the provisions of this RFP.

**5.2 EVALUATION CRITERIA.** Proposals will be evaluated by the following criteria:

<u>Category</u>	<u>Point Range</u>
Understanding of the overall investment program and the investment objectives and its unique constraints. ....	0 – 10
Experience, resources, and qualifications of the firm and individuals assigned to this account, including your firm's experience with Florida Statutes; technical analysis, research capabilities, managing state/local government portfolios and primary strategies for adding value to portfolios and experience regarding performance benchmarks for similar governmental entities. ....	0 – 40
Investment management philosophy and recommended approach to management of the portfolio, including ongoing daily investment procedures proposed for the District, and proposed performance benchmarks for the portfolio. ....	0 – 10
Fees (including additional expenses as referenced in 1.7.8.2 and reimbursement of custodial fees as referenced in 1.7.8.4) .....	0 – 40

**5.3 FINAL SELECTION.** The final decision as to which Respondent is the highest ranked under the evaluation criteria set forth in Section 5.2 lies solely with the Evaluation Committee.

The District anticipates that on, or shortly after August 17, 2022, the Notice of Intended Decision will be posted on the District's Internet web site (<http://www.watermatters.org/procurement>), at [www.demandstar.com](http://www.demandstar.com).

EXHIBIT 1  
INVESTMENTS POLICY

**GOVERNING BOARD POLICY**

Southwest Florida Water Management District

**Title: Investments**

**Document Owner:** Finance Bureau Chief

**Approved By:** Board Chair

**Effective Date:** 11/16/2021

**Supersedes:** 11/17/2020

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**PURPOSE**

The purpose of this Investment Policy (hereinafter "Policy") is to set forth the investment objectives and parameters for the management of the funds of the Southwest Florida Water Management District (hereinafter "District"). This Policy is designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices.

**SCOPE**

This policy shall apply to all funds in excess of current operating expenses and shall be in compliance with Section 218.415, Florida Statutes, with the exception of funds related to the issuance of debt where there are other existing policies or indentures in effect for such funds.

**AUTHORITY**

This policy is governed by the Governing Board and Sections 218.415, 280.02, 658.12, 11.45 Florida Statutes.

**DEFINITIONS**

**Committee.** The Finance/Outreach and Planning Committee of the Governing Board or Board Chair appointed Ad Hoc Committee specifically authorized to act as the Committee for a quantified period of time.

**Designee.** The Finance Bureau Chief or the Accounting Manager provided they have sufficient investment management education and understanding.

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**District.** Southwest Florida Water Management District.

**Division Director.** The Management Services Division Director.

**Investment Manager.** A third-party person or entity having the responsibility for providing advice regarding the management of the Investment Portfolio and executing transactions in the Investment Portfolio. The District may have one or more Investment Managers.

**Investment Portfolio.** The portion of the District's Portfolio recommended by the Committee and approved by the Governing Board for investment pursuant to Section X of this Policy.

**Liquidity Portfolio.** The portion of the District's Portfolio managed internally by District staff. This portion of the portfolio is limited to the security types described in Section X (a), (b), (c), (d), (i), and (o) of this Policy. The requirements of Section X for each of these security types will apply with the further restriction that security maturities in this portfolio may not exceed twelve (12) months.

**Policy.** The District's Investment Policy.

**Portfolio.** The total cash, investments, and other funds held by the District under the District's control.

**Third-party Custodian.** 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, 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.

**Attachments:** Please see attachment A for a glossary of cash and investment Management Terms.

## **STANDARDS**

The following standards shall apply:

1. **Ethical Standards.** Governing Board members and 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. Governing Board members and employees involved in the investment process shall disclose to the District any material financial interests in financial institutions that conduct business with the District, and any material personal financial/investment positions that could be related to the performance of the Portfolio.
2. **Standard of Prudence.** The standard of prudence to be used by investment officials, who are officers or employees of the District, shall be the "Prudent Person Rule" and shall be applied in the context of managing the Portfolio. 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 Executive Director and the Committee in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this Policy. The "Prudent Person Rule" states the following:

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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.

While the standard of prudence to be used by investment officials who are officers or employees of the District 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." The Prudent Expert Standard requires the advisor to act with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent investment expert 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, provided, however that this standard of care shall in no case be, or be interpreted to be, less stringent or less restrictive than any investment standard or standards, now in effect or included by amendment effective in the future, prescribed for investments by Florida law.

3. **Fiduciary Standard.** The Southwest Florida Water Management District recognizes its fiduciary responsibility to manage and safeguard the assets of the District. An effective cash management program is essential to good fiscal management.

## POLICY

### I. INVESTMENT OBJECTIVES:

The investment objectives of the District's Policy, in order of priority, are to provide safety of capital, liquidity of funds, and the optimal rate of return on investments at the time of investment.

1. **Safety of Capital** – The safety of capital is the foremost objective of the District's Policy. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital. The objective will be to mitigate credit risk and interest rate risk. 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.

- (a) **Credit Risk** – The District will minimize credit risk of loss due to the failure of the security by:

- i. Limiting investments to the authorized investments in the Policy.
    - ii. Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the District will do business.
    - iii. Diversifying the Investment Portfolio to protect against losses on individual securities.

- (b) **Interest Rate Risk** – The District will minimize the risk that the market value of securities in the Investment Portfolio will fall due to changes in general interest rates by:

- i. Structuring the Investment Portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

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- ii. Investing operating funds (non-short-term and long-term funds) primarily in shorter-term securities, Florida PRIME, money market mutual funds or interest-bearing time deposits, or savings accounts.
2. **Liquidity of Funds** – The Portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This will be accomplished by structuring the Portfolio so that securities mature concurrent with cash needs so as to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the Investment Portfolio should consist largely of securities with active secondary markets. A portion of the Portfolio should be placed in investments that offer same-day liquidity for short-term funds, such as the Florida PRIME or money market mutual funds. Periodic cash-flow analyses will be completed in order to ensure that the portfolios are positioned to provide sufficient liquidity.
3. **Optimal Rate of Return** – The Investment Portfolio 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 secondary importance compared to the safety and liquidity objectives described above. Investment return is attempted through active management where the District utilizes a total return strategy, which includes both realized and unrealized gains and losses in the Portfolio. This total return strategy seeks to increase the value of the Investment Portfolio through reinvestment of income and capital gains. Return on investment for the portion of the District's Investment Portfolio that is passively managed is attempted by selecting an authorized investment that provides an optimal yield given the requirements within the Policy, while meeting the District's anticipated liquidity needs. Investments are limited to those relatively low-risk securities authorized in the anticipation of earning a fair return relative to the risk being assumed. Securities may be purchased at a premium or traded for other securities to improve yield, maturity, or credit risk. For these transactions, a loss may be incurred for accounting purposes to achieve relative value based on its potential to enhance the total return of the Investment Portfolio.

## **II. DELEGATION OF AUTHORITY:**

The District's Governing Board shall be responsible for approving changes to the District's Policy. The responsibility for providing guidance and approval of the District's investment strategy, within the parameters of the Policy, resides with the Committee. The management responsibility for all District funds in the Portfolio and investment transactions is delegated to the Division Director or, in the absence of the Division Director, to the Designee. The Division Director or the Designee will be responsible for managing the Liquidity Portfolio. The Investment Manager shall provide active management for the District's designated funds. The Investment Manager must be registered under the Investment Advisors Act of 1940. The Division Director shall establish written procedures for the operation of the Investment Portfolio and a system of internal accounting and administrative controls to regulate the activities of employees.

## **III. PERFORMANCE MEASUREMENT:**

In order to assist in the evaluation of the Portfolio's performance, the District will use performance benchmarks for the short-term and long-term portfolios. The use of benchmarks will allow the District to measure its returns against other investors in the same markets. Performance calculations will not include any balances invested in the overnight sweep accounts. A benchmark



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should not be chosen that will induce the individual making the investment to take on undue risk in order to outperform the benchmark.

- (a) A short-term index such as the 3, 6, or 12 Month U.S. Treasury Bill Index or S&P Rated GIP Index Government 30 Day Gross Yield will be used as a benchmark for comparison with the Portfolio's net book value rate of return for current operating funds (short-term portfolio). The duration of the index should be similar to that of the short-term portfolio for performance comparison.
- (b) Investment performance of funds designated as Core Funds and other non-operating funds that have a longer-term investment horizon (long-term portfolio) will be compared to a national recognized benchmark that may include the ICE Merrill Lynch 1-3 Year U.S. Treasury/Agency Note Index and ICE Merrill Lynch 1-5 Year U.S. Treasury/Agency Note Index, or the ICE BofA 1-3 Year US Treasury & Agency Index and ICE BofA 1-5 Year Treasury Index & Agency Index or similar index. The appropriate index will have a duration and asset mix that approximates that of the Investment Portfolio and will be utilized as a benchmark to be compared to the Investment Portfolio's total rate of return. The District can choose different performance benchmarks if the investment strategy for the Investment Portfolio changes.

### **IV. MATURITY AND LIQUIDITY:**

Investments shall be structured in such manner as to provide sufficient liquidity to pay obligations of the District in a timely manner. The Division Director, or Designee, shall sufficiently allocate resources to the short- and long-term investment portfolios. 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.

- (a) **Operating Funds** (Short-Term Investment Portfolio). To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash-flow requirements. Investments of current operating funds shall have maturities of no longer than thirty-six (36) months.
- (b) **Core Funds** (Long-Term Investment Portfolio). Investments of reserves, project funds, and other non-operating funds ("Core Funds") shall have a final maturity appropriate to the need for funds, but in no event shall exceed five (5) years. The average duration of the Core Funds as a whole shall not exceed three (3) years.

### **V. AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION:**

Investments should be made subject to the District's cash-flow needs. Such cash-flows are subject to revisions as market conditions and the District'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 Division Director may sell or request that the Investment Manager sell the investment at the then-prevailing market price and place the proceeds into the proper account at the District's custodian.

The following table contains the investment requirements and allocation limits on security types, issuers, and maturities, as established by the District. The Division Director shall have the option

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to further restrict investment percentages based on market conditions, risk, and diversification investment strategies. The percentage allocation and credit quality requirements for investment types and issuers are calculated based on the market value and credit ratings of each investment at the time of purchase. Investments not listed in this Policy are prohibited. In the event of a ratings downgrade of a security, the Investment Manager shall notify the Division Director within five business days of such a decline in the required rating. The Investment Manager and the Division Director will review the individual facts and circumstances of the situation and determine an appropriate course of action.

Due to fluctuations in the aggregate invested balance, the maximum percentage issuer and allocation limits of this policy may be exceeded from time to time and shall not require liquidation to realign the portfolio. However, consideration should be given to this matter when future purchases are made.

Security Type		Minimum Rating Requirement	Maturity Limits	Maximum Allocation Limit	Maximum Issuer Limit
(a)	Florida PRIME	AAAm	N/A	50%	N/A
(b)	United States Government Securities	N/A	5 Years	100%	N/A
(c)	United States Government Agencies (full faith and credit of the United States Government)	N/A	5 Years	50%	25%
(d)	Federal Instrumentalities (United States Government Sponsored Enterprises ("GSE") which are non-full faith and credit). *	N/A	5 Years	75%	40%
(e)	Mortgage-Backed Securities (MBS) *	N/A	5 Years	30%	20%
(f)	Non-Negotiable Interest Bearing Time Deposits or Savings Accounts	N/A	1 Years	25%	15%
(g)	State and/or Local Government Taxable and/or Tax-Exempt Debt	Single "A" category by two NRSROs**	5 Years	25%	10%
(h)	Registered Investment Companies (Money Market Mutual Funds)	AAAm	N/A	50%	25%
(i)	Registered Investment Companies (Mutual Funds)	AAAf	N/A	25%	15%
(j)	Repurchase Agreements	N/A	90 Days	50%	25%
(k)	Bankers' Acceptances	Highest rating by two NRSROs**	180 Days	35%	10%
(l)	Commercial Paper***	A-1/Prime-1	270 Days	35%	5%
(m)	Corporate Notes***	Single "A" category by any two NRSROs**	5 Years	35%	5%
(n)	Intergovernmental Investment Pool	AAAm	N/A	25%	N/A

\*The combined maximum amount of available funds invested in Federal Instrumentalities and mortgage-backed securities will not exceed seventy-five percent (75%).

\*\*National Recognized Statistical Rating Organization (NRSRO).

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\*\*\*The maximum amount of corporate investments will not exceed forty percent (40%). Therefore, the combination of Section (l) Commercial Paper and Section (m) Corporate Notes shall not exceed forty percent (40%). Corporate Notes are limited to 15% per industry.

Additional details about the requirements for each security type in the table above are provided in Attachment C: Security Type Purchase and Allocation Guidelines.

### **VI. RISK AND DIVERSIFICATION:**

Assets held shall be diversified to the extent practicable to control the risk of loss resulting from over-concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold. Diversification strategies within the established guidelines shall be reviewed and revised periodically by the Committee.

### **VII. DERIVATIVES AND REVERSE REPURCHASE AGREEMENTS:**

Investment in any derivative products or the use of reverse repurchase agreements is prohibited. 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, indices, or asset values.

### **VIII. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS:**

The Division Director (or Designee) shall only purchase securities from financial institutions that are qualified as public depositories by the Chief Financial Officer of the State of Florida or from private securities brokers/dealers 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.

The Investment Manager shall utilize and maintain its own list of approved primary and non-primary dealers.

### **IX. THIRD-PARTY CUSTODIAL AGREEMENTS:**

The Division Director will execute a Third-Party Custodial Safekeeping Agreement with a commercial bank, which is separately chartered by the United States government or the State of Florida. All securities purchased and/or collateral obtained, with the exception of certificates of deposits, by the Division Director or Designee shall be properly designated as an asset of the District and held in safekeeping by the bank and no withdrawal of such securities, in whole or in part, shall be made from safekeeping, except by an authorized Finance Bureau staff member. The Third-Party Custodial Safekeeping Agreement shall include letters of authority from the Division Director, details as to responsibilities of each party, notification of security purchases, sales, delivery, wire transfers, safekeeping, and transaction costs, and procedures in case of wire failure or other unforeseen mishaps, including liability of each party.

The custodian shall accept transaction instructions only from those persons who have been duly authorized by the District 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, unless by such a duly authorized person.

The custodian shall provide the Division Director or Designee with monthly statements that provide detail information on the securities held by the custodian. Security transactions between

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authorized investment institutions and dealers and the custodian involving the purchase or sale of securities by transfer of money or securities must be made on a “delivery versus 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. Securities held as collateral shall be held free and clear of any liens. Certificates of deposits will be placed in the provider’s safekeeping department for the term of the deposit.

### **X. MASTER REPURCHASE AGREEMENT:**

The District 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 requirements of the SIFMA Master Repurchase Agreement.

### **XI. COMPETITIVE SELECTION:**

After the Division Director, Designee, or 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) authorized investment institutions or dealers must be contacted and asked to provide bids/offers on securities in question. Bids will be held in confidence until the bid/offer deemed to best meet the investment objectives is determined and selected.

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 the following:

- 1) TradeWeb
- 2) Bloomberg Financial System
- 3) Wall Street Journal or a comparable recognized financial publication
- 4) Daily market pricing provided by the District’s custodian bank or correspondent institutions

The Division Director 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 Division Director or the Investment Manager, competitive bidding is not available, or 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.

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When purchasing new issue securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price. Overnight sweep investments or repurchase agreements will not be bid but may be placed with the District's depository bank relating to the demand account for which the sweep investments or repurchase agreements were purchased.

### **XII. INTERNAL CONTROLS:**

The Division Director and/or Designee shall establish a system of internal controls and operational procedures. The internal control structure shall be designed to provide reasonable assurance that the assets of the District are protected from loss, theft or misuse that might arise from fraud, employee error, misrepresentation by third parties, or imprudent actions by District employees. The internal control structure will be reviewed during the annual financial audit conducted by independent auditors.

The Division Director will report any non-compliance with the District's Policy or adopted investment strategy to the Inspector General, Executive Director, General Counsel, and Chair of the Committee immediately upon becoming aware of the situation.

### **XIII. CONTINUING EDUCATION:**

The Division Director and Designee shall complete eight (8) hours of continuing education annually in subjects or courses of study related to investment practices and products.

### **XIV. REPORTING:**

The Division Director shall report at least quarterly to the Executive Director and the Governing Board, and shall provide quarterly investment reports. Schedules in the quarterly report shall include, but not be limited to, the following:

1. A listing of individual securities by class and type 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
6. In addition to the standard gross-of-fee-performance reporting that is presented, net-of-fee performance will be provided by the Investment Manager
7. A summary of District's investment strategy
8. The year-end quarterly report ended September 30th 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.

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### **XV. SECURITIES DISPOSITION:**

Every security purchased on behalf of the District must be properly earmarked and, if in book entry form, must be held for the credit of the District by a depository chartered by the federal government, the state, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida as defined in Section 658.12, Florida Statutes, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida, and must be kept by the depository in an account separate and apart from the assets of the financial institution.

### **XVI. PREEMPTION:**

Any provision of any special act, municipal charter, or other law which prohibits or restricts the District from complying with Section 218.415, Florida Statutes, or any rules adopted under Section 218.415, Florida Statutes, is void to the extent of the conflict.

### **XVII. AUDITS:**

Certified public accountants conducting audits of the District pursuant to Section 11.45, Florida Statutes, shall report, as part of the audit, whether or not the District has complied with Section 218.415, Florida Statutes.

### **XVIII. INVESTMENT POLICY ADOPTION:**

This Policy shall be adopted by the Governing Board.

### **DISTRIBUTION**

This procedure will be stored in the Governing Board's Procedure repository.

### **REFERENCES**

Sections 218.415, 280.02, 658.12, 11.45, Florida Statutes

Third-Party Custodial Safekeeping Agreement

Attachment A: Glossary of Cash and Investment Management Terms

Attachment B: Investment Pool/Fund Questionnaire

Attachment C: Security Type Purchase and Allocation Guidelines

### **REVIEW PERIOD**

The Division Director and the Committee shall review this Policy within sixty (60) days following the end of each fiscal year and the Governing Board shall approve any modification made thereto.

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### Attachment A

#### Glossary of Cash and Investment Management Terms

The following is a glossary of key investing terms, many of which appear in the Southwest Florida Water Management District's investment 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.

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**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



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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 call date.

**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 risk characteristics.

**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.

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**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. All Collateralized Mortgage Obligations (CMOs) are derivatives.

**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 Agency market.

**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.

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**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).

**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.

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**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

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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.

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Therefore, los 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:

**Control of collusion.** Collusion is a situation where two or more employees are working in conjunction to defraud their employer.

**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.

**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.

**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.

**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.

**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.

**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.** A company that provides professional advice managing portfolios, investment recommendations, and/or research in exchange for a management fee.

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**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.

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**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 was sold.

**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.)

$$[(\text{Total assets}) - (\text{Liabilities})]/(\text{Number of shares outstanding})$$

**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."



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**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.

**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.

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**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 zero earnings.

**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.

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**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 an investor and a custody bank that allows the custody bank to “loan” the investor’s investment holdings, reinvest the proceeds in permitted investments, and share 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 monies 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.

**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

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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 period end.

**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 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.

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**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.”

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**Attachment B**

**Investment Pool/Fund Questionnaire**

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculations and how it is distributed, and how gains and losses are treated.
3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced, and the program audited.
4. A description of who may invest in the program, how often, what size deposit, and withdrawal are allowed.
5. A schedule for receiving statements and portfolio listings.
6. Are reserves, retained earnings, etc. utilized by the pool/fund?
7. A fee schedule, and when and how is it assessed.
8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

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### Attachment C

#### Security Type Purchase and Allocation Guidelines

##### I. Florida PRIME

1. **Purchase Authorization.** The Florida PRIME Fund, as administered by the Florida State Board of Administration (SBA).
2. **Portfolio Composition.** A maximum of 50% of available funds may be invested in the Florida PRIME.
3. **Rating Requirements.** Rating shall be “AAAm” by Standard & Poor’s, or the equivalent by another Nationally Recognized Statistical Rating Organization (NRSRO).
4. **Due Diligence Requirements.** A thorough investigation of the Florida PRIME is required prior to investing and on a continual basis. A current prospectus or equivalent documentation, including an investment policy, financial statements, and portfolio holdings must be obtained. 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.

##### II. United States Government Securities

1. **Purchase Authorization.** Invest in negotiable direct obligations, or obligations, the principal and interest of which are unconditionally guaranteed by the United States government. Such securities will include, but not be limited to the following:

Cash Management Bills  
Treasury Securities – State and Local Government Series (SLGS)  
Treasury Bills  
Treasury Notes  
Treasury Bonds  
Treasury Strips

2. **Portfolio Composition.** A maximum of 100% of available funds may be invested in the United States Government Securities.
3. **Maturity Limitations.** The maximum length to maturity of any direct investment in the United States Government Securities is five (5) years from the date of settlement.

##### III. United States Government Agencies (full faith and credit of the United States government)

1. **Purchase Authorization.** Invest in bonds, debentures, or notes that may be subject to call, issued, or guaranteed as to principal and interest by United States government

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agencies provided such obligations are backed by the full faith and credit of the United States government. Such securities will include, but are not be limited to the following:

United States Export – Import Bank

- Direct obligations or fully guaranteed certificates of beneficial ownership

Farmer Home Administration

- Certificates of beneficial ownership

Federal Financing Bank

- Discount notes, notes and bonds

Federal Housing Administration Debentures

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 25% 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 five (5) years from the date of settlement.

### IV. Federal Instrumentalities (United States Government Sponsored Enterprises (GSE))

1. **Purchase Authorization.** Invest in bonds, mortgage-backed securities, debentures, or notes that may be subject to call, issued, or guaranteed as to principal and interest by



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United States Government Sponsored Enterprises (Federal Instrumentalities) that are non-full faith and credit agencies, limited to the following:

Federal Farm Credit Bank (FFCB)

Federal Home Loan Bank or its district banks (FHLB)  
Federal National Mortgage Association (FNMA)

Federal Home Loan Mortgage Corporation (Freddie-Mac), including Federal Home Loan Mortgage Corporation participation certificates

2. **Portfolio Composition.** A maximum of 75% of available funds may be invested in Federal Instrumentalities. The combined total of available funds invested in Federal Instrumentalities and agency mortgage-backed securities cannot be more than 50%.
3. **Limits on Individual Issuers.** A maximum of 40% of available funds may be invested in individual Federal Instrumentalities.
4. **Maturity Limitations.** The maximum length to maturity for an investment in any Federal Instrumentality security is five (5) years from the date of settlement.

### V. Agency Mortgage-Backed Securities (MBS)

1. **Purchase Authorization.** Investment in agency mortgage-backed securities (MBS) which are based on mortgages that are guaranteed by a government agency or Federal Instrumentality for payment of principal and a guarantee of timely payment.
2. **Portfolio Composition.** A maximum of 30% of available funds may be invested in MBS. The combined total of available funds invested in Federal Instrumentalities and MBS cannot be more than 50%.
3. **Limits of Individual Issuers.** A maximum of 20% of available funds may be invested with any one issuer.

The maximum percentage invested in securities of any one issuer is inclusive of MBS of the same issuer.

4. **Maturity Limitations.** The maximum length to maturity for an investment in any MBS is five (5) years from the date of settlement.

The maturity of MBS shall be considered the date corresponding to its average life. This date reflects the point at which an investor will have received back half of the original principal (face) amount. The average life may be different from the stated legal maturity included in a security's description.

### VI. Non-Negotiable Interest-Bearing Time Deposit or Saving Accounts

1. **Purchase Authorization.** Invest in non-negotiable interest-bearing time certificates of deposit or savings accounts in banks organized under the laws of this state and/or in

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national banks organized under the laws of the United States and doing business and situated in the State of Florida, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

2. **Portfolio Composition.** A maximum of 25% of available funds may be invested in non-negotiable interest-bearing time certificates of deposit.
3. **Limits on Individual Issuers.** A maximum of 15% of available funds may be deposited with any one issuer.
4. **Maturity Limitations.** The maximum maturity on any certificate shall be no greater than one (1) year from the date of settlement.

### VII. Municipal Obligations

1. **Purchase Authorization.** Invest in municipal obligations.
2. **Portfolio Composition.** A maximum of 25% of available funds may be invested in municipal obligations.
3. **Limits on Individual Issuers.** A maximum of 10% of available funds may be invested with any one issuer.
4. **Ratings Requirements.** Municipal obligations purchased must be rated at the time of purchase at a minimum single "A" category by any two NRSROs or rated at least "MIG-2" by Moody's or "SP-2" by Standard & Poor's for short-term debt.
5. **Maturity Limitations.** A maximum length to maturity for an investment in any municipal obligation is five (5) years from the date of settlement.

### VIII. Registered Investment Companies (Money Market Mutual Funds)

1. **Purchase Authorization.** Invest in shares in open-end or no-load money market mutual funds, provided such funds are registered under the Investment Company Act of 1940 and operate in accordance with 17 C.F.R. § 270.2a-7.
2. **Portfolio Composition.** A maximum of 50% of available funds may be invested in money market mutual funds.
3. **Limits of Individual Issuers.** A maximum of 25% of available funds may be invested with any one money market mutual fund.
4. **Rating Requirements.** Money market mutual funds shall be rated "AAAm" by Standard & Poor's or the equivalent by another NRSRO.
5. **Due Diligence Requirements.** A thorough investigation of any money market mutual fund is required prior to investing and on a continual basis. Attachment B is a questionnaire that contains a list of questions, to be answered prior to investing, that

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cover the major aspects of any investment pool/fund. A current prospectus must be obtained.

### IX. Registered Investment Companies (“Mutual Funds”)

1. **Purchase Authorization.** Shares of open-end, no-load, institutional class mutual funds with fluctuating net asset values (NAV) provided that such funds are registered under the Investment Company Act of 1940. The prospectus must indicate that the funds average duration is maintained at 3 years or less and the fund invests exclusively in investment instruments as authorized by this policy.
2. **Portfolio Composition.** A maximum of 25% of available funds may be invested in mutual funds.
3. **Limits of Individual Issuers.** A maximum of 15% of available funds may be invested with any one mutual fund.
4. **Rating Requirements.** The mutual funds shall be rated “AAAF” by Standard & Poor’s or the equivalent by another NRSRO.
5. **Due Diligence Requirements.** A thorough investigation of any mutual fund is required prior to investing, and on a continual basis. 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.

### X. Repurchase Agreements

1. **Purchase Authorization.**
  - a. Invest in repurchase agreements composed of only those investments based on the requirements set forth by the District’s Master Repurchase Agreement. All firms are required to sign the Master Repurchase Agreement prior to the execution of a repurchase agreement transaction.
  - b. A third-party custodian with whom the District has a current custodial agreement shall hold the collateral for all repurchase agreements with a term longer than one (1) business day. A clearly marked receipt that shows evidence of ownership must be supplied to the Division Director and retained.
  - c. Securities authorized for collateral are negotiable direct obligations of the United States government, government agencies, and Federal Instrumentalities with maturities under five (5) years and must have a market value for the principal and accrued interest of 102 percent of the value and for the term of the repurchase agreement. Immaterial short-term deviations from the 102 percent requirement are permissible only upon the approval of the Division Director.
2. **Portfolio Composition.** A maximum of 50% of available funds may be invested in repurchase agreements, excluding one (1) business day agreements and overnight sweep agreements.

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3. **Limits on Individual Issuers.** A maximum of 25% of available funds may be invested with any one institution.
4. **Limits on Maturities.** The maximum length to maturity of any repurchase agreement is 90 days from the date of settlement.

### XI. Bankers' Acceptances

1. **Purchase Authorization.** Invest in bankers' acceptances which are issued by a domestic bank.
2. **Portfolio Composition.** A maximum of 35% of available funds may be directly invested in bankers' acceptances.
3. **Limits on Individual Issuers.** A maximum of 10% of available funds may be invested with any one issuer.
4. **Ratings Requirements.** Bankers' acceptances that are rated at the time of purchase in the highest category by at least two NRSROs.
5. **Maturity Limitations.** The maximum length to maturity for bankers' acceptances shall be 180 days from the date of settlement.

### XII. Commercial Paper

1. **Purchase Authorization.** Invest in commercial paper of any United States company.
2. **Portfolio Composition.** A maximum of 35% of available funds may be directly invested in prime commercial paper. The maximum amount of corporate investments will not exceed forty percent (40%). Therefore, the combination of Section (l) Commercial Paper and Section (m) Corporate Notes shall not exceed forty percent (40%).
3. **Limits on Individual Issuers.** A maximum of 5% of available funds may be invested with any one issuer.
4. **Ratings Requirements.** Commercial paper that has a minimum S&P rating of A-1 and minimum Moody's rating of Prime-1 at the time of purchase. If the commercial paper is backed by a letter of credit (LOC), the long-term debt of the LOC provider must be rated single "A" category or better by at least two NRSROs.
5. **Maturity Limitations.** The maximum length to maturity for prime commercial paper shall be 270 days from the date of settlement.

### XIII. Corporate Notes

1. **Purchase Authorization.** Invest in corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States. Investment in any Scrutinized Company as defined by Section 218.415 Florida Statutes is prohibited.

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2. **Portfolio Composition.** A maximum of 35% of available funds may be directly invested in corporate notes. The maximum amount of corporate investments will not exceed forty percent (40%). Therefore, the combination of Section (l) Commercial Paper and Section (m) Corporate Notes shall not exceed forty percent (40%).
3. **Limits on Individual Industry.** A maximum of 15% of available funds may be directly invested in any one industry. Security industry classification will be determined using the Bloomberg Industry Classification Standards (BICS).
4. **Limits on Individual Issuers.** A maximum of 5% of available funds may be invested with any one issuer.
5. **Ratings Requirements.** Corporate notes that have a long-term debt rating, at the time of purchase, at a minimum of a single "A" category by any two NRSROs.
6. **Maturity Limitations.** The maximum length to maturity for corporate notes shall be five (5) years from the date of settlement.

### XIV. Intergovernmental Investment Pool

1. **Purchase Authorization.** Invest in intergovernmental investment pools that are authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01, F.S.
2. **Portfolio Composition.** A maximum of 25% of available funds may be invested in intergovernmental investment pools.
3. **Rating Requirements.** The intergovernmental investment pool shall be rated "AAA" by Standard & Poor's or the equivalent by another NRSRO.
5. **Due Diligence Requirements.** A thorough review of any investment pool/fund is required prior to investing and on a continual basis. 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.

**GOVERNING BOARD POLICY****Title: Investments****Effective Date: 11/16/2021****Page 34 of 34****DOCUMENT DETAILS**

Document Name	Investments
Formerly Known As	N/A
Document Type	Policy
Author(s)	Public Trust Advisors, Finance Bureau Chief, Management Services Division Director
Reviewing Stakeholder(s)	Public Trust Advisors, Finance Bureau Chief, Management Services Division Director
Document Owner Name	Melisa Lowe
Document Owner Title	Finance Bureau Chief
Review Period (in days)	365
Span of Control	Governing Board
Supersedes Date	11/17/2020
Effective Date	11/16/2021

**APPROVAL**

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Kelly Rice  
Chair

11/16/2021

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Date

EXHIBIT 2  
TREASURER'S REPORT

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
TREASURER'S REPORT TO THE GOVERNING BOARD  
April 30, 2022

**CUSTODIAN HELD INVESTMENTS**

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	EFFECTIVE INTEREST RATE (%)	AMORTIZED COST	MARKET VALUE	ACCRUED INTEREST	% OF PORTFOLIO
<b>PUBLIC TRUST ADVISORS</b>						
<b><u>SWFWMD- 1-3 Year Portfolio</u></b>						
	Investments	1.03	\$312,239,535	\$303,288,158	\$822,590	
	Cash / Money Market Fund	0.23	51,994	51,994	0	
	<b>Subtotal</b>		\$312,291,529	\$303,340,152	\$822,590	
	Accounts Receivable-Trade date prior to 4/30/22, Settlement date after 4/30/22		40,632	40,632	0	
	<b>Total</b>		\$312,332,161	\$303,380,784	\$822,590	<b>55.37</b>
<b><u>SWFWMD- 1-5 Year Portfolio</u></b>						
	Investments	0.99	\$108,965,092	\$104,084,503	\$133,282	
	Cash / Money Market Fund	0.23	36,669	36,669	0	
	<b>Subtotal</b>		\$109,001,761	\$104,121,172	\$133,282	
	Accounts Receivable-Trade date prior to 4/30/22, Settlement date after 4/30/22		9,216	9,216	0	
	<b>Total</b>		\$109,010,977	\$104,130,388	\$133,282	<b>19.33</b>
<b>TOTAL CUSTODIAN HELD INVESTMENTS</b>			<b>\$421,343,138</b>	<b>\$407,511,172</b>	<b>\$955,872</b>	<b>74.70</b>

**STATE BOARD OF ADMINISTRATION (SBA) INVESTMENT ACCOUNTS**

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	EFFECTIVE INTEREST RATE (%)	PURCHASE COST	MARKET VALUE	ACCRUED INTEREST	% OF PORTFOLIO
<b>STATE BOARD OF ADMINISTRATION</b>						
<b><u>Florida PRIME (Formerly Local Government Investment Pool)</u></b>						
	SBA General Investments	0.45	\$92,285,742	\$92,285,742		
	SBA Land Resources	0.45	32,909,494	32,909,494		
	SBA Advanced State Funding (Eco System Trust Fund)	0.45	32,466	32,466		
	SBA Advanced State Funding (FDOT)	0.45	17,254,323	17,254,323		
	SBA Advanced State Funding (WPSTF)	0.45	250,093	250,093		
	<b>TOTAL STATE BOARD OF ADMINISTRATION (SBA) ACCOUNTS</b>		<b>\$142,732,118</b>	<b>\$142,732,118</b>		<b>25.30</b>
	<b>TOTAL INVESTMENTS</b>		<b>\$564,075,256</b>	<b>\$550,243,290</b>		<b>100.00</b>
	<b>CASH, SUNTRUST DEMAND ACCOUNT</b>		<b>2,076,936</b>	<b>2,076,936</b>		
	<b>TOTAL CASH AND INVESTMENTS</b>		<b>\$566,152,192</b>	<b>\$552,320,226</b>		

Weighted average yield on portfolio at April 30, 2022 is 0.88%.

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
TREASURER'S REPORT TO THE GOVERNING BOARD  
April 30, 2022

EQUITY - CASH AND INVESTMENTS

**DISTRICT AND BASINS**

District General Fund	\$509,643,498	90.03%
Restricted for Alafia River Basin	387,780	0.07%
Restricted for Hillsborough River Basin	1,714,088	0.30%
Restricted for Coastal Rivers Basin	294,465	0.05%
Restricted for Pinellas-Anclote River Basin	7,112,121	1.26%
Restricted for Withlacoochee River Basin	759,485	0.13%
Restricted for Peace River Basin	1,070,391	0.19%
Restricted for Manasota Basin	1,479,732	0.26%
Total District General Fund	<b>\$522,461,560</b>	<b>92.29%</b>
 FDOT Mitigation Program	 17,167,749	 3.03%
Florida Forever Program	26,522,883	4.68%
 <b>TOTAL EQUITY IN CASH AND INVESTMENTS</b>	 <b>\$566,152,192</b>	 <b>100.00%</b>



EXHIBIT 3  
SAMPLE AGREEMENT

AGREEMENT NO. \_\_\_\_\_

AGREEMENT  
BETWEEN THE  
SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
AND  
\_\_\_\_\_  
FOR  
INVESTMENT ADVISORY SERVICES

THIS AGREEMENT is made and entered into by and between the SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT, a public corporation of the State of Florida, whose address is 2379 Broad Street, Brooksville, Florida 34604-6899, hereinafter referred to as the "DISTRICT," and \_\_\_\_\_, a company, registered to do business in the State of Florida, whose principal address is \_\_\_\_\_, operating locally from \_\_\_\_\_, hereinafter referred to as the "(ADVISER)."

WITNESSETH:

WHEREAS, the DISTRICT desires to engage the ADVISER to provide investment advisory services, hereinafter referred to as the "SERVICE"; and

WHEREAS, the ADVISER represents that it possesses the requisite skills, knowledge, expertise and resources and agrees to provide the desired services to the DISTRICT; and

WHEREAS, the DISTRICT and the ADVISER have agreed on the type and extent of services to be rendered by the ADVISER and the amount and method of compensation to be paid by the DISTRICT to the ADVISER for services rendered.

NOW THEREFORE, the DISTRICT and the ADVISER, in consideration of the mutual terms, covenants and conditions set forth herein, agree as follows:

1. INDEPENDENT CONTRACTOR. The ADVISER will perform as an Independent Contractor and not as an employee, representative or agent of the DISTRICT.
2. PROJECT MANAGER AND NOTICES. Each party hereby designates the employee set forth below as its respective Project Manager. Project Managers will assist with SERVICE coordination and will be each party's prime contact person. Notices and reports will be sent to the attention of each party's Project Manager by U.S. mail, postage paid, by nationally recognized overnight courier, or personally to the parties' addresses as set forth in the introductory paragraph of this Agreement. Notice is effective upon receipt.

Project Manager for the DISTRICT:

Ann Kenny  
Southwest Florida Water Management District  
2379 Broad Street  
Brooksville, Florida 34604-6899

Project Manager for the ADVISER: \_\_\_\_\_

Any changes to the above representatives or addresses must be provided to the other party in writing.

3. SCOPE OF SERVICES. Upon receipt of written notice to proceed from the DISTRICT, the ADVISER agrees to perform the services necessary to complete the SERVICE in accordance with the Scope of Services set forth in Exhibit "A," the DISTRICT'S RFP 2231 and ADVISER'S response to RFP 2231. The DISTRICT does not guarantee a minimum portfolio amount to be managed under this Agreement. Any changes to the Scope of Services must be mutually agreed to in a formal written amendment approved by the DISTRICT

and the ADVISER prior to being performed by the ADVISER, subject to the provisions of Paragraph 4, Compensation.

- 3.1 The parties agree that time is of the essence in the performance of each obligation under this Agreement.
- 3.2 The DISTRICT and ADVISER hereby recognize the specialized expertise of the ADVISER'S key team members (\_\_\_\_, \_\_\_\_, \_\_\_\_ ) listed in the ADVISER'S response to RFP 2231. Both parties further agree that replacement of the key team members must be with equal or more qualified persons, and must be approved in writing by the DISTRICT Project Manager before a new key team member works with the DISTRICT'S managed funds.

- 4. COMPENSATION. For satisfactory management of the DISTRICT'S investment portfolio, the DISTRICT agrees to pay the ADVISER based on the Fee Schedule set forth in Exhibit "B." Payment will be made to the ADVISER in accordance with the Local Government Prompt Payment Act, Part VII of Chapter 218, Florida Statutes (F.S.), upon receipt of a properly documented invoice. Invoices will be submitted monthly by the ADVISER to the DISTRICT electronically at [invoices@WaterMatters.org](mailto:invoices@WaterMatters.org), or at the following address:

Accounts Payable Section  
Southwest Florida Water Management District  
Post Office Box 15436  
Brooksville, Florida 34604-5436

- 4.1 All invoices must include the following information: (1) ADVISER'S name, address and phone number (include remit address, if different than principal address in the introductory paragraph of this Agreement); (2) ADVISER'S invoice number and date of invoice; (3) DISTRICT Agreement number; (4) Dates of service; (5) ADVISER'S Project Manager; (6) DISTRICT'S Project Manager; (7) Monthly Report on activities; and (8) Supporting documentation, necessary to satisfy auditing purposes. The final invoice will include information relating to the amount of expenditures made to disadvantaged business enterprises (based on the requirements contained in Paragraph 23). Invoices that do not conform with this Paragraph will not be considered a proper invoice.
- 4.2 By October 5<sup>th</sup> of each year of the Agreement, the ADVISER must provide the following documentation to the DISTRICT for all services performed through September 30<sup>th</sup>: i) invoices for completed, accepted and billable tasks, ii) an estimate of the dollar value of services performed, but not yet billable.
- 4.3 Any travel expenses which may be authorized under this Agreement will be paid in accordance with Section 112.061, F.S., and District Procedure 13-5, attached hereto as Exhibit "C," as both may be amended from time to time.
- 4.4 Each ADVISER invoice must include the following certification, and the ADVISER hereby delegates authority by virtue of this Agreement to its Project Manager to affirm said certification:

"I hereby certify that the costs requested for payment, as represented in this invoice, are directly related to the performance under the Investment Advisory Services agreement between the Southwest Florida Water Management District and \_\_\_\_\_, are allowable, allocable, properly documented, and are in accordance with the approved Fee Schedule."
- 4.5 The DISTRICT may, in addition to other remedies available at law or equity, retain such monies from amounts due ADVISER as may be necessary to satisfy any claim for damages, penalties, costs and the like asserted by or against the DISTRICT. The DISTRICT may set off any liability or other obligation of the ADVISER or its affiliates to the DISTRICT against any payments due the ADVISER under any contract with the DISTRICT.
- 4.6 The DISTRICT'S performance and payment pursuant to this Agreement are contingent upon the DISTRICT'S Governing Board appropriating funds in its approved budget for the SERVICE in each Fiscal Year of this Agreement.

5. CONTRACT PERIOD. This Agreement will be effective on October 1, 2022 and will remain in effect for three (3) years, unless terminated, pursuant to Paragraph 13 or 14 below, or as amended in writing by the parties. The DISTRICT has the option, in its sole discretion, to renew this Agreement for one (1) additional two (2) year period, for a total contract period of five (5) years.
6. REGISTERED INVESTMENT ADVISER; DUTY OF CARE. The ADVISER hereby represents it is a registered Investment Adviser under the Investment Advisers Act of 1940, as amended. The ADVISER shall immediately notify the DISTRICT if at any time during the term of this Agreement it is not so registered or if its registration is suspended. The ADVISER agrees to perform its duties and responsibilities under this Agreement to the Prudent Expert Standard. The Prudent Expert Standard requires the ADVISER to act with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent investment expert 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, provided, however that this standard of care shall in no case be, or be interpreted to be, less stringent or less restrictive than any investment standard or standards, now in effect or included by amendment effective in the future, prescribed for investments by Florida law. The federal securities laws impose penalties under certain circumstances on persons who are required to act in good faith. Nothing herein shall in any way constitute a waiver or limitation of any rights which the DISTRICT or the ADVISER may have under any federal securities laws. The DISTRICT hereby authorizes the ADVISER to sign I.R.S. Form W-9 on behalf of the DISTRICT and to deliver such form to broker-dealers or others from time to time as required in connection with securities transactions pursuant to this Agreement.

The ADVISER shall promptly give notice to the DISTRICT if the ADVISER shall have been found to have violated any state or federal securities law or regulation in any criminal action or civil suit in any state or federal court or in any disciplinary proceeding before the Securities and Exchange Commission or any other agency or department of the United States, any registered securities exchange, Financial Industry Regulatory Authority (FINRA), or any regulatory authority of any State based upon the performance of services as an ADVISER.

7. INVESTMENT ADVISER'S FINANCIAL INTERESTS AND OTHER CLIENTS. The DISTRICT understands that the ADVISER performs investment advisory services for various other clients, which may include investment companies, commingled trust funds and/or individual portfolios. The DISTRICT agrees that the ADVISER, in the exercise of its professional judgment, may give advice or 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 DISTRICT'S managed funds accounts. The ADVISER shall not have any obligation to purchase, sell or exchange any security for the DISTRICT'S managed funds solely by reason of the fact that the ADVISER, its principals, affiliates, or employees may purchase, sell or exchange such security for the account of any other client or for itself or its own accounts. ADVISER shall provide a written disclosure statement providing all real and potential conflicts of interest, if such conflicts or potential conflicts are authorized by law and this Agreement including but not limited to full disclosure of the ADVISER'S proprietary interests, sales interests, and soft dollar benefits with respect to transactions involving the DISTRICT'S managed funds accounts. ADVISER must disclose when it invests or otherwise takes positions on its own behalf that are inconsistent with the advice provided to the DISTRICT. Prior to investing DISTRICT funds in a Pool (as defined under Section 1.7.8.1 of the RFP 2231), ADVISER shall provide an offering statement advising of all fees, revenues, expenses, incentives or any other benefit received by ADVISER in connection with this investment. ADVISER agrees to comply with any additional restrictions, procedures and disclosure requirements included in the DISTRICT'S investment policy, as may be amended from time to time.
8. PROJECT RECORDS AND DOCUMENTS. The ADVISER, upon request, will permit the DISTRICT to examine or audit all project related records and documents during or following completion of the project at no cost to the DISTRICT. Payments made to the ADVISER under this Agreement shall be reduced for amounts found to be not allowable under this Agreement by an audit. If an audit is undertaken by the DISTRICT, all required records shall be maintained until the audit has been completed and all questions arising from it are resolved. The ADVISER will maintain all such records and documents for at least three (3) years following completion of the project, unless the ADVISER is notified by the DISTRICT of the need to extend the retention period. The ADVISER and any subcontractors understand and will comply with their duty, pursuant to Section 20.055(5), Florida Statutes, to cooperate with the inspector general in any investigation, audit, inspection, review or hearing.

8.1 Each party shall allow public access to project documents and materials made or received by either party in accordance with the Public Records Act, Chapter 119, F.S. To the extent required by Section 119.0701, F.S., the ADVISER shall (1) keep and maintain public records required by the DISTRICT to perform the service; (2) upon request from the DISTRICT'S custodian of public records, provide the DISTRICT with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided by law; (3) ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the term of this Agreement and following completion of the Agreement if the ADVISER does not transfer the records to the DISTRICT; and (4) upon completion of this Agreement, transfer, at no cost to the DISTRICT, all public records in possession of the ADVISER or keep and maintain public records required by the DISTRICT to perform the service. If the ADVISER transfers all public records to the DISTRICT upon completion of this Agreement, the ADVISER shall destroy any duplicate public records that are exempt or confidential and exempt from public records requirements. If the ADVISER keeps and maintains public records upon completion of this Agreement, the ADVISER shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to the DISTRICT, upon request from the DISTRICT'S custodian of public records, in a format that is compatible with the information technology systems of the DISTRICT.

8.2 **IF THE ADVISER HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE ADVISER'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS by telephone at 352-796-7211, ext. 4555, by email at [RecordsCustodian@SWFWMD.state.fl.us](mailto:RecordsCustodian@SWFWMD.state.fl.us), or at the following mailing address:**

**Public Records Custodian  
Southwest Florida Water Management District  
2379 Broad Street  
Brooksville, Florida 34604-6899**

Any changes to the above contact information will be provided to the ADVISER in writing.

9. OWNERSHIP OF DOCUMENTS AND OTHER MATERIALS. All documents, including reports, drawings, estimates, programs, manuals, specifications, and all goods or products, including intellectual property and rights thereto, purchased under this Agreement with DISTRICT funds or developed in connection with this Agreement will be and will remain the property of the DISTRICT.
10. REPORTS. The ADVISER shall maintain appropriate records of all its activities hereunder. The ADVISER shall provide the DISTRICT with a monthly statement showing deposits, withdrawals, purchases and sales (or maturities) of investments, earnings received, and the value of assets held on the last business day of the month. The statement shall be in the format and manner that is mutually agreed upon by the ADVISER and the DISTRICT.
11. INDEMNIFICATION. The ADVISER agrees to defend, indemnify and hold harmless the DISTRICT and all DISTRICT agents, employees and officers from and against all liabilities, claims, damages, expenses or actions, either at law or in equity, including attorneys' fees and costs and attorneys' fees and costs on appeal, caused or incurred, in whole or in part, as a result of any act or omission by the ADVISER, its agents, employees, subcontractors, assigns, heirs or anyone for whose acts or omissions any of these persons or entities may be liable during the ADVISER'S performance under this Agreement. This Paragraph will survive the expiration or termination of this Agreement.

12. INSURANCE REQUIREMENT. The ADVISER must maintain during the entire term of this Agreement, insurance in the following kinds and amounts or limits with a company or companies authorized to do business in the State of Florida and will not commence work under this Agreement until the DISTRICT has received an acceptable certificate of insurance showing evidence of such coverage. Certificates of insurance must reference the DISTRICT Agreement Number and Project Manager.

12.1 Liability insurance on forms no more restrictive than the latest edition of the Commercial General Liability policy (CG 00 01) of the Insurance Services Office without restrictive endorsements, or equivalent, with the following minimum limit and coverage:

Minimum Limits..... \$1,000,000 per occurrence

12.2 Vehicle liability insurance, including any owned, non-owned and hired autos with the following minimum limits and coverage:

Bodily Injury Liability per Person	\$ 100,000
Bodily Injury Liability per Occurrence	\$ 300,000
Property Damage Liability	\$ 100,000
or	
Combined Single Limit	\$ 500,000

12.3 The ADVISER must carry workers' compensation insurance in accordance with Chapter 440, F.S. If ADVISER does not carry workers' compensation coverage, the ADVISER must submit to the DISTRICT both an affidavit stating that the ADVISER meets the requirements of an independent contractor as stated in Chapter 440, F.S. and a certificate of exemption from workers' compensation coverage.

12.4 Professional liability (Investment Adviser's and Consultant's Errors & Omissions) insurance in a minimum amount of Five Million Dollars (\$5,000,000).

12.5 The DISTRICT and its employees, agents, and officers must be named as additional insureds on the general liability policy to the extent of the DISTRICT'S interests arising from this Agreement.

12.6 Fiduciary Insurance with minimum limit of \$1,000,000 per occurrence.

12.7 The ADVISER must obtain certificates of insurance from any subcontractor otherwise the ADVISER must provide evidence satisfactory to the DISTRICT that coverage is afforded to the subcontractor by the ADVISER'S insurance policies.

12.8 The ADVISER must notify the DISTRICT in writing of the cancellation or material change to any insurance coverage required by this Agreement. Such notification must be provided to the DISTRICT within five (5) business days of the ADVISER'S notice of such cancellation or change from its insurance carrier.

13. TERMINATION. This Agreement may be terminated by the DISTRICT without cause upon ten (10) days written notice to the ADVISER. Termination is effective upon the tenth (10<sup>th</sup>) day as counted from the date of the written notice. In the event of termination under this Paragraph, the ADVISER will be entitled to compensation for all services provided to the DISTRICT up to the date of termination on a pro-rated basis and which are within the Scope of Services in Exhibit "A," are documented in the Fee Schedule, and are allowed under this Agreement. The DISTRICT shall honor any trades agreed to, but not settled before the date on which termination is to become effective.

13.1 This Agreement shall automatically terminate in the event the ADVISER'S registration as an investment adviser under the Investment Adviser's Act of 1940, as amended, is suspended or revoked, said termination to be effective with the date of such suspension or revocation.

13.2 Investment portfolio performance evaluations will be conducted annually with the ADVISER.

Unsatisfactory performance may result in an adjustment to the assets under management by the ADVISER, renegotiation of fees, or termination of this Agreement.

14. DEFAULT. Either party may terminate this Agreement upon the other party's failure to comply with any term or condition of this Agreement, as long as the terminating party is not in default of any term or condition of this Agreement at the time of termination. To effect termination, the terminating party will provide the defaulting party with a written "Notice of Termination" stating its intent to terminate and describing all terms and conditions with which the defaulting party has failed to comply. If the defaulting party has not remedied its default within thirty (30) days after receiving the Notice of Termination, this Agreement will automatically terminate. In addition, the initiation, either by ADVISER or against ADVISER, of proceedings in bankruptcy, or other proceedings for relief under any law for the relief of debtors, or ADVISER becoming insolvent, admitting in writing its inability to pay its debts as they mature or making an assignment for the benefit of creditors will constitute a default by ADVISER entitling the DISTRICT to terminate this Agreement as set forth above. The parties agree that this Agreement is an executory contract. If, after termination by the DISTRICT, it is determined that the ADVISER was not in default, or that the default was excusable, the rights and obligations of the parties shall be the same as if the termination had been issued for the convenience of the DISTRICT. The rights and remedies in this provision are in addition to any other rights and remedies provided by law or this Agreement.
15. RELEASE OF INFORMATION. The ADVISER agrees not to initiate any oral or written media interviews or issue press releases on or about the SERVICE without providing notices or copies to the DISTRICT'S Project Manager and Public Affairs Bureau Chief no later than three (3) business days prior to the interview or press release.
16. ASSIGNMENT. Except as otherwise provided in this Agreement, ADVISER may not assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the DISTRICT. If the ADVISER assigns its rights or delegates its obligations under this Agreement without the DISTRICT'S prior written consent, the DISTRICT is entitled to terminate this Agreement. If the DISTRICT terminates this Agreement, the termination is effective as of the date of the assignment or delegation. Any termination is without prejudice to the DISTRICT'S claim for damages.
17. LAW COMPLIANCE. The ADVISER will abide by and assist the DISTRICT in satisfying all applicable federal, state and local laws, rules, regulations and guidelines, related to performance under this Agreement. The ADVISER will not discriminate against any employee or applicant for employment because of race, color, religion, sex, handicap, disability, marital status or national origin.
18. EMPLOYMENT ELIGIBILITY VERIFICATION. In accordance with Section 448.095, F.S. ADVISER, by responding to a solicitation or entering into a contract with the DISTRICT, certifies: (i) it is registered with and uses the E-Verify system operated by the U.S. Department of Homeland Security to verify the work authorization status of all newly hired employees, (ii) during the year prior to making its submission or entering into a contract with the DISTRICT, no contract of ADVISER was terminated by a public employer in compliance with Section 448.095, F.S., and (iii) it is and shall remain in compliance with Sections 448.09 and 448.095, F.S., including securing and maintaining subcontractor affidavits as required by Section 448.095(2)(b), F.S. Upon good faith belief that ADVISER or its subcontractors of any tier have knowingly violated Sections 448.09(1) or 448.095(2), F.S. the DISTRICT shall terminate (or order the termination of) their contract. ADVISER shall be liable for any additional cost incurred by the DISTRICT as a result of its termination. The DISTRICT's receipt of proof that ADVISER and each subcontractor performing through ADVISER are E-Verify system participants is a condition precedent to any DISTRICT contract. Information on how to obtain proof of participation, register for and use the E-Verify system may be obtained via U.S. Department of Homeland Security website: <http://www.dhs.gov/E-Verify>. This provision shall be incorporated into any resulting contract with the DISTRICT.
19. VENUE AND APPLICABLE LAW. All claims, counterclaims, disputes and other matters in question between the parties to this Agreement, arising out of or relating to this Agreement or the breach of it will be decided in accordance with the laws of the State of Florida and by a court of competent jurisdiction within the State of Florida, and Venue will lie in the County of Hillsborough.

20. REMEDIES. Unless specifically waived by the DISTRICT, the ADVISER'S failure to timely comply with any obligation in this Agreement will be deemed a breach of this Agreement and the expenses and costs incurred by the DISTRICT, including attorneys' fees and costs and attorneys' fees and costs on appeal, due to said breach will be borne by the ADVISER. Additionally, the DISTRICT will not be limited by the above but may avail itself of any and all remedies under Florida law for any breach of this Agreement. The DISTRICT'S waiver of any of the ADVISER'S obligations will not be construed as the DISTRICT'S waiver of any other obligations of the ADVISER.
21. ATTORNEY FEES. Should either party employ an attorney or attorneys to enforce any of the provisions of this Agreement, or to protect its interest in any matter arising under this Agreement, or to recover damages for the breach of this Agreement, the party prevailing is entitled to receive from the other party all reasonable costs, charges and expenses, including attorneys' fees, expert witness fees, fees and costs on appeal, and the cost of paraprofessionals working under the supervision of an attorney, expended or incurred in connection therewith, whether resolved by out-of-court settlement, arbitration, pre-trial settlement, trial or appellate proceedings, to the extent permitted under Section 768.28, F.S. This provision does not constitute a waiver of the DISTRICT'S sovereign immunity or extend the DISTRICT'S liability beyond the limits established in Section 768.28, F.S.
22. SUBCONTRACTORS. Nothing in this Agreement will be construed to create, or be implied to create, any relationship between the DISTRICT and any subcontractor of the ADVISER.
23. DISADVANTAGED BUSINESS ENTERPRISES. The DISTRICT expects the ADVISER to make good faith efforts to ensure that disadvantaged business enterprises, which are qualified under either federal or state law, have the maximum practicable opportunity to participate in contracting opportunities under this Agreement. Invoice documentation submitted to the DISTRICT under this Agreement must include information relating to the amount of expenditures made to disadvantaged businesses by the ADVISER in relation to this Agreement, to the extent the ADVISER maintains such information.
24. THIRD PARTY BENEFICIARIES. Nothing in this Agreement will be construed to benefit any person or entity not a party to this Agreement.
25. PUBLIC ENTITY CRIMES. Pursuant to Subsections 287.133(2) and (3), F.S., a person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid, proposal, or reply on a contract to provide any goods or services to a public entity; may not submit a bid, proposal, or reply on a contract with a public entity for the construction or repair of a public building or public work; may not submit bids, proposals, or replies on leases of real property to a public entity; may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity; and may not transact business with any public entity in excess of the threshold amount provided in Section 287.017, F.S., for Category Two, for a period of 36 months following the date of being placed on the convicted vendor list. By signing this Agreement, ADVISER warrants that it is not currently on a suspended vendor list and that it has not been placed on a convicted vendor list in the past 36 months. ADVISER further agrees to notify the DISTRICT if placement on either of these lists occurs.
26. DISCRIMINATION. Pursuant to Subsection 287.134(2)(a), F.S., an entity or affiliate who has been placed on the discriminatory vendor list may not submit a bid, proposal, or reply on a contract to provide any goods or services to a public entity; may not submit a bid, proposal, or reply on a contract with a public entity for the construction or repair of a public building or public work; may not submit bids, proposals, or replies on leases of real property to a public entity; may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity; and may not transact business with any public entity. By signing this Agreement, ADVISER warrants that it is not currently on the discriminatory vendor list and that it has not been placed on the discriminatory vendor list in the past 36 months. ADVISER further agrees to notify the DISTRICT if placement on this list occurs.
27. ENTIRE AGREEMENT. This Agreement and the attached exhibits listed below constitute the entire agreement between the parties and, unless otherwise provided herein, may be amended only in writing, signed by ADVISER and the DISTRICT. The parties acknowledge that no amendment is effective unless the DISTRICT Governing Board authorizes DISTRICT staff to execute such amendment.

28. DOCUMENTS. The following documents are attached or incorporated herein by reference and made a part of this Agreement. In the event of a conflict of contract terminology, priority will first be given to the language in the body of this Agreement, then to Exhibit "A," then to Exhibit "B," then to Exhibit "C," then to the DISTRICT'S RFP 2231, and then to the ADVISER'S response to RFP 2231.

- Exhibit "A" - Scope of Services
- Exhibit "B" – Fee Schedule
- Exhibit "C" - DISTRICT Travel Procedure
- DISTRICT'S RFP 2231
- ADVISER'S response to RFP 2231

IN WITNESS WHEREOF, the parties hereto, or their lawful representatives, have executed this Agreement on the day and year set forth next to their signatures below.

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT

By: \_\_\_\_\_  
Brian J. Armstrong, P.G. Date  
Executive Director

\_\_\_\_\_


By: \_\_\_\_\_  
Authorized Agent for Company Date

AGREEMENT  
BETWEEN THE  
SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
AND  
\_\_\_\_\_  
FOR  
INVESTMENT ADVISORY SERVICES



INSERT  
EXHIBIT "A"  
SCOPE OF SERVICE

INSERT  
EXHIBIT "B"  
FEE SCHEDULE

<b>District Procedure</b>			
<b>Southwest Florida Water Management District</b>			
<b>Title: Travel</b>			
<b>Document Owner:</b>	Finance Bureau Chief		
<b>Approved By:</b>	Brian Armstrong, P.G., Executive Director	<b>Effective Date:</b>	06/30/2018
		<b>Last Review Date:</b>	06/01/2018

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### **PURPOSE**

To establish travel procedures for the District. To the extent practicable the District will follow the travel procedures prescribed for state agencies by Chapter 112, Florida Statutes (F.S.).

### **SCOPE**

This Procedure applies to all persons authorized to travel for official District business or for a public purpose beneficial to the District, utilizing the most efficient and economical mode of

transportation. Travelers may include Governing Board members, executive staff, all District employees, Advisory Committee members, consultants and advisors, and employment candidates.

### **AUTHORITY**

This Procedure is authorized by Part I of Chapter 112, F.S., and *Governing Board Policy, Travel*.

### **DEFINITIONS**

**AUTHORIZED TRAVELER** – A public officer, public employee, or authorized person when performing authorized travel. (§112.061 (2)(f), F.S.)

**COMMON CARRIER** – Train, bus, commercial airline operating scheduled flights, or rental cars of an established rental car firm. (§112.061(2)(h), F.S.)

**CONFERENCE** - means the coming together of persons with a common interest for the purpose of deliberation, interchange of views, or for the removal of differences or disputes and for discussion of their common problems and interests. The term also includes similar meetings such as seminars and workshops, which are large formal group meetings that are programmed and supervised to accomplish intensive research, study, discussion and work in some specific field or on a governmental problem or problems. A conference does not mean the coming together of agency or interagency personnel. (Rule 69I-42.002(3), F.A.C.)

**CONVENTION** - means an assembly of a group of persons representing persons and groups, coming together for the accomplishment of a purpose of interest to a larger group or groups. A convention does not mean the coming together of agency or interagency personnel. (Rule 69I-42.002(4), Florida Administrative Code (F.A.C.).

**EMERGENCY SITUATION** - means circumstances in which there is an immediate danger or a threat of immediate danger to the public health, safety or welfare or other substantial loss to the state requiring emergency action. (Rule 69I-42.002(6), F.A.C.)

**NON-BUSINESS DAY** - means for a public officer or employee, a weekend or an authorized [District] holiday; for an authorized person means a day on which such person was not scheduled to be performing service or contributing time to an agency. (Rule 69I-42.002(10), F.A.C.)

**PERSONAL TIME** - means the time outside the regular work-hours of a business day, a nonbusiness day, or day for which the officer or employee had prior approval for a leave of absence. (Rule 69I-42.002(13), F.A.C.)

**POINT OF ORIGIN** - means the geographic location of the traveler's official headquarters or the geographic location where travel begins, whichever is lesser distance from the destination. (Rule 69I-42.002(15), F.A.C.)

**TRAVEL DAY** – A period of 24 hours consisting of four quarters of six hours each. (§112.061(2)(i), F.S.)

**TRAVEL EXPENSE** – The usual ordinary and incidental expenditures necessarily incurred by a traveler (§112.061(2)(g), F.S.)

**TRAVEL PERIOD** – A period of time between the time of departure and time of return. (§112.061(2)(j), F.S.)

## **STANDARDS**

This Travel procedure will comply with Chapter 112, Florida Statutes, the District's Travel Policy and Rules 60B and 69I Florida Administrative Code.

## **PROCEDURE**

**PUBLIC PURPOSE:** Travel must be necessary to conduct official District business. Justification must be provided in sufficient detail to demonstrate the benefit to the District.

**AUTHORITY TO INCUR TRAVEL EXPENSES:** All travelers must be authorized in advance to incur travel expenses. A Travel Authorization may be required.

**AUTHORIZED TRAVELERS:** The following persons are authorized to travel in compliance with *Governing Board Policy, Travel*, to conduct official District business:

- Governing Board members.
- Executive Director, Division Directors, General Counsel and Inspector General.
- Employees in a board-authorized regular, part-time or temporary position while in travel status.
- Advisory Committee members may be authorized travelers of the District upon approval.
- Consultants and advisors may be authorized travelers under the terms of a contract or agreement.
- The travel expenses of an employment candidate, for an executive or professional position, may be reimbursed by the District when the candidate must travel at least 400 miles roundtrip to the District for an interview. A request for reimbursement must be made by submittal of a properly executed Travel Authorization. The candidate must sign the Travel Authorization upon arrival for the interview and submit a Travel Expense within two (2) weeks of the date of the interview. Refer to *Personnel Guideline, Recruitment and Selection*, for further details. The travel expenses incurred by the candidate will be paid from the budget of the hiring authority.

**OFFICIAL HEADQUARTERS:** The office, field office or location to which the traveler is assigned and designated in his or her Human Resources file, except as follows:

- The official headquarters of an employee located in the field is the specific site (identified by address or nearest intersection) at which the majority of his or her work is performed, or as designated by the District.
- The city, town or locality in which an employee is stationed for a period of over thirty (30) continuous workdays will be deemed his or her official headquarters. Upon reassignment the employee will no longer be eligible for mileage, per diem or subsistence (meal allowance) reimbursement unless the 30-day period is extended by the express approval of the Executive Director.

Board members will be reimbursed for actual round-trip mileage from their home address to their destination when traveling on District business by using the online MapQuest Program. If the home address of a board member changes during his or her term in office, Board and Executive Services staff shall notify Accounts Payable of the new address and the effective date.

**TRAVEL AUTHORIZATION (TA):** A TA must be fully executed and approved prior to scheduling or incurring any expenses related to a travel period. All District travelers must use the TA to document the public purpose of the travel and to obtain approval for the following:

- Attendance at any convention, conference, seminar or workshop.
- Employment candidate travel expenses (requires printed TA signed by applicant).

- Travel advance requests.

The statement of public purpose for attendance at a convention, conference, seminar or workshop must explain how the event is related to or provides a benefit to the mission of the District, or the duties and responsibilities of the traveler.

An employee who has been approved to leave from home must identify his or her home address as the point of origin for the specific travel period covered on the TA.

**SIGNATURES REQUIRED FOR TRAVEL AUTHORIZATION (TA):** The traveler must complete a TA and secure the appropriate approval prior to travel. No one may authorize travel for himself or herself, approval must be obtained in accordance with *District Procedure, Signature Authority*.

**TRAVEL ADVANCES:** A traveler may request a Travel Advance for Class A travel when the traveler anticipates substantial travel expenses. Advances will not be authorized for Class B or C travel. The maximum travel advance may not exceed 80 percent of the estimated expenses, such as mileage, per diem, subsistence (meal allowance), parking and tolls. In calculating an advance, the traveler may not include expenses which will be paid directly by District procurement card or District check. A Travel Advance will not be issued for less than \$100. To request a Travel Advance, a traveler must complete a fully executed TA at least five (5) days prior to departure. The Travel Advance must be reconciled by submitting a Travel Expense within ten (10) workdays of the traveler's return to work.

**CONTINUOUS TRAVEL STATUS:** Continuous travelers are employees who routinely travel overnight. Employees in continuous travel status may request a Travel Advance in an amount equal to or more than \$100 but not to exceed 80 percent of expected travel expenses for a two-week travel period. A traveler cannot have more than two outstanding Travel Advances at one time. Employees in continuous travel status must submit a Travel Expense at the end of each travel period to document his or her actual expenses and reconcile the Travel Advance. When an employee is no longer in continuous travel status, any Travel Advance amount greater than the actual expenses incurred by the employee must be refunded to the District within ten (10) workdays. All continuous Travel Advances must be reconciled before the end of each fiscal year.

**TRAVEL EXPENSE (TE):** The TE is used to document and to request reimbursement for all authorized travel related expenses. The TE must be submitted with all required receipts attached, if applicable.

By electronically submitting and approving a TE document, the traveler is certifying and affirming the truthfulness and correctness of the claim in every material matter, that the travel expenses were actually incurred by the traveler as necessary in the performance of official duties, that per diem claimed has been appropriately reduced for any meals or lodging included in the convention or conference registration fees claimed by the traveler, and that the request conforms in every respect with the requirements of the District's Travel Policy and Procedure.

When a TE covers a travel period for which a TA was issued, the TE must be completed within ten (10) workdays of the traveler's return to work. TEs that do not include a travel period covered by a TA must be submitted to Accounts Payable at least monthly.

If a traveler has been issued a Travel Advance that exceeded the traveler's actual expenses, the traveler must reimburse the District within ten (10) workdays of his or her return to work and attach a copy of the cash receipt to the TE. The actual amount of the reimbursement will be determined by an audit of the traveler's TE by Accounts Payable.

Governing Board members may elect to submit their TEs quarterly.

**SIGNATURES REQUIRED FOR TRAVEL EXPENSE (TE):** The traveler must approve his or her TE and secure the appropriate additional approval. No one may authorize the TE for himself or herself, approval must be obtained in accordance with *District Procedure, Signature Authority*.

**CLASSES OF TRAVEL:** The three (3) classes of travel are:

- Class A Continuous travel of 24 hours or more away from official headquarters and away from home overnight. This is based on four equal quarters of 6 hours each, which will constitute a travel day (midnight to midnight).
- Class B Continuous travel of less than 24 hours, away from official headquarters and away from home overnight. This is based on six-hour quarters which begin at the hour of departure. Because Class B travel is less than 24 hours, Class B travelers will not be eligible for the per diem beginning at midnight. Class B travel will be based on quarters only beginning with the hour of departure and ending at the time of return.
- Class C Short or daytime trips during which the traveler is not away from official headquarters overnight (travel may occur during evening hours due to special assignment).

**PER DIEM** (Class A or B Travel Only): All travelers may be paid per diem or subsistence (meal allowance) when traveling within or outside the state to conduct official District business, or to attend a convention, conference or seminar, when such convention, conference, or seminar is for a public purpose relating to District business. Travelers will not be reimbursed for meals or lodging included or offered for an event whether included in a registration fee or not. Either of the following methods may be selected for calculating per diem each day of travel at the option of the traveler:

- A flat rate of \$80 per day (\$20 per quarter day). No receipts are required for lodging or meals. (See *Classes of Travel* above for further explanation.)

OR

- Reimbursement for actual lodging cost, at the single occupancy rate to be substantiated by a detailed receipt, and the authorized subsistence (meal allowance).

The traveler may choose the State per diem rate as stated above or the foreign travel per diem rate as specified in the federal publication "Standardized Regulations (Government Civilians, Foreign Areas)" as authorized by Section 112.061(3)(f), F.S. if traveling outside the United States.

**SUBSISTENCE (MEAL ALLOWANCE) RATES** (Class A, B or C Travel):

To receive payment for:	Must depart prior to:	Must return after:	Meal Allowance
Breakfast	6 a.m.	8 a.m.	\$ 6
Lunch	12 p.m.	2 p.m.	\$11
Dinner	6 p.m.	8 p.m.	\$19

A meal allowance will be paid to travelers in Class A and Class B status, and to travelers in Class C travel status when participating in scheduled meetings, seminars, workshops, special assignments or other official business occurring outside the normal work assignment of a traveler. A meal allowance will not be paid when travel is within 15 miles of a work location/event, unless travel expenses are authorized by a TA.

Staff whose work assignment is "in the field" may not receive a meal allowance for lunch until they have worked 40 hours in a workweek. The appropriate timesheet must be attached to the Travel Expense. District authorized holidays may be included in the calculation of hours worked.

In compliance with *Internal Revenue Service, Publication 15, Circular E, Employer's Tax Guide*, all Class C subsistence (meal allowance) reimbursements are considered income for tax purposes. All Class C meals are reimbursed through accounts payable and taxed through payroll.

If a registration fee includes meals, the traveler will not be reimbursed for the meals provided. A continental breakfast is considered a meal and will not be reimbursed (if provided). Reimbursement for meal expense will be at the appropriate subsistence (meal allowance) rate regardless of the actual cost of the meal. Any cost above the subsistence (meal allowance) amount is the responsibility of the traveler. Meal tips will not be reimbursed. Meals offered at an event that does not require a registration fee or by a hotel or motel when lodging will not be reimbursed to the traveler.

**LODGING/ACCOMMODATIONS:** Lodging expenses are authorized for District travelers in Class A or B travel status. Lodging for District employees and board members must be reserved and paid with a District procurement card and substantiated by an original detailed receipt filed with the traveler's procurement card reconciliation documents. If circumstances necessitate the use of the traveler's personal credit card, the original detailed receipt together with an explanation of the circumstances must be submitted with his or her TE.

If two or more District employees elect to share a room while in Class A or B travel status they must all elect the same method of per diem reimbursement.

A traveler may not receive reimbursement for lodging within 50 miles one-way of their official headquarters or home unless authorized by his or her Division Director.

If a traveler is prevented from returning home at a reasonable hour due to the scheduled conclusion of an event, the traveler's departure may be delayed until the following morning upon a determination that an additional overnight accommodation is warranted and the appropriate approval is obtained. If the traveler chooses to delay departure without approval, the use of personal leave will be required and per diem and lodging expenses may not be reimbursed.

**TRANSPORTATION:** All travel must be by a frequently traveled route utilizing the most efficient and economical means of transportation. It is the responsibility of the traveler's bureau to determine the most efficient and economical means of transportation prior to making travel arrangements. It is recommended that a District vehicle be used for all statewide business travel unless the use of a personal vehicle or common carrier would be more efficient or cost effective. Any costs incurred as the result of personal negligence while traveling in a District or personal vehicle for the District (i.e., traffic or parking citations, keys locked in vehicle, etc.) are the sole responsibility of the traveler. All travelers are responsible for providing proof of vehicle insurance to the District if requested.

All common carrier business travel for District employees should be booked through the District's travel services provider and paid with a District procurement card.



**Special provisions when business and personal travel are combined:** Personal travel expenses may never be charged to a District procurement card. Prior to scheduling combined business and personal travel, the traveler should contact Accounts Payable to ascertain the documentation necessary to separately record business expenses from personal expenses.

**PERSONAL VEHICLE EXPENSES:** The following conditions apply if a traveler is authorized to use a personal vehicle in lieu of a District vehicle or common carrier:

- A traveler will be entitled to mileage reimbursement at the rate approved by the State Legislature, currently 44.5 cents per mile.
- All mileage must be shown from the point of origin to the point of destination, along a frequently traveled route.
- Mileage must be calculated by using the online MapQuest Program, if applicable.
- If travel is by an indirect route for the traveler's own convenience, any additional costs are the responsibility of the traveler. Reimbursement will be based on the costs that would have been incurred utilizing a frequently traveled route.
- Each stop during a travel period should be reported on a separate line of the TE.
- A traveler will not be reimbursed for travel between home and his or her official headquarters or assigned work location.
- If traveling on a non-business day to a location other than his or her official headquarters or assigned work location, the point of origin may be the traveler's home. In no case shall mileage claimed exceed the actual miles driven.
- If a traveler leaves from or returns to his or her home on a regularly scheduled business day, the traveler will be reimbursed for the lesser of the mileage between a business site and his or her home, official headquarters or assigned work location. In no case will mileage claimed exceed the actual miles driven.
- No mileage reimbursement will be paid to a traveler who is gratuitously transported by another person or by another traveler who is entitled to reimbursement.
- Mileage for two round-trips to an airport or the cost of contracted transportation may be approved if it is determined to be more efficient or economical than one round trip plus airport parking fees.
- A traveler will be reimbursed the lesser of the common carrier fare or the actual mileage reimbursement amount, whichever is determined to be more economical to the District. Prior to the traveler's departure, an estimate of airfare and rental vehicle costs should be obtained from the District's travel services provider and attached to the TA.
- Reimbursement is not allowed for expenditures related to the operation, maintenance and ownership of a vehicle.

**VEHICLE RENTAL:** Rental vehicles should be reserved through the District's travel services provider and any changes or cancellations should be coordinated prior to the traveler's departure. District employees on official business must pay for rental vehicles with a District procurement card. A rental vehicle for personal use may not be reserved or paid for with a District procurement card. Before signing a rental agreement, travelers must ensure:

- The proper rental rate has been applied.
- Additional insurance coverage will not be charged to the District.
- The refueling service option has not been selected.
- Sales tax will not be charged in the State of Florida.
- The most economical vehicle to appropriately accommodate the travel has been

selected.

Travelers must use a Class 3(C), Intermediate vehicle unless the use of a vehicle larger than Class 3(C) Intermediate is justified (e.g., more than four travelers, transporting equipment or supplies) and approved.

Class	Vehicle Size	Code
3(C)	Intermediate	IDAR
4(E)	Full-Size, Four-Door	FDAR
5(V)	Minivan	MVAN

Business use of a rental vehicle under the State contract or District agreement includes collision coverage. The District will not pay for additional insurance coverage. The rental vehicle must be refueled prior to being returned. Original fuel receipts must be filed with the traveler's procurement card reconciliation documents or attached with the TE, as appropriate.

The traveler must retain both the rental agreement and the final detailed rental receipt to be filed with their procurement card reconciliation documents.

Rule 60B-1.012, Florida Administrative Code, requires all occupants of rented vehicles to utilize the seat belts or occupant restraint system provided. Failure to comply with this Rule may subject employees to disciplinary action.

**Special provisions for combined business and personal use of a rental vehicle:** If combining business and personal travel, a traveler must reserve and make payment for the rental vehicle with a personal credit card. The traveler will only be reimbursed for the business portion of the travel period based on the lesser of, the estimated cost provided by the District's travel agent or the amount calculated by Accounts Payable from his or her actual receipt. Prior to the traveler's departure an estimate of rental vehicle cost for the business portion of the travel period should be obtained from the District's travel agent. The estimate must be submitted with the traveler's TA. After returning from the travel, a copy of the rental agreement and original detailed receipt must be submitted with the TE to request reimbursement, if applicable.

Also, upon approval of the TA and/or TE, the traveler is acknowledging that they have been informed of the *recommended* limits of liability insurance (\$100,000 per person, \$300,000 per occurrence and \$100,000 property damage, or \$500,000 combined single limit liability) that should be maintained when using a personally-owned vehicle on District business.

**AIR TRAVEL:** All air travel by commercial airlines must be economy class unless otherwise approved. The District's travel services provider should be used to obtain fare estimates and to book all air travel for District employees. A copy of the fully approved TA should be provided to the District's travel services provider to authorize the purchase of the airline ticket. All airline tickets and airfare transaction fees should be charged to a District procurement card.

Employees are encouraged to consider discounted fares, commonly referred to as "super saver" tickets, instead of the more expensive full-fare refundable tickets. Many of these tickets are either non-refundable or require payment of a penalty if cancelled. If arrangements are made through the travel provider, cancellations must be made no later than 24 hours prior to a flight's scheduled departure time to retain the value of the ticket for future use (within one year) by the named traveler. Penalties for cancellation of discounted airline tickets may be paid by the District only if cancellation is in the best interest of the District, or because the traveler is ill or the result of the death of a member of the traveler's immediate family. The traveler is responsible for any cancellation penalty if the ticket is cancelled for the convenience of the traveler. The traveler

must reimburse the District for the cost of tickets that are canceled at the traveler's discretion and not rebooked within the allowable timeframe. The circumstances, and risk of cancellation should be evaluated prior to the purchase of each ticket to avoid or minimize any cancellation penalty. If the District determines that it is in the best interest of the District to cancel a "super saver" ticket and pay a cancellation penalty, an explanation of the circumstances justifying payment of the penalty must be attached with the District Procurement Card reconciliation.

An increase in airfare of \$100 or more over the estimated costs on the TA must be justified by the traveler. The traveler must reimburse the District for all unjustified costs whether due to a traveler's negligence or personal discretion.

**Special provisions for combined business and personal air travel:** Personal travel may be combined with business travel and should be booked together through the District's travel services provider. Personal expenses may never be charged to a District procurement card. The traveler must pay for the ticket and submit a copy of the itinerary and proof of payment with his or her TE. The traveler will be reimbursed for the business portion of the travel period based on the lesser of the estimated cost provided by the District's travel services provider at the time the travel arrangements were made, or the amount calculated by Accounts Payable from his or her actual receipt. The scheduling bureau should obtain an estimate of the ticket cost from the District's travel services provider prior to the scheduled travel and submit the estimate with the TA.

**CHARTER FLIGHT SERVICE:** Charter flights may be used to provide transportation to conduct District business when it is determined to be in the best interest of the District. Overflights are not included in this procedure. Charter flight requests for Governing Board members, Executive Director, Division Directors, General Counsel or Inspector General will be arranged by Board and Executive Services. The use of charter flights by staff members must be authorized by the Executive Director.

Procurement staff will process the flight request in accordance with *Board Policy, Procurement* and *District Procedure, Procurement*, to obtain charter flight services from an appropriate vendor. Emergency arrangements may be made directly by coordinating with Procurement staff.

**INCIDENTAL TRAVEL EXPENSES:** The TE must include the following documentation when claiming reimbursement for incidental travel expenses:

- Receipts or canceled checks for registration fees paid by the traveler.
- Receipts for taxi fares more than \$25 on a per-fare basis.
- Receipts for storage, parking fees or tolls more than \$25 on a per transaction basis. Storage or parking fees are not allowed on a weekly or monthly basis unless it can be established that such method results in a savings to the District.
- Valet Parking is only reimbursable when no general parking is available, or circumstances warrant use.
- A statement that communication expenses were business related. This includes fax and internet connection charges. NOTE: Telephone calls made to the traveler's family are not a reimbursable communication expense.
- Receipts for dry-cleaning, laundry and pressing expenses when official travel extends beyond seven days and such expenses are necessarily incurred to complete the official business portion of the trip.
- Receipts for passport and visa fees required for official travel.
- Receipts for necessary fees charged to purchase traveler's checks for official travel expenses.
- Receipts for fees charged to exchange currency necessary to pay for official travel

expenses.

- Photocopy charges that are business related and more than \$25 on a per event basis.

Lost or missing receipts will require a signed statement from the traveler together with the appropriate level of approval to be eligible for reimbursement. Other travel expenses may be reimbursed if determined to be in the best interest of the District and upon the approval of the Finance Bureau Chief.

**NOTE:** Purchases made using a personal credit card are not tax exempt. The District's tax exemption certificate is only applicable to purchases made using a District procurement card or paid directly by the District. When travel is entirely within the State of Florida, the traveler will not be reimbursed for taxes paid.

**The following do not require a receipt:**

- Tips paid to taxi drivers that do not exceed fifteen percent of the taxi fare.
- Tips paid for mandatory valet parking not to exceed \$1 per incident.
- Portage paid for assistance with luggage shall not exceed \$1 per bag not to exceed \$5 per incident. Portage charges exceeding \$5 per incident will require justification.

Other incidental travel expenses not detailed in this procedure will be handled on a case-by-case basis upon approval of the Finance Bureau Chief.

**EMERGENCY SITUATIONS:** The following conditions apply when a public officer, employee or authorized person away from their official headquarters on personal time is required to travel because of a District emergency:

- The traveler may be reimbursed for travel expenses incurred in traveling from his or her point of origin to his or her point of destination, which may be his or her official headquarters. However, employees will not be reimbursed from his or her home to his or her official headquarters.
- If personal circumstances necessitate the return of the traveler to his or her point of origin after the emergency has ended rather than returning to or staying at his or her official headquarters, the traveler may be reimbursed his or her travel expenses for the return.
- The traveler's request for reimbursement of travel expenses from a point of origin other than his or her official headquarters must contain an explanation of the emergency that necessitated travel from such point.
- If an authorized traveler has incurred certain unrecoverable costs associated with personal plans and is unable to carry out such plans due to an emergency, such unrecoverable costs may be reimbursed by the District. The request for reimbursement must include a description of the circumstances constituting the emergency.

**EMERGENCY OPERATIONS:** The Governor has the authority to declare an emergency in response to a major disaster that may result in the suspension of all or a portion of Section 112.061, F.S. to the extent necessary under the circumstances. In this instance, the District's Executive Director or designee is authorized to allow the purchase of food and beverages for personnel operating the District's Emergency Operation Center (EOC) on a 24-hour basis during the emergency.

The following guidelines are in effect if Section 112.061, F.S., has been suspended, in whole or in part, and the Executive Director or designee has activated the District's EOC:

- All EOC travelers will receive the Finance Bureau's Emergency Operations Travel

Instructions. These instructions include forms that have been modified to more accurately document the information required for Federal, State and County reimbursement submittals. The forms should be completed as travel occurs and must be submitted to Accounting at the end of each biweekly payroll period. All EOC travel will be submitted through the online travel module in the Advantage Financial System.

- Per diem and subsistence (meal allowance) rates will remain the same, but the schedule for Class C subsistence (meal allowance) reimbursement has been modified to three 8-hour periods, as detailed on the Emergency Order/EOG Activation Class C Travel Clock.

EOC authorized travelers who work at least an 8-hour shift per day shall be entitled to a full daily subsistence (meal allowance) reimbursement, less subsistence (meal allowance) for food that has been provided.

- The EOC Provisions Unit Leader will determine when and where food will be made available to authorized travelers in lieu of subsistence (meal allowance).
- The cost for food service should not exceed the subsistence (meal allowance) amounts and the food service should be carefully controlled.
- When authorized by the EOC Coordinator, a procurement card may be used to purchase food. In such cases, a receipt must be submitted with a list of the names of all travelers to whom food was provided. Food costs which exceed the established subsistence rates shall require a detailed explanation.

Emergency expenses that are not related to travel should not appear on the TE. Invoices or receipts for cash expenses should be submitted for reimbursement through petty cash or, if over \$50, by submitting a check request to Accounts Payable.

***The Executive Director may modify or interpret this Procedure.***

## **DISTRIBUTION**

This procedure will be stored in the Procedure Repository. Governing Board members and all District staff will be directed to review this procedure in its entirety and notified of any changes to the procedure as they occur.

## **REFERENCES**

Chapter 112, Florida Statutes  
 District Travel Policy  
 Rule 69I, Florida Administrative Code  
 Rule 60B, Florida Administrative Code  
 Personnel Guideline, Recruitment and Selection  
 District Procedure, Signature Authority  
 Internal Revenue Service, Publication 15, Circular E, Employer's Tax Guide  
 Board Policy, Procurement  
 District Procedure, Procurement  
 District Guideline, Procurement Card

## **PERIODIC REVIEW**

This procedure will be reviewed and/or updated every five years by the Finance Bureau Chief and Accounting Manager or their designee.

## Certificate Of Completion

Envelope Id: 08245CDC66634F93B7E0311E55BA7C7E	Status: Completed
Subject: Please DocuSign: District Procedure - Travel - Final.docx	
Source Envelope:	
Document Pages: 11	Signatures: 1
Certificate Pages: 4	Initials: 0
AutoNav: Enabled	Envelope Originator:
Envelopeld Stamping: Enabled	Shellie Ferreira-Lee
Time Zone: (UTC-05:00) Eastern Time (US & Canada)	2379 Broad Street
	Brooksville, FL 34604
	Shellie.Ferreira@swfwmd.state.fl.us
	IP Address: 204.76.240.236

## Record Tracking

Status: Original	Holder: Shellie Ferreira-Lee	Location: DocuSign
7/16/2018 11:13:42 AM	Shellie.Ferreira@swfwmd.state.fl.us	

## Signer Events

Brian Armstrong brian.armstrong@swfwmd.state.fl.us Security Level: Email, Account Authentication (None)	  Using IP Address: 174.228.134.124 Signed using mobile	Timestamp Sent: 7/16/2018 11:15:50 AM Viewed: 7/23/2018 4:13:32 PM Signed: 7/23/2018 4:15:39 PM
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**Electronic Record and Signature Disclosure:**  
Accepted: 7/23/2018 4:13:32 PM  
ID: 814486ea-97d0-4b32-9081-a32eeac30ed4

## In Person Signer Events

## Signature

## Timestamp

## Editor Delivery Events

## Status

## Timestamp

## Agent Delivery Events

## Status

## Timestamp

## Intermediary Delivery Events

## Status

## Timestamp

## Certified Delivery Events

## Status

## Timestamp

## Carbon Copy Events

## Status

## Timestamp

Michael Attard  
michael.attard@swfwmd.state.fl.us  
Security Level: Email, Account Authentication (None)

**COPIED**

Sent: 7/23/2018 4:15:40 PM  
Viewed: 7/24/2018 10:51:10 AM

**Electronic Record and Signature Disclosure:**  
Not Offered via DocuSign

Shellie Ferreira-Lee  
shellie.ferreira@swfwmd.state.fl.us  
Records Management Specialist  
SWFWMD

**COPIED**

Sent: 7/23/2018 4:15:40 PM  
Resent: 7/23/2018 4:15:42 PM

Security Level: Email, Account Authentication (None)

**Electronic Record and Signature Disclosure:**  
Not Offered via DocuSign

## Notary Events

## Signature

## Timestamp

## Envelope Summary Events

## Status

## Timestamps

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	7/23/2018 4:15:40 PM
Certified Delivered	Security Checked	7/23/2018 4:15:40 PM
Signing Complete	Security Checked	7/23/2018 4:15:40 PM
Completed	Security Checked	7/23/2018 4:15:40 PM
Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

### **Your Consent to Use Electronic Records and Signatures**

From time to time, the Southwest Florida Water Management District (â€œDistrictâ€?) may provide you with certain agreements. The federal E-SIGN Act and the Florida Uniform Electronic Transaction Act, Chapter 668, Florida Statutes, allow the District to provide you these agreements electronically and the use of electronic signatures with your consent. Described below are the terms and conditions for providing you such agreements electronically as well as for the use of electronic signatures. This consent relates to your agreement with the District and any associated electronic signatures. If you consent to receive your agreement electronically and to use electronic signatures, you must keep your email address up to date by notifying ESignQuestions at [ESignQuestions@swfwmd.state.fl.us](mailto:ESignQuestions@swfwmd.state.fl.us) of any changes to your contact information.

Please read the information below thoroughly and, if you can access this information electronically to your satisfaction, please confirm your acceptance and understanding that your electronic signature executed in conjunction with the electronic submission of your agreement shall be legally binding and such transaction shall be considered authorized by you by clicking the â€œI consent to use Electronic Records and Signaturesâ€? box located on the previous page. If you do not agree to use electronic signatures, click the link under â€œOther Optionsâ€? to print and sign the agreement.

### **Right to Have Records Provided on Paper**

At any time, you may request from the District paper copies of any of your agreements at no cost to you. You may request delivery of paper copies by contacting ESignQuestions at [ESignQuestions@swfwmd.state.fl.us](mailto:ESignQuestions@swfwmd.state.fl.us). Additionally, following your signing session, you will have the ability to download and print your agreement through the DocuSign, Inc. (â€œDocuSignâ€?) system. You will receive an email with a link to access your agreement within the DocuSign system.

### **Right to Withdraw Your Consent to Receive Electronic Records; Consequences**

If you agree to receive your agreement electronically and use electronic signatures, you have the right to withdraw your consent at any time and at no cost to you. You must inform the District of your decision by ESignQuestions at [ESignQuestions@swfwmd.state.fl.us](mailto:ESignQuestions@swfwmd.state.fl.us). Please include your contact information and the agreement number you are declining to sign electronically in your withdrawal notice. If you elect to receive your agreement only in paper format, or refuse to sign electronically, it may slow down the speed at which you receive documents or information.

### **Hardware and Software Minimum Requirements**

To access and retain your agreement, you will need the following:

Operating Systems:	Windows 2000 or Windows XP
Browsers (for SENDERS):	Internet Explorer 6.0 or above
Browsers (for SIGNERS):	Internet Explorer 6.0, Mozilla Firefox 1.0, NetScape 7.2 (or above)
Email:	Access to a valid email account



Screen Resolution:	800 x 600 minimum
Enable Security Settings:	Allow per session cookies Users accessing internet behind a Proxy Server must enable HTTP 1.1 settings via proxy connection

These minimum requirements are subject to change. If these requirements change such that you may not be able to access or retain the electronic records, we will provide you with an email message at the email address we have on file for you, providing you with the revised hardware and software requirements. At that time, you will have the right to withdraw your consent to receive documents electronically.