

City of St. Petersburg
Budget, Finance, and Taxation Committee
May 29, 2025 – 11:20 AM
City Hall, Room 100

Members: Committee Chair Copley Gerdes, Committee Vice-Chair Lisset Hanewicz, Council Member Brandi Gabbard, and Council Member Deborah Figgs-Sanders

Alternate: Council Member Mike Harting

Support Staff: Tricia Terry – Legislative Aide

1) Call to Order

2) Approval of Agenda

3) Approval of May 8, 2025 Minutes

4) New Business – May 29, 2025

- a) A Discussion on Adding the Woodlawn Park Courts Redesign to the Weeki Wachee Project List – *Mike Jefferis, Community Enrichment Administrator, and Barbara Stalbird, Parks and Field Operations Superintendent*

Attachment:

- 1) PowerPoint Presentation

- b) A Discussion Regarding a Potential Childcare Benefit for City of St. Petersburg Employees – *Tom Greene, Assistant City Administrator, Chris Guella, Human Resources Director, and Colin Aarons, Director of Client Services (Bright Horizons)*

Attachment:

- 1) PowerPoint Presentation

- c) Annual Review of the City’s Investment Policies – *Tom Greene, Assistant City Administrator, and Thomas Hoffman, Treasurer, Scott Stitcher, Senior Portfolio Strategist (Chandler), and Lili Arnsdorff, Relationship Manager (Chandler)*

Attachments:

- 1) Proposed Resolution
- 2) Draft Investment Policy City of St. Petersburg, Florida Municipal Funds
- 3) Draft City of St. Petersburg, Florida Alternate Investment Policy
- 4) Redlined Investment Policy City of St. Petersburg, Florida Municipal Funds
- 5) Redlined City of St. Petersburg, Florida Alternate Investment Policy

Upcoming Meeting Dates & Tentative Agenda Items

June 12, 2025

- a) FY 2026 Utility Rate Study (Meeting #1) – *Angela Miller, Senior Public Works Manager, and Andy Burnham, Stantec Consulting Services*

July 10, 2025

- a) FY 2026 Utility Rate Study (Meeting #2, If Needed) – *Angela Miller, Senior Public Works Manager, and Andy Burnham, Stantec Consulting Services*

General Attachments:

Minutes of the May 8, 2025 BFT Committee Meeting
Pending and Continuing Referral List
Weeki Wachee Project List
Agenda Item Support Material

City of St. Petersburg
Budget, Finance and Taxation Committee
May 8, 2025 Meeting Minutes
City Hall, Room 100

Present: Committee Chair Copley Gerdes, Committee Vice-Chair Lisset Hanewicz, Council Member Deborah Figgs-Sanders, Council Member Brandi Gabbard, and Council Member Mike Harting (Alternate)

Absent: None

Also Present: Assistant City Administrator Tom Greene, Chief Assistant City Attorney Jeannine Williams, Assistant City Attorney Macall Dyer, Chief Financial Officer Erika Langhans, Budget Manager Stacey McKee, Debt Finance Officer Anne Fritz, Budget and Management Director Elizabeth Makofske, Treasurer Tom Hoffman, Controller David Goddu, Jay Glover (Managing Director - PFM Financial Advisors LLC), Duane Draper (Bryant Miller Olive), Brian Fender (GrayRobinson) and Deputy City Clerk Paul Traci.

Support Staff: Tricia Terry – City Council Legislative Aide

1. **Call to Order** – 11:20 AM
2. **Approval of Agenda** – VC Hanewicz motioned for approval. All voted in favor.
3. **Approval of April 24, 2025 Minutes** – CM Figgs-Sanders motioned for approval. All voted in favor.
4. **New Business – May 8, 2025**

Second Quarter Budgetary Analysis & Fund Balance Reports – *Liz Makofske, Budget & Management Director, and Stacey McKee, Budget Manager*

Budget and Management Director Liz Makofske detailed the Fiscal Year 2025 second quarter budgetary performance report. The beginning FY 25 General Fund balance is \$84.769 million, including \$1.731 million in BP funding. Ms. Makofske explained that the effects of the two storms are evident in the spotlight report, with some funds being closer to target or under target based on reduced revenues and/or additional expenditures for all funds.¹ Currently, all known and anticipated storm costs are estimated, and no FEMA reimbursement or insurance revenues are shown in the quarterly report (besides the expedited reimbursement for debris management).² To date, the City has received approximately \$11.8 million in insurance advances.³ Any future revenue will increase the relevant fund balances. The spotlight report does not reflect the remaining estimated expenditures for debris management and Tropicana Field repairs beyond FEMA reimbursements and disaster financing, which will be brought to City Council for approval and funded through the recently approved line of credit.⁴ Overall, 34 of the 41 funds are operating within an acceptable variance of plus or minus 2%.

¹ The spotlight report provides a snapshot of quarterly performance with selected operating funds' revenue and expense projections

² The City received expedited reimbursements totaling \$37 million from FEMA for debris management.

³ These insurance advances have been placed into a deposit/advance liability account until Risk Management and Finance determines appropriate allocation.

⁴ On April 10, 2025, City Council approved a resolution authorizing the issuance of a not to exceed \$85 million Non-Ad Valorem Revenue Note, Series 2025, to finance and/or reimburse the costs of capital repairs and/or debris removal from recent hurricane damage.

Next, Ms. Makofske reported that the General Fund revenue is projected at \$481.463 million, exceeding the amended budget by \$7.2 million.⁵ Total expenditures are estimated at \$511.821 million, \$7.295 million over the amended budget. This overage is mainly due to storm expenses. The City is projected to use \$24.157 million from the General Fund balance in FY 25, an improvement over the first quarter estimate of \$25.506 million. Of this, \$11.3 million is due to year-end cleanup, with the remainder related to storm expenses.

Ms. Makofske reviewed the two fund balance targets applicable to the General Fund and the General Fund Group of Funds. The first target states that the unappropriated fund balance of the General Fund will be 14.67% of the annual appropriations, excluding transfers to the Economic Stability Fund.⁶ The City is still projected to meet the 14.67% target at the end of FY 25, with an estimated ending fund balance of \$60.612 million (the target balance is \$57.2 million). The second target for the General Fund Group of Funds is an unappropriated fund balance of 20% of collected appropriations, equaling \$78.338 million for FY 25. The projected balance is \$106 million, \$27.7 million above target. Ms. Makofske reported that all \$45.4 million in ARPA Funds have been appropriated and obligated as of the first quarter.⁷

Vice-Chair Hanewicz inquired what the industry standard is for the unappropriated fund balance of the General Fund. Ms. Makofske stated that the GFOA (Government Finance Officers Association) recommends a general fund balance target of 16.67% (two months of appropriations), and while the City has been gradually increasing from 5% toward that goal over multiple years, recent storms have disrupted the plan. There may be a pause in further increases for the next three years while the fund balance recovers.

VC Hanewicz asked about FEMA reimbursements for debris management. Assistant City Administrator Tom Greene explained the two-pronged approach: (1) the City received and spent most of the \$37 million in expedited reimbursements and (2) the City is working with FEMA to amend the original cost estimate based on actual costs, with the goal of securing an additional reimbursement installment. VC Hanewicz then inquired about the estimated costs and the actuals. The estimated total is projected to be \$125 million, with actual invoices to date totaling approximately \$86 million. The City is also waiting for reimbursements for storms from three years ago.

Referencing the stoplight report, VC Hanewicz inquired about the variance items noted in red. Ms. Makofske indicated that most were additional expenses from the storms. Mr. Greene added that the variance in Billing and Collections was due to the pause of normal business practices, with revenues being reduced by not collecting late fees, etc.

Council Member Harting inquired about the City's credit rating. Mr. Greene explained the two main credit ratings, Issuer Default Rating (IDR) and Utility Credit Rating, with the City holding Aa2 (Moody's Investors Service) or AA+ (Fitch Ratings) for IDR and Aa2 (Moody's Investors Service) or AA (Fitch Ratings) for Utility Credit Rating. Ms. Langhans expanded on the City's use of short-term loans to preserve fund balances, meeting agency expectations, that enables low-cost long-term borrowing through a cycle of strategic financial planning and stress testing.

⁵ This estimate is made up of increases in utility tax, franchise fees, earnings on investments, and use of insurance proceeds, along with decreases in miscellaneous category and sales tax /state revenue sharing categories.

⁶ The general fund balance target recently increased from 12% to 14.67% in the FY 25 fiscal policy changes. These changes reflect the multi-year plan to bring the target balance to 16.67%.

⁷ ARPA (American Rescue Plan Act) funds must be used for costs incurred on or after March 3, 2021. They must be obligated by December 31, 2024, and expended by December 31, 2026.

Chair Gerdes brought up the General Fund target goal of 16.67% and inquired what the target fund balance would be if we increased our current target by 1%. Based on today's budget, Ms. Makofske indicated it would require approximately \$62.5 million.

Chair Gerdes highlighted the \$24 million fund balance used and asked to clarify if \$11.3 million of that was storm-related. Ms. Makofske explained that the \$11.3 million was mostly due to the FY24-25 end-of-year budget reconciliation. The remainder of the \$24 million (approximately \$13 million) can be tracked to storm expenses. Chair Gerdes added that storm-related expenses are not limited to the General Fund.

Second Quarter Financial & Investment Reports – *Erika Langhans, Chief Financial Officer, David Goddu, Controller Manager, Tom Hoffman, Treasurer Manager*

Chief Financial Officer Erika Langhans introduced Tom Hoffman, the City's Treasurer, who began an overview of the General Policy and Alternate Investment Policy. As of March 31, 2025, the City's General Investment Policy holdings had an amortized book value of \$1.2 billion, with an unrealized loss of \$1.8 million.⁸ The Alternative Investment Policy's market value was \$51.1 million, with a \$18.9 million unrealized market gain driven by equity investments like Water Cost Stabilization and Parks Preservation. Calls (\$14.1 million) and maturities (\$52.9 million) exceeded purchases this quarter (\$48.1 million). The General Core Portfolio had a 4.85% rate of return on Money Markets, and the 12-month average rate of return was 5.01%. The combined Core Portfolio and Money Market average rate of return was 4.02%.

Next, Mr. Hoffman discussed compliance, noting that the liquidity requirement is \$162 million, and the City has \$499 million in excess.⁹ The Investment Policies show compliance with the Diversification Schedule, except for Corporate Bonds in the Water Cost Stabilization Portfolio, which is at 35% instead of the desired 30%.¹⁰ There were no investment credit rating downgrades reported in the quarter.

Mr. Hoffman reported that the Index Funds in the Alternative Investment Policy had a market value of \$32.3 million as of March 31, 2025, and generated \$6 million in dividends.

VC Hanewicz inquired about the Corporate Bonds in the Water Cost Stabilization Portfolio, and when it may become compliant. Mr. Hoffman indicated that as maturities fall off, the City will start to see that reduction. He added that it is only \$4.2 million out of compliance, with one maturity falling off in June (\$2 million) and the other in April of 2026.

Controller Manager David Goddu discussed the City's \$130.9 million in general governmental debt, covering projects like solar panels, the Pier, and Penny for Pinellas. Ms. Langhans noted the \$1.02 million in principal outstanding does not include the \$85 million the City issued on April 17, which will be on the next quarterly report. Mr. Goddu reviewed the funding sources for general government debt. Ms. Langhans highlighted the transfer from the General Fund column and stated that the amounts look high because it is assuming the City is paying off the note over that period of time from the General Fund, when the City expects FEMA reimbursements and insurance proceeds to pay for those costs. Ms. Langhans provided an overview of the funded projects under the Disaster Short-Term Truist Non-Ad

⁸ The change in market value of the City's investments fluctuates daily and the change in market value will not be realized unless the instrument is sold or impaired.

⁹ The minimum liquidity requirement is equal to two months expenditures and is updated annually after the prior year's financial reports are prepared. The increase from \$145 million to \$162 million is due to increases in expenditures.

¹⁰ Portfolios were in compliance with Diversification Schedules at the time of purchase of investments; subsequent changes in market values and called instruments contribute to the Percent of Portfolio to exceed Allowable Percent at the reporting date.

Valorem Revenue Notes, Series 2024. She noted that \$20 million of the available \$23 million available for debris management was expended in early April 2025. She also covered Enterprise and Internal Service Fund debt, including \$726.6 million for Water Resources, \$30 million for Stormwater, \$13.6 million for Sanitation, \$2 million for the Marina and \$1 million for an outstanding Fleet equipment lease agreement. Ms. Langhans then reviewed the debris removal funding summary, which will be included in the quarterly reports moving forward. Chair Gerdes asked for City Council to be updated if there is a significant change for that report.

Mr. Goddu provided an overview of the market value and trends for the pension plans. As of March 31, 2025, the percentage funded for the three plans are as follows: ERS – 83.7%, Fire – 105.49%, and Police – 79.66%.

CM Harting inquired about the acceptable range for pension percentage funded. Ms. Langhans explained that the pension plan funding percentage depends on each plan’s asset diversification and long-term investment strategy. Returns can vary based on how assets are allocated, especially in alternatives. It's challenging to assess short-term performance due to market fluctuations, so the focus is on long-term averages. Each pension board conducts asset-liability studies to evaluate progress toward expected returns, like the 7% target. Over time, funding levels have generally remained between 80–90%, though specific plans like the Police pension face pressures due to past losses and amortizing gains.

Chair Gerdes commented on the Fire pension, experiencing greater swings and lacking a dollar weighted gain from 12/31 to 3/31, unlike the other two pensions. Ms. Langhans explained that Fire has traditionally been more passive on their investments and then transitioned to more active management with different types of investment vehicles over the last 3 to 4 years.

Ms. Langhans then discussed revenue sources, highlighting a large increase in grant funding.¹¹ She noted that the quarterly Schedule of Revenues, Expenditures, and Changes in Fund Balance typically shows around 50% for earned/consumed percentages, but the City receives most tax revenue early in the year, leading to the 88% shown. Lastly, she noted investment earnings have already exceeded \$900 million this year.

Public Utility Revenue Bonds, Series 2025 A&B – Tom Greene, Assistant City Administrator, Erika Langhans, Chief Financial Officer, and Anne Fritz, Debt Financing Director

Tom Greene introduced Jay Glover, Managing Director at PFM Financial Advisors (PFM), Duane Draper of Bryant Miller Olive, the City’s Bond Counsel, and Brian Fender, Public Finance Chair at GrayRobinson PA, the City’s Disclosure Counsel.

Debt Financing Director Anne Fritz began her overview of planning for the FY 2025 Public Utility Revenue Bond issuance. The City reviewed funding needs in a higher interest rate environment, aiming to time borrowing strategically. Instead of issuing the full amount in the CIP, borrowing was reduced to \$15 million for Water Resources and \$5.3 million for Stormwater. Additionally, a \$26.5 million principal payment on the Public Utility Subordinate Note, Series 2024, was made using accumulated fund balances. The proposed 2025A and 2025B bonds include both new funding and a potential refunding of the Public Utility Refunding Series 2014B (up to \$35 million) subject to market conditions and potential savings, even if below the typical 3% net present value target. She expanded that this refunding could also release over \$2 million in debt service reserves. The competitive bond sale is planned for early June, with disclosures including a Preliminary Official Statement (POS),

¹¹ This funding source includes the \$37 million advance received from FEMA and \$30 million in debt transfer for debris removal.

financial feasibility report (Stantec), and engineer's report (Jacobs) to ensure transparency and market confidence. The drafts included are subject to change up to the date of the POS and issuance of a Notice of Sale.

VC Hanewicz inquired about market conditions and when refunding would be recommended. Mr. Glover emphasized flexibility to get transactions approved to move quickly when market opportunities present themselves. He expanded on the minimum savings target of 3% included in the authorization resolution, adding that City Council can decide to refund at a lower savings threshold. As the resolution is written, if the target saving is not met by the winning bid, the refunding bond deal cannot move forward. VC Hanewicz asked about the potential benefit of lowering the savings threshold. Mr. Glover explained that there is the potential to release \$2 million worth of reserve funds to reduce the annual debt service, although the reserve release would not show in the present value savings.

Chair Gerdes inquired about lowering the savings to 2% and what that equates to in a dollar amount. Mr. Glover stated it would be around \$500,000 on a net present value basis. Chair Gerdes confirmed that changing that consideration would require an amendment to the proposed resolution.

VC Hanewicz motioned to approve the resolution authorizing the issuance of a not to exceed \$47 million Florida Public Utility Refunding Revenue Bonds Series 2025A and a not to exceed \$35 million Florida Public Utility Refunding Revenue Bonds Series 2025B. All voted in favor.

Quarterly Review of Procurement Reports¹² – Tom Greene, Assistant City Administrator

January 2025 Procurement Report

- CM Figgs-Sanders asked for more information on the Leadership Horizons Program Facilitation.
- CM Gabbard asked for more information regarding the reimbursement for the HUB/ St. Pete Innovation District Reimbursement for repairs caused by Hurricane Milton and Helene.
- CM Gabbard asked for more information regarding the Tree Removal Services.
- VC Hanewicz asked for more information on the FY 25 SPIFFS Consulting Agreement.

February 2025 Procurement Report

- Regarding the FY 25 St. Petersburg Museum of History Archive Project Funding (\$75k for year 2), CM Figgs-Sanders asked about the total duration of the agreement.
- Regarding the Dome District Business Association dba The Edge for payment in October 2024 for the main street manager's salary, match, and business assistance, CM Figgs-Sanders inquired how this funding is allocated (i.e., annual or semi-annual).
- Regarding the NLC-SCEI Project Implementation Consulting Fees, CM Figgs-Sanders asked if this is a one-time fee under the terms of the contract.
- Regarding the Gate Replacement at SPPD, CM Gabbard inquired about warranties for the Police Headquarters Facility. Administrative Services Bureau Assistant Director Megan McGee confirmed that many warranties are at their end. She explained that the gate was reconfigured for longevity.
- VC Hanewicz asked for more information about the BJA Grant. Ms. McGee indicated it was a sub-award to the State Attorney's Office as part of a three-year federal grant from the Crime Gun Intelligence Center, providing integration between the Police Department and their prosecutorial partners. The full grant amount was \$580,501 for three years and ends in 2026, with the possibility of a no-cost extension if needed.

¹² Answers to the below questions were provided by Administration in an email on May 9, 2025.

March 2025 Procurement Report

- Regarding the St. Pete Innovation District Invoice (2nd installment) Membership Contribution of \$45k, CM Figgs-Sanders inquired about the total membership cost.
- Regarding the Grand Central District Association payment in January 2025, CM Figgs-Sanders asked about the frequency of these payments.
- Regarding the Labor for Netting Removal at Pier, CM Figgs-Sanders asked if additional costs will be associated with removal and requested the current removal status.
- Regarding the FY 25 Hidden Voices allocation, CM Gabbard requested to have a report to the full City Council in the near future to provide updates on the programming.

Chair Gerdes requested that storm-related costs on the procurement reports be identified with an asterisk or other similar method to highlight these expenditures.

With no further business, Chair Gerdes adjourned the meeting at 12:36 PM.

Budget, Finance, & Taxation Committee Pending & Continuing Referral List						May 29, 2025	
	Topic	Return Date	Referral Date	Prior Meeting	Referred by	Staff	Notes
1	A Discussion on Adding the Woodlawn Park Courts Redesign to the Weeki Wachee Project List	5/29/2025	2/6/2025		Hanewicz	Mike Jefferis, Barbara Stalbird	
2	A Discussion Regarding a Potential Childcare Benefit for City of St. Petersburg Employees	5/29/2025	2/6/2025		Driscoll	Tom Greene, Chris Guella	
3	Annual Review of the City's Investment Policies	5/29/2025	Annual		City Investment Policies	Tom Greene Tom Hoffman	
4	FY 2026 Utility Rate Study (Meeting #1)	6/11/2025	Annual		City Council	Angela Miller, Andy Burnham (Stantec)	
5	FY 2026 Utility Rate Study (Meeting #2, If Needed)	7/10/2025	Annual		City Council	Angela Miller, Andy Burnham (Stantec)	
6	2025 Quarterly Financial Reports	Q3 - 8/14/2025 Q4 - 11/6/2025	Quarterly	Q1 - 2/13/2025 Q2 - 5/8/2025	City Fiscal Policies (Resolution 2009-247)	Liz Makofske, Erika Langhans	8/18/2022 - City Council requested that quarterly financial reports include updates on American Rescue Plan Act (ARPA) funds expenditures
7	Quarterly Review of Procurement Reports	8/14/2025 11/6/2025	12/12/2024	2/13/2025 5/8/2025	Committee of the Whole	Tom Greene, Stephanie Scarbrough	12/12/2024 - With the elimination of agenda review meetings, the Committee of the Whole agreed to review procurement reports quarterly at BFT 2/13/2025 - Committee reviewed the November and December 2024 reports 5/8/2025 - Committee reviewed the January, February, and March 2025 reports
8	Annual Review of the City's Fiscal Policies	8/14/2025	Annual	8/8/2024	City Fiscal Policies	Liz Makofske, Erika Langhans	
9	FY 2026 Management Evaluation Discussion	10/9/2025	Annual		Resolution 2012-271	Boriana Pollard	
10	FY 2025 Grants Report Update	10/23/2025	Semi-Annual	4/24/2025	City Council	Liz Makofske, Aubrey Phillips	
11	FY 2025 Budget Clean-Up	11/6/2025	Annual	11/7/2024	Florida Statutes § 166.241	Liz Makofske	

	Topic	Return Date	Referral Date	Prior Meeting	Referred by	Staff	Notes
12	2026 Health Insurance Renewal - Status Update on Current Year Health Plan	12/11/2025	Annual	12/12/2024	BF&T	Jason Hall, Chris Guella, Chuck Tobin (Gallagher Benefit Services)	
13	Presentation from Matrix Consulting: Management Evaluation Report for the St. Petersburg Fire Rescue Department	January 2026	Annual	8/24/2023 10/12/2023 1/25/2024 1/9/2025	City Code § 4.05(g)	Robert Finn (Senior Manager, Matrix Consulting)	10/12/2023 - Committee approved the scope of services for the management evaluation of SPFR & authorized the Administration to issue the RFP. 1/25/2024 - Committee shortlisted & recommended to the full City Council to authorize BFT Chair/City Admin to negotiate an agreement with Matrix Consulting. 4/4/2024 - Agreement with Matrix Consulting approved by the City Council. Sept/Oct 2024 - Presentation delayed due to Hurricanes.
14	Office of Supplier Diversity Annual Update: Small Business Enterprise (SBE) Program and Minority/Women Owned Businesses (M/WBE) Program	February 2026	Annual	2/27/2025	City Code § 2-236 & 2-287	Kourey Hendryx-Bell	
15	2025 Property Insurance Renewals	March 2026	Annual	3/13/2025	City Code § 2-202, City Council	Blaise Mazzola, Chris Guella	
16	FY 2024 External Audit Presentation (Annual Comprehensive Financial Reports)	March 2026	Annual	3/27/2025 4/24/2025 (CRA)	City Code § 4.05, Florida Statutes § 218.32	Erika Langhans	
17	A Discussion Regarding the Art in Public Places Ordinance	TBD	8/15/2024		Floyd	Ben James	
18	Comprehensive Update on All Hurricane-Related Expenses	TBD	1/9/2025	1/23/2025	Hanewicz	Tom Greene	
19	Planning & Development Services Department Management Evaluation - Annual Progress Update	TBD	Annual	1/11/2024 2/27/2025	BF&T	Derek Kilborn	1/11/2024 - Matrix Consulting presented the final report for the management evaluation of the Planning & Development Services Department 2/27/2025 - Annual progress update provided

Upcoming BF&T Dates: 6/12, 7/10, 7/24, 8/14, 8/28, 9/11, 9/25, 10/9, 10/23, 11/6, 12/11

Revised: 5/22/2025

BUDGET, FINANCE & TAXATION COMMITTEE
WEEKI WACHEE PROJECT LIST

May 29, 2025

TOPIC	DATE REFERRED	REFERRED BY	RETURN DATE	STAFF RESPONSIBLE	SPECIAL NOTES
Carter G. Woodson African American Museum – Outdoor Event Green Space Beautification Project	August 5, 2021	Figgs-Sanders		David Wirth, Chris Ballestra	
Salt Creek Property Project	August 1, 2024	Driscoll		Mike Jefferis, Aaron Fisch	<ul style="list-style-type: none">• Funding approval for property purchase (phase one) recommended at 1/23/2025 COW and approved by the City Council on 2/6/2025. (Res. 2025-80)• Acquisition of the vacant property at the NW corner of 4th St S & 18th Ave S approved by the City Council on 5/1/2025. (Res. 2025-232)• Project to remain on project list until phase two funding (O&M) is finalized and approved.

Woodlawn Park

Athletic Court Redesign Project

1450 16th St. North





Property Overview

Current footprint:

- Four tennis courts
- Basketball court
- Practice wall
- Racquet ball

Proposed footprint:

- Two tennis courts
- Multipurpose court with shade structure
- Basketball court
- Six pickleball courts
- Practice wall
- Racquet ball

Woodlawn Pickleball

Write a description for your map.

Legend

- Feature 1
- Feature 2

School Multi-Purpose Court (requesting covering)

Public Tennis Courts

Basketball

Concrete Wall (sound barrier)

6 Pickleball Courts

110 Ft

116 Ft

Google Earth

Date: 3/11/2025, 11:55 AM
Map: Landsat / Copernicus
Image © 2025 Airbus



100 ft



Design Estimate

Improvement	Estimated Cost
Build 10' X 150' block wall for noise abatement	\$75K
Demolition of old courts and new pickleball court build	\$325K
10' fencing around full perimeter	\$160K
New LED lighting for all courts	\$275K
Resurface basketball and multipurpose school courts	\$75K
Rebuild east tennis court/resurface west tennis court	\$150K
Add cantilever shade structure over multipurpose court	\$100K
Total estimated cost:	\$1.16M

THANK YOU



Potential Employee Day Care Benefit





Traditional Day Care Model

City-Provided Employee Day Care Services

- **The City has approximately 270 insured children under age 3; approximately 380 under age 5. The number of eligible children could be higher as others could be insured elsewhere.**
- **Constraints include available/appropriate space, State regulations and compliance issues, staffing, and assumption of risk**
- **Cost concerns**



Day Care Subsidy

Modeled after Employee Rental Assistance Program

- The City has approximately 270 insured children under age 3; approximately 380 under age 5. The number of eligible children could be higher as others could be insured elsewhere.
- The average cost of day care in the TB area is approximately \$250 per week per child.
- Maximum salary for eligibility at \$66,900 annually (same as Rental Assistance).
- Approximately 1/3 of employees/children would be eligible (90-125 children).
- Providing a subsidy of up to \$500 per month is approximately \$50,000 annually.
- Inequity created by excluding employees earning greater than \$66,900 annually.



Bright Horizons Back-Up Care

Back-Up Care: a solution for planned/ unplanned absences



An estimated 8.7% of all payroll costs are tied to absenteeism.¹



Companies lose nearly \$1,640 per working parent in lost revenue & hiring costs due to insufficient child care, totaling \$23 billion annually



Bright Horizons Back-Up Care saved our clients an average of 1,500 days in 2023.³



Bright Horizons Back-Up Care

Back-Up Care tailored to employees' needs

Bright Horizons offers employer-subsidized support for urgent or planned dependent care needs, helping employees stay productive and present.



Comprehensive coverage

Available for young children, school-age, adults, seniors, pets



Flexible care options

Arranged through Bright Horizons or employees' own trusted network



Workforce continuity

Ensure employees can get to work when care issues might otherwise prevent it



Extensive provider network

Access to a national network of quality child care centers and in-home caregivers



Seasonal solutions

School break, holiday and summer camps for school-age children



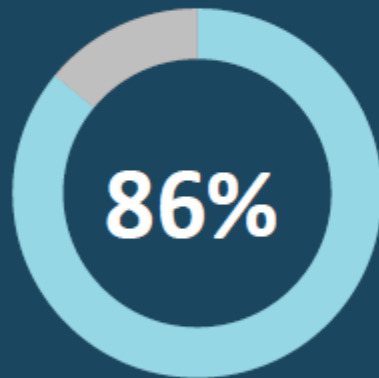
24/7 access & scheduling

Reservations and care available any time – book up to 90 days in advance

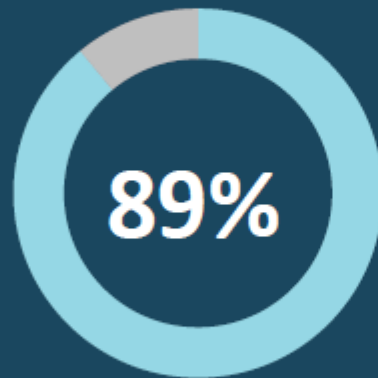


Bright Horizons Back-Up Care

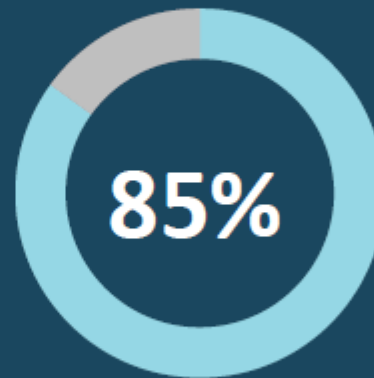
The impact of Back-Up Care Government clients



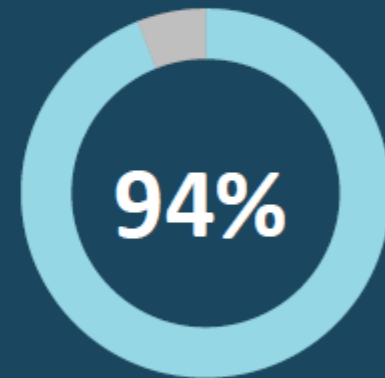
of employees say they would have **missed a day of work** without Bright Horizons Back-Up Care



of employees say having Bright Horizons Back-Up Care **enhances their productivity at work**



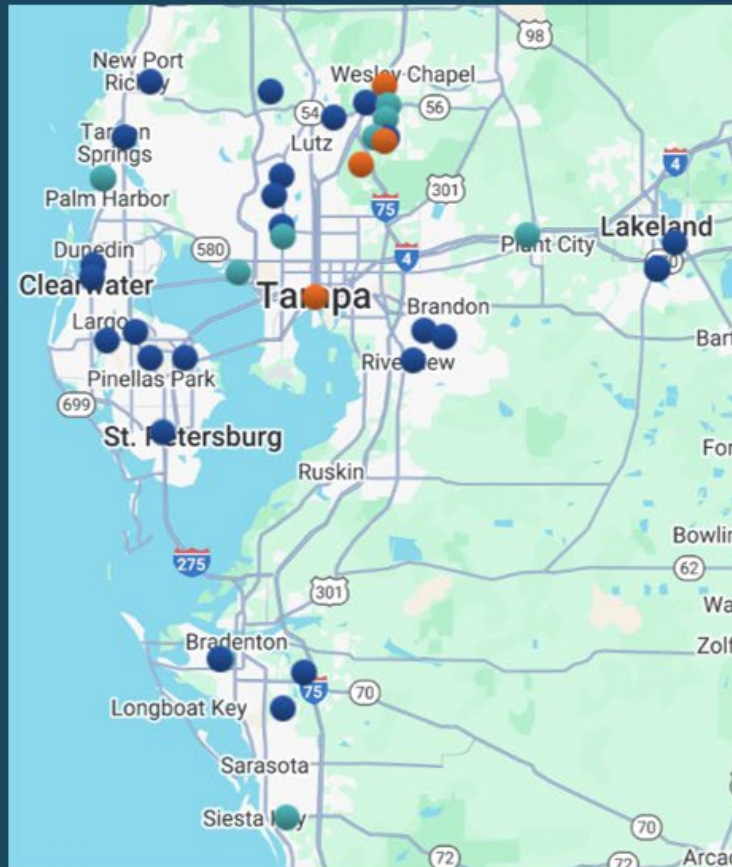
of employees say having Bright Horizons Back-Up Care makes them **more committed to their employer**



of employees say having Bright Horizons Back-Up Care **reduces the amount of stress** they face in their work/life responsibilities



Back-Up Care Network: St. Petersburg



In a 35-mile radius around St. Petersburg:

- 4 Bright Horizons centers
- 20 Network centers
- 6 In-home caregiver agencies

Bradenton, Sarasota, & Siesta Key

- 3 Network centers
- 1 In-home caregiver agency

Plus, an additional 150+ babysitters, nannies, elder care companions, and special needs caregivers available through [Sittercity.com](https://www.sittercity.com)

Legend

- Bright Horizons Center
- Extended Network Center
- In-Home Agency



City Cost

Family Supports Program for City of St. Petersburg

Bright Horizons Care Program (based on 3,850 employees)	City of St. Petersburg Pricing	Year 1 Program Example
<p>Back-Up Care:</p> <ul style="list-style-type: none">• 15 annual Back-Up Care uses per employee• 5 Return to Work uses for new parents (Optional)• Copays: \$10/child or \$15/family for center care; \$6/hour for in-home care• Access to tutoring, school-age camps, and pet care (Optional) <p>Reimbursable Care:</p> <ul style="list-style-type: none">• Allows employees to secure care through their own personal network if deemed necessary.• Can be turned on/off as needed by location, region or company-wide	<p>Reimbursable Care \$125/use \$100 is reimbursed to the employee</p>	<p>115 Back-Up uses: \$41,700</p>
<p>Family Supports Marketplace:</p> <ul style="list-style-type: none">• Membership to Sittercity for babysitters, nannies, pet sitters, senior care providers, and housekeepers with free basic background checks• Online elder care planning and resources• Preferred enrollment and waived registration fee at participating Bright Horizons centers• Exclusive discounts on center tuitions in our network partner centers, school-age camps, tutoring and more		<p>\$15,400</p>
<p>One-Time Implementation Fee</p>		<p>\$5,000</p>
<p>ESTIMATED TOTAL ANNUAL FEE (Year 1)</p>		<p>\$62,100</p>



Scalable Solutions

Education and care across all life stages

Bright Horizons programs support **all life stages** helping to increase employee **productivity, engagement, and ultimately, business performance.**



Life Stage	New Parents	Ages 0-12	School Age + The Hidden Middle	High School	Adults	Elders	All
Program	Parental Leave Toolkit & parenting supports Return to Work through Back-Up Care	Child Development Centers: Dedicated or access Back-Up Child Care; in-home, center, camps	Academic Support; virtual and in person Camps for in-service days and school breaks	College Coach; expert advising, webinars, portal Academic Support; virtual and in person	EdAssist: Continuing education programs that solve business needs Student loan supports	Back-Up Adults/Elder; in-home anywhere in the country Online resources for caring for elders	Enhanced Family Supports marketplace of discounts for self-sourced care Family Concierge; individualized family care plans

THANK YOU



Annual Review of the City's Investment Policies
City of St. Petersburg Budget, Finance & Taxation Committee
Meeting of May 29, 2025

Annual Review of the City's Investment Policies – Attachments:

- Resolution for consideration at City Council
- Proposed draft of the Investment Policy City of St. Petersburg, Florida Municipal Funds
- Proposed draft of the City of St. Petersburg, Florida Alternate Investment Policy
- Redlined comparison of current to proposed draft of the Investment Policy City of St. Petersburg, Florida Municipal Funds for your convenience
- Redlined comparison of current to proposed draft of the City of St. Petersburg, Florida Alternate Investment Policy for your convenience

RESOLUTION NO. 2025- ____

A RESOLUTION APPROVING AN AMENDMENT TO (I) THE CITY’S INVESTMENT POLICY- MUNICIPAL FUNDS DATED DECEMBER 18, 2014, AS AMENDED, TO PROVIDE THAT INVESTMENT DECISIONS WILL BE BASED SOLELY ON PECUNIARY FACTORS, TO UPDATE THE AUTHORIZED INVESTMENTS, AND MAKE NON-SUBSTANTIVE CHANGES AND (II) THE CITY’S ALTERNATE INVESTMENT POLICY DATED DECEMBER 18, 2014, AS AMENDED, TO CHANGE THE AUTHORIZED INVESTMENTS, ADD THE SEAGRASS MITIGATION FUND, INCORPORATE CERTAIN PROVISION FROM THE INVESTMENT POLICY - MUNICIPAL FUNDS, AND MAKE NON-SUBSTANTIVE CHANGES; AUTHORIZING THE CHIEF FINANCIAL OFFICER OR HER DESIGNEE TO MAKE ADDITIONAL NON-SUBSTANTIVE CHANGES TO THESE POLICIES IF NEEDED; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on December 18, 2014, City Council approved the Investment Policy – Municipal Funds, which sets forth investment policies, objectives, and guidelines for all portfolios held by the City of St. Petersburg except for pension fund assets, Park Preservation Fund (Weeki Wachee Fund), the Environmental Preservation Fund, and 25% of the Water Cost Stabilization Fund (the “Investment Policy – Municipal Funds”); and

WHEREAS, on December 18, 2014, City Council approved the Alternate Investment Policy, which sets forth the investment policies, objectives, and guidelines for the Preservation Fund (Weeki Wachee Fund), Environmental Preservation Fund, and 25% of the Water Cost Stabilization Fund (the “Alternate Investment Policy”); and

WHEREAS, the Investment Policy – Municipal Funds and the Alternate Investment Policy have been previously amended; and

WHEREAS, Administration desires to further amend the Investment Policy – Municipal Funds to provide that investment decisions will be based solely on pecuniary factors, to update the authorized investments, and make non-substantive changes; and

WHEREAS, Administration desires to further amend the Alternate Investment Policy to change the authorized investments, add the Seagrass Mitigation Fund, incorporate certain provision from the Investment Policy - Municipal Funds, and make non-substantive changes; and

WHEREAS, the proposed amendments to such policies were generally discussed at the May 5, 2025, Investment Oversight Committee (IOC) meeting; and

WHEREAS, the proposed amendments to such policies were provided to the Budget Finance & Taxation (BF&T) Committee for review on May 29, 2025; and

WHEREAS, IOC and BF&T Committee recommended approval of the amendment to (i) the City's Investment Policy – Municipal Funds and (ii) the City's Alternate Investment Policy.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of St. Petersburg, Florida, that an amendment to (i) the City's Investment Policy - Municipal Funds dated December 18, 2014, as amended, to provide that investment decisions will be based solely on pecuniary factors, to update the authorized investments, and make non-substantive changes and (ii) the City's Alternate Investment Policy dated December 18, 2014, as amended, to change the authorized investments, add the Seagrass Mitigation Fund, incorporate certain provision from the Investment Policy - Municipal Funds, and make non-substantive changes are hereby approved by this Council.

BE IT FURTHER RESOLVED that the Chief Financial Officer or her designee is authorized to make additional non-substantive changes to these policies if needed.

This Resolution shall become effective immediately upon its adoption.

LEGAL:

DEPARTMENT:



Erika Langhans

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**Investment Policy
City of St. Petersburg, Florida
Municipal Funds**

**Approved on December 18, 2014,
amended on April 5, 2018, October 18, 2018,
March 7, 2019, December 15, 2022, June 15, 2023, and ____, 2025**

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**RESTATED CITY OF ST. PETERSBURG
INVESTMENT POLICY FOR MUNICIPAL FUNDS**

I. PURPOSE AND PLAN STATEMENT

The principal reason for developing this Investment Policy and for putting it in writing is to allow the City of St. Petersburg (hereafter the “City”) to protect its portfolios from revisions of sound long-term policy in reaction to spontaneous market fluctuation. This Investment Policy will help maintain a long-term focus when short-term market movements may be distressing and the policy set forth herein is in doubt.

It shall be the policy of the City to manage cash and investments in a manner that preserves principal over time while maintaining liquidity and generating income to meet the City's projected cash needs. City codes and ordinances, this Investment Policy, and the attached investment procedures are designed to provide compliance with Chapter 218.415, Florida Statutes, which governs the City's investment activities.

II. SCOPE

This Investment Policy applies to all portfolios held by the City of St. Petersburg except for pension fund assets, Park Preservation Fund (Weeki Wachee Fund), the Seagrass Mitigation Bank Trust Fund, the Environmental Preservation Fund, and up to 35% market value of the Water Cost Stabilization Portfolio investable balance which have their own Alternate Investment Policy, and assets under bond resolutions, loan agreement and/or other debt contracts where there are other existing policies or indentures in effect for such portfolios. The Investment Policy portfolios and Alternate Investment Policy portfolios are disclosed in detail in the City's quarterly investment reports and the annual audited financial report and include all portfolios of the City.

The portfolios shall be structured to include at a minimum four sub-structures which will be used for reporting and compliance review. Those sub-structures are defined as follows:

- A. The Short Term Portfolio will consist of short-term registered money market funds, the State of Florida Local Government Surplus Trust Fund, other intergovernmental investment pools, and demand deposit State and Local Government Series (SLGS) for operating cash flow, as well as any other authorized investment with a maturity of one year or less from the date of settlement.
- B. The Core Portfolio will consist of investment positions whose maturities may not exceed 10 years from the date of settlement.
- C. The Bond Reserve and Trust Fund Portfolio

The bond reserve and trust portfolios will consist of all investments related to Bond reserves or Trust Funds representing bond reserves, and debt service cash flow.

- D. The Water Cost Stabilization Portfolio is the proceeds from the sale of certain assets as governed by City Ordinance and described under bond covenants. The Water Cost Stabilization Portfolio will consist of investment positions whose maturities may not exceed 10 years.

Diversification will be accomplished by adhering to the City's diversification schedule using book value totals. (Without exception, the City's total investment with any one issuer cannot exceed 5% of the issuer's outstanding debt).

This requirement excludes the up to 35% market value of the Water Cost Stabilization Portfolio that is governed by the Alternate Investment Policy.

III. INVESTMENT OBJECTIVES

Safety of Principal

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

Maintenance of Liquidity

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

Return on Investment

Portfolios shall be designed with the objective of attaining a market rate of return, taking into account the investment risk constraints, liquidity needs, and types of fund as determined by its origin and objectives. Return on investment is of least importance compared to the safety and liquidity objectives described above except for as it pertains to portfolios excluded from this Investment Policy. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Despite this, a person officially designated (P.O.D) or Chief Financial Officer (former title Finance Director) may trade to recognize a loss from time to time.

The following investment objectives will be applied in the management of the City of St. Petersburg investment portfolios:

- The City's portfolios will remain sufficiently liquid. Sufficient liquidity is defined as a minimum of 60 days of operating cash flow in cash, money market accounts, and investments maturing within one year. Establish and monitor cash flow on a monthly basis to insure the continued replenishment of sufficient liquidity and report on same to the Investment Oversight Committee and City Council on a quarterly basis.
- In investing public funds, the City will strive to maximize the return on the portfolios through the monitoring of investment credit and market risk levels in relation to the investment returns.
- Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in only very safe securities (see XIII Authorized Investments) and by diversifying the investment portfolios so that the failure of any one issuer would not unduly harm the City's cash flow (see XIV Diversification).
- Market risk, defined as the risk of market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by structuring the core portfolios (as defined in Section XIV) so that securities will mature periodically during the fiscal year and either be reinvested in the ladder or moved into registered money market funds, thus eliminating the need to sell securities prior to their maturity; and by prohibiting the taking of short positions, that is, selling securities that the City does not own. It is explicitly understood herein, however, that in a diversified portfolios, occasional recognized losses are inevitable and must be considered within the context of overall investment return.
- The City will not make investments for the purpose of trading or speculation. The prohibition of speculative investments precludes pursuit of gain or profit through unusual risk and precludes investments primarily directed at gains or profits from conjectural fluctuations in market prices.
- In situations where issuers of investments currently held in the portfolios have a credit rating downgrade, the P.O.D. (as hereinafter defined) shall determine the extent and nature of the downgrade and in consultation with the Chief Financial Officer and Internal Services City Administrator shall recommend a course of action to the Mayor.

IV. DELEGATION OF AUTHORITY

In accordance with the applicable laws, the Chief Financial Officer (former title Finance Director) is the Chief Financial Officer whose responsibilities include the investment of City surplus monies. In addition, City code and ordinances gives the Chief Financial Officer the authority and power to invest, redeem, sell, exchange, and reinvest unexpended or surplus monies. The Chief Financial Officer may designate a qualified

staff member as the person officially designated (the “P.O.D.”), and thereby delegate to such staff member the authority and responsibility for day-to-day investment decisions and activities and for development and maintenance of written administrative procedures for the operation of the investment program, consistent with this Investment Policy. Adoption of this Investment Policy affirms City Council’s approval of the Chief Financial Officer’s delegation authority.

In the short term absence of the P.O.D., the Chief Financial Officer will assist and provide relief for the P.O.D. The Chief Financial Officer shall ensure, in the event of a long term absence by the P.O.D., that temporary replacement(s) shall be closely supervised and instructed in the requirements of this Investment Policy. Temporary management may include an outside contract with money managers.

The City may appoint an outside investment adviser to assist the City in managing cash and investment reserves. The outside investment adviser must be registered under the Investment Advisers Act of 1940.

V. PRUDENT PERSON STANDARD

The standard of prudence to be used by investment personnel shall be the "Prudent Person Rule," and will be applied in the context of managing the overall portfolios. The Prudent Person Rule states:

“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.”

The investment officials, acting in accordance with applicable laws including City code and ordinances, this Investment Policy, and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that deviations are reported as required by this Investment Policy and the appropriate action is taken to control adverse developments.

While the standard of prudence to be used by investment officials who are officers or employees is the Prudent Person Rule, any person or firm contracted or retained to invest, monitor, or advise concerning these portfolios shall be held to the higher standard of “Prudent Expert”. The standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these portfolios, the contractor shall exercise: the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments of the portfolios, so as to minimize the risk, considering the probable income as well as the probable safety of their principal.

VI. ETHICS AND CONFLICTS OF INTEREST

Any person involved in the administration of this Investment Policy shall refrain from personal business activities which could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Also, employees involved in the investment process shall disclose to the Mayor and the City Council any material financial interests in financial institutions that conduct business with the City, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the City's portfolios.

All participants in the investment process shall act responsibly as custodians of the public trust. Investment officials shall recognize that the portfolios are subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

VII. CONTINUING EDUCATION

The Chief Financial Officer, P.O.D., and other appropriate staff shall annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products as required by Chapter 218.415, Florida Statutes.

VIII. MATURITY AND LIQUIDITY REQUIREMENTS

A. Maturity Guidelines

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 ("Short Term Portfolio") shall have maturities of no longer than twelve (12) months at the time of settlement.

Investments of bond reserves, construction funds, and other non-operating funds ("Core Portfolios") shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall the maturities exceed ten years.

The portfolios shall be managed to attain a weighted average maturity (WAM) and duration between 2 to 6 years for the core portfolio and the Water Cost Stabilization Portfolio taking into account the City's investment risk constraints and cash flow requirements. The core and water portfolio's total return will be compared to a market benchmark index of a similar duration for a similar reporting period. To limit market risk, portfolio duration will be managed within a band of +/- 20% of the selected market benchmark index.

The maturity of asset-backed securities, agency mortgage-backed securities, and collateralized mortgage obligations shall be considered the date corresponding to the average life of the securities. 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.

B. Liquidity Requirements

The City's portfolio will remain sufficiently liquid. Sufficient liquidity is defined as a minimum of 60 days of operating cash flow in cash, money market accounts, and investments maturing within one year. Establish and monitor cash flow on a monthly basis to insure the continued replenishment of sufficient liquidity and report on same to the Investment Oversight Committee and City Council on a quarterly basis.

IX. RISK AND DIVERSIFICATION

The portfolios shall be diversified to control risks resulting from over concentration of assets in a specific maturity, issuer, instruments, dealer, or bank through which these instruments are bought and sold. The P.O.D. or Chief Financial Officer shall determine diversification strategies within the established guidelines.

X. MASTER REPURCHASE AGREEMENT

The City 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 OF INVESTMENT INSTRUMENTS

After the Chief Financial Officer, P.O.D., or designee has determined the approximate maturity date based on cash flow needs and market conditions and has analyzed and selected one or more optimal types of investments, a minimum of three (3) qualified banks and/or approved broker/dealers must be contacted and asked to provide bids/offers on the securities in question. The City's Chief Financial Officer, P.O.D., or designee shall send an email with the required maturity date and amount to be invested to broker/dealers and/or Qualified Public Depositories requesting bids. The Chief Financial Officer, P.O.D., or designee will select the bid deemed to best meet the City's investment objectives.

However, if obtaining bids/offers are not feasible and appropriate, securities may be purchased/sold utilizing the comparison to current market price method on an exception basis. When this occurs the City Administrator shall approve alternative methods prior to any investment action. Acceptable current market price providers include, but are not limited to:

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

Examples of when this method may be used include:

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

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

XII. INVESTMENT DECISIONS

Investment decisions will be based solely on "pecuniary factors", meaning a factor that the governing body of the City, or in the absence of the existence of a governing body, all persons responsible for authorizing and executing investment transactions for the City, prudently determines is expected to have a material effect on the risk or returns of an investment based on appropriate investment horizons consistent with applicable investment objectives and funding policy. The term does not include the consideration of the furtherance of any social, political, or ideological interests.

When deciding whether to invest and when investing public funds, the City must make decisions based solely on pecuniary factors and may not subordinate the interests of the people of this state to other objectives, including sacrificing

investment return or undertaking additional investment risk to promote any nonpecuniary factor. The weight given to any pecuniary factor must appropriately reflect a prudent assessment of its potential impact on risk and/or returns.

XIII. AUTHORIZED INVESTMENTS

As contemplated in Chapter 218.415, Florida Statutes, and other applicable laws including City code and ordinances, the Chief Financial Officer, or P.O.D., is authorized on behalf of the City to invest all monies in the City Treasury which, in the judgment of the Chief Financial Officer or P.O.D., are in excess of current City needs.

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

In situations where issuers of investments currently held in the portfolios have a credit rating downgrade, the P.O.D. shall determine the extent and nature of the downgrade and in consultation with the Chief Financial Officer or P.O.D., and City Administrator shall recommend a course of action to the Mayor.

Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in only very safe securities and by diversifying the investment portfolios so that the failure of any one issuer would not unduly harm the City's cash flow.

The following are the investment requirements and allocation limits on security types, issuers, and maturities as established by the City. Diversification strategies within the established guidelines shall be reviewed and revised periodically as necessary by the Investment Oversight Committee. The Investment Oversight Committee may recommend, and Chief Financial Officer, and P.O.D. shall have the option, to further restrict investment percentages from time to time based on market conditions, risk and diversification investment strategies. The percentage allocations requirements for investment types and issuers are calculated based on the original cost of each investment, at the time of purchase. Investments not listed in this policy are prohibited.

As contemplated in Florida Statute 218.415 and other applicable laws including City code and ordinances, the Chief Financial Officer is authorized on behalf of the City to invest all monies in the City Treasury which, in the judgment of the Director, are in excess of current City needs, as follows:

- A. Demand checking account, savings accounts and other savings instruments in state qualified public depositories, which are secured per the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

- B. The State of Florida Local Governments Surplus Funds Trust Fund or any intergovernmental investment pool pursuant to Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes.

- C. Certificates, notes, bonds, bills, or zero coupon (strips, cats & tigers) of the United States Treasury, or other obligations of the United States or its Agencies. Agencies are backed by the full faith and credit of the United States. Authorized investments in this category are limited to:
 - Governmental National Mortgage Association (GNMA)
 - Farmers Home Administration (FHA)
 - Small Business Association (SBA)
 - General Services Administration (GSA)
 - Federal Housing Administration (FHA)
 - Housing and Urban Development (HUD)

- D. Obligations of Government Sponsored Enterprises (GSE) (Instrumentalities) which are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System. Instrumentalities are usually rated the same as U.S. Treasuries and Agencies by a Nationally Recognized Statistical Ratings Organization (NRSRO) but have no explicit governmental guarantee. Authorized investments in this category are limited to:
 - Federal National Mortgage Association (FNMA)
 - Federal Farm Credit Banks (FFCB)
 - Federal Home Loan Banks (FHLB)
 - Federal Home Loan Mortgage Corporation (FHLMC)
 - Federal Land Bank (FLB)
 - Federal Agriculture Mortgage Corporation (FAMCA)
 - Tennessee Valley Authority (TVA)

- E. Collateralized Mortgage Obligations (CMOs), Mortgage-Backed Securities (MBS), as well as direct collateral bonds issued by Federal Agencies and Instrumentalities. These bonds are usually rated the same as U.S. Treasuries and Agencies by a NRSRO due to the credit pass-thru of the issuing Agency or Instrumentality. All bond purchases must pass the Federal Financial Instrumentalities Examination Council (FFIEC) High Risk Security Test (see Attachment 1 Glossary of Terms).

- F. Bankers' Acceptances (BA) guaranteed by banking institutions which are issued by a domestic bank with a rating of "A-1"/"P-1" by a NRSRO on its

short term debt or "A" category, by a NRSRO, on its long-term debt. All Bankers' Acceptances must be inventory based.

- G. Commercial Paper issued by corporations organized and operating within the United States or by depository institutions licensed by the United States having received an "A-1/P-1" or better by a NRSRO, such as Moody's, Standard and Poor's, or Fitch.
- H. Corporate Asset Backed notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States having received the two highest category ratings by a NRSRO.
- I. Non-Negotiable Certificates of Deposit and Bank Investment Contracts (BIC) which can be insured, collateralized at the Federal Reserve or qualify as state qualified public deposits, which are secured per the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.
- J. Guarantee Investment Contracts (GIC) with an issuing financial institution which has at least the two highest category ratings on its long-term debt by a NRSRO. Collateralization using the City's authorized Investment Categories "C" and "D" of this section will be required of all GIC issuers when their rating falls below the two highest rating categories by a NRSRO or the contract can be terminated at the City's option.
- K. Tax-Exempt Governmental bonds, notes or other obligation of investment grade quality (as established by a NRSRO) issued by or on behalf of this or any other state, or any other agency, county, municipal corporation, special district, authority, or political subdivision thereof, with respect to the investment of City bond proceeds in accordance with arbitrage regulations issued by the Internal Revenue Service (IRS).
- L. Repurchase Agreement with the City's primary state-certified qualified public depository, as defined by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes. The repurchase agreement for overnight sweep cash investments are collateralized by State Law with the State Comptroller's office. The underlying parent rating in these whole loan transactions must be "A-1/P-1" by a NRSRO, unless the counterparty is a Federal Reserve Bank, no rating is required.
- M. U.S. Treasury and U.S. Government short-term mutual funds used for short-term cash flow.
- N. Taxable Governmental bonds, notes or other obligations of investment grade quality as established by a NRSRO issued by or on behalf of this or any other state, or any agency, county, municipal corporation, special district, authority, or political subdivision thereof.

- O. The Columbia Management (Strategic Cash Fund Capital Class Shares) as a long-term investment held to maturity (not allowed to add to investment holdings).
- P. Unsecured corporate bonds, notes or other obligations issued by corporations organized and operating within the United States or by depository institutions licensed by the United States, and are of investment grade quality as established by a NRSRO. However, no more than 40% of all corporate bonds in the Core and the portion of the Water Cost Stabilization Portfolios that are governed under this Investment Policy may be rated “BBB”.
- Q. Supranationals: US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank rated in the two highest ratings categories by a NRSRO.

Portfolio Limits and Other Specifications

1. All investments must be denominated in U.S. dollars.
2. All limits and rating requirements apply at time of purchase.
3. Ratings requirements are for any one Nationally Recognized Statistical Ratings Organization (“NRSRO”).
4. Maturity and average life are measured from settlement date.
5. Investment in callable, step-up callable and puttable securities is permitted.
6. Investment in variable-rate and floating-rate securities is permitted.
7. Subordinated, secured and covered debt is permitted if it meets the ratings requirements for the sector.
8. Treasury TIPS are permitted.
9. Should a security fall below the minimum credit rating requirement dictated by this policy, the P.O.D. or Chief Financial Officer shall notify the Investment Oversight Committee.

XIV. DIVERSIFICATION

It is the policy of the City of St. Petersburg to diversify the portfolios. The portfolios shall be diversified to control the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific instrument and/or class of instruments. No transaction needs to be initiated when required portfolios cash flows may temporarily cause the maximum holdings in a category to exceed the establishing limit. Any transaction after such infraction shall work toward returning to compliance. The following sets the diversification limits for each portfolio:

Diversification Schedule

Investment Type	Minimum Credit Rating ¹	Short Term Portfolio			Core Portfolio ²			Bond Reserves & Trust Funds			Water Cost Stabilization Portfolio ²		
		Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits	Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits	Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits	Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits
Florida LGSTF Money Market Equivalent (Florida Prime) or any intergovernmental investment pool	Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent)	50%	25%	N/A	0%	0%	N/A	50%	25%	N/A	50%	25%	N/A
Checking and Savings Accounts and Other Investment Contracts	N/A	25%	N/A	N/A	0%	0%	N/A	100%	N/A	N/A	0%	0%	N/A
U.S. Government Treasuries	N/A	100%	N/A	1 Year	100%	N/A	10 Years	80%	N/A	10 Years	100%	N/A	10 Years
U.S. Government Agencies	N/A	50% No more than 20% in Callables	35%	1 Year	100% No more than 20% in Callables	35%	10 Years	80% No more than 20% in Callables	35%	10 Years	100% No more than 20% in Callables	35%	10 Years
U.S. Federal Instrumentalities (GSE)	N/A	50% No more than 20% in Callables	35%	1 Year	80% No more than 20% in Callables	35%	10 Years	80%	35%	10 Years	80% No more than 20% in Callables	35%	10 Years
Agency Mortgage Backed Securities and Collateralized Mortgage Obligations	N/A; U.S. Agency Backed	0%	0%	N/A	20%	20%	10 Years	0%	0%	N/A	20%	20%	10 Years
Bankers' Acceptance	Highest ST Rating Category (A-1/P-1, or equivalent)	20%	5%	180 Days	0%	0%	N/A	0%	0%	N/A	0%	0%	N/A
Commercial Paper	Highest ST Rating Category (A-1/P-1, or equivalent)	20%	5%	270 Days	20%	5%	270 Days	0%	0%	N/A	20%	5%	N/A

Investment Type	Minimum Credit Rating ¹	Short Term Portfolio			Core Portfolio ²			Bond Reserves & Trust Funds			Water Cost Stabilization Portfolio ²		
		Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits	Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits	Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits	Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits
Corporate Asset Backed	Highest ST or Two Highest LT Rating (A-1/P-1, AA/Aa, or equivalent)	0%	0%	N/A	10%	5%	5 Years	0%	0%	N/A	20%	5%	5 Years
Corporate Notes & Bonds	Four Highest LT Rating Categories (BBB/Baa or equivalent)	0%	0%	N/A	30%	5%	8 Years	0%	0%	N/A	30%	5%	8 Years
Non-Negotiable CD's & BIC's ³	N/A	30%	N/A	1 Year	30%	N/A	5 Years	30%	N/A	5 Years	30%	N/A	5 Years
Guaranteed Investment Contracts (GICs)	N/A	0%	0%	N/A	30%	N/A	5 Years	50%	N/A	5 Years	30%	N/A	5 Years
Tax Exempts Municipal Obligations	Highest ST or Four Highest LT Rating Categories (SP-1/MIG 1, BBB/Baa, or equivalent)	0%	0%	N/A	0%	0%	N/A	As Needed	5%	10 Years	0%	0%	N/A
Taxable Municipal Obligations	Highest ST or Four Highest LT Rating Categories (SP-1/MIG 1, BBB/Baa, or equivalent)	0%	0%	N/A	30%	5%	8 Years	0%	0%	N/A	30%	5%	8 Years
Repurchase Agreements	Highest Counterparty Rating Category (A-1/P-1, or equivalent)	20%	N/A	180 Days	0%	0%	N/A	5%	N/A	N/A	0%	0%	N/A
Money Market Mutual Funds – Government Only	Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent)	100%	30%	N/A	0%	0%	N/A	100%	30%	N/A	20%	N/A	N/A

Investment Type	Minimum Credit Rating ¹	Short Term Portfolio			Core Portfolio ²			Bond Reserves & Trust Funds			Water Cost Stabilization Portfolio ²		
		Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits	Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits	Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits	Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits
Supranationals	Two Highest LT Rating (AA/Aa, or equivalent)	0%	0%	N/A	20%	10%	10 Years	0%	0%	N/A	20%	10%	10 Years
The Columbia Management Strategic Cash Separate Account Being Managed by Bank of America ⁴	N/A	10%	N/A	N/A	5%	N/A	N/A	0%	0%	N/A	0%	0%	N/A

Notes:

1. Rating by at least one Nationally Recognized Statistical Ratings Organization (“NRSRO”). ST=Short-term; LT=Long-term.
2. Excludes the amount assigned to the Alternate Investment Policy
3. Limited to FDIC Insured or Collateralized (Florida QPD) Non-Negotiable CD’s & BIC’s.
4. Not allowed to add to investment holdings.

XV. SPECIFICALLY PROHIBITED INVESTMENTS

Derivatives and Reverse Repurchase Agreements:

Investment in any derivative products or the use of reverse repurchase agreements is specifically prohibited by this Investment Policy. A “derivative” is defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or indices or asset values.

For purposes of this section XV., direct investment means that the security is selected individually by the City or its Investment Manager and does not include investments made in money market funds, mutual funds, or index funds.

XVI. PERFORMANCE MEASUREMENTS

In order to assist in the evaluation of the portfolios performance, the City will use performance benchmarks for Short-Term and Core Portfolios. The use of benchmarks will allow the City to measure its returns against other investors in the same markets.

- A. The Short-Term Portfolio shall be evaluated in comparison with the weighted average yield (net book value rate of return) of the Standard & Poor’s Local Government Investment Pool All 30 Day yield gross of fees (LGIP30D). The Standard & Poor’s LGIP30D represents Government Investment Pools that maintain a stable net asset value of \$1 per share with a weighted average maturity of 60 days or less and is rated in Standard & Poor’s two highest money market fund rating categories: “AAAm” and “AAm” or the equivalent by another NRSRO.
- B. The Core Funds shall be designed with the annual objective of achieving a comparable return to the Bank of America Merrill Lynch 1-5 Year U.S. Treasury Index. The Bank of America Merrill Lynch 1-5 Year U.S. Treasury Index represents all U.S. Treasury securities maturing over one year, but less than five years. This maturity range is an appropriate benchmark based on the objectives of the City.
- C. The Bond Reserves and Trust Funds shall be designed with the annual objective of achieving a comparable return to the Bank of America Merrill Lynch 1-5 Year U.S. Treasury Index. The Bank of America Merrill Lynch 1-5 Year U.S. Treasury Index represents all U.S. Treasury securities maturing over one year, but less than five years. This maturity range is an appropriate benchmark based on the objectives of the City.

- D. The Water Cost Stabilization Portfolio shall be designed with the annual objective of achieving a comparable return to the Bank of America Merrill Lynch 1-5 Year U.S. Treasury Index. The Bank of America Merrill Lynch 1-5 Year U.S. Treasury Index represents all U.S. Treasury securities maturing over one year, but less than five years. This maturity range is an appropriate benchmark based on the objectives of the City.

XVII. INVESTMENT PROCEDURES

Written investment procedures are included in the Finance Department-Procedures Manual, Treasury Division and provide for:

- Daily and Weekly Cash Balance Reporting
- Weekly review of investable cash on a fund-by-fund basis
- Document competitive bids and offerings of securities to be purchased or sold.
- Formats for quarterly and annual reports to be provided to the Chief Financial Officer, the Mayor and the City Council.
- Proration of investment income from pooled investments.
- Compliance with generally accepted accounting principles of the Government Accounting Standards Board.
- Review and strategic discussions of investment activities by the Investment Oversight Committee as defined in Section 21.

XVIII. INTERNAL CONTROL

The Chief Financial Officer shall establish and monitor internal and procedural controls designed to protect the City's portfolios and ensure proper accounting and reporting of the transactions related thereto.

Such internal control procedures shall include details of delivery vs. payment procedures and trust receipt documentation.

All securities purchased or sold will be transferred only under the "delivery versus payment" (DVP) method (or "payment versus delivery" method) to ensure that funds or securities are not released until all criteria relating to the specific transaction are met. Only after approval by the City Administrator, shall the Chief Financial Officer be authorized to deliver securities free of payment. This DVP procedure will be noticed to all of the City's Custodial/Safekeeping Agent with a required confirmation of their understanding.

The P.O.D. is authorized to accept, on behalf and in the name or authorized nominee name of the City of St. Petersburg, bank trust receipts or confirmations from the City's Custodial/Safekeeping Agent in return for investment of temporarily idle funds as

evidence of actual delivery of the obligations or securities. Any such trust receipt of confirmation shall fully describe the various obligations or securities held, together with the specific number of each obligation or security held, and that they are held for the City. The actual obligations or securities, whether in book-entry or physical form, on which trust receipts or confirmations are issued, may be held by a bank/depository chartered by the United States Government or the State of Florida.

Internal controls will also encompass at a minimum these additional issues:

- control of collusion, with specific reference to the City Code of Ethics
- transfers of all funds (purchases, sales, etc.)
- custodial safekeeping
- avoidance of bearer-form or non-wireable securities
- delegation of authority to subordinate staff members
- written confirmation of telephone transactions
- supervisory control of employee actions
- specific guidelines regarding securities losses and remedial action
- documentation of decisions made by investment officials
- review of selected investment transaction by the internal and external auditors
- Governmental Accounting Standards Board (GASB) compliance reporting

XIX. CRITERIA FOR SELECTION OF FINANCIAL INTERMEDIARIES AND ISSUERS

Non-Negotiable Certificates of Deposit shall be placed only with financial institutions which qualify under Florida Law or may be collateralized at the Federal Reserve. Other securities shall be purchased only:

- through financial institutions which provide the services of a securities dealer (who qualify as public depositories under Chapter 280.02, Florida Statutes) with an office within the City of St. Petersburg. A listing of the Qualified Public Depositories is available at https://apps8.fldfs.com/CAP_Web/PublicDeposits/ActiveQPDDisplayList.aspx;
- The Chief Financial Officer, P.O.D., or designee shall only purchase securities from Qualified Financial Institutions and investment institutions which are designated as Primary Dealers by the Federal Reserve Bank of New York (Source of information: http://www.newyorkfed.org/markets/pridealers_current.html). The Chief Financial Officer, P.O.D., or designee shall only enter into repurchase agreements with financial institutions that are Qualified Institutions and Primary Dealers as designated by the Federal Reserve Bank of New York. The Chief Financial Officer, P.O.D., or designee shall maintain a list of financial institutions and broker/dealers that are approved for investment purposes and only firms meeting the following requirements will be eligible to serve as Qualified Institutions:

- 1) Regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule);
- 2) Registered as a dealer under the Securities Exchange Act of 1934;
- 3) Member of the Financial Industry Regulatory Authority (FINRA);
- 4) Registered to sell securities in Florida;
- 5) The firm and assigned broker have been engaged in the business of effecting transactions in U.S. government and agency obligations for at least five (5) consecutive years.
- 6) Public Depositories qualified by the Treasurer of the State of Florida, in accordance with Chapter 280, Florida Statutes.
- 7) Through "secondary government securities dealers" with a business presence (excludes residential offices) within the Tampa Bay area which includes the Florida Counties of Pinellas, Pasco, Hillsborough, Manatee, and Sarasota.

These institutions, dealers and issuers must meet capital adequacy guidelines as determined by their respective regulatory agencies and certify that no material adverse events have occurred since the issue of their most recent financial statements. They must also agree to notify the City in the event of material adverse events affecting their capital adequacy.

Individuals representing firms doing business with the City shall receive a copy of the applicable City code and ordinances, this Investment Policy, and a Broker/Dealer Questionnaire (Attachment 2). A signed copy of the Broker/Dealer Questionnaire (acknowledging among other things that the dealer/broker has read the Investment Policy and understands its contents), shall be returned prior to any trading activities and shall be kept on file in the Finance Department.

A list of authorized institutions, dealers and issuers of the various security types will be maintained by the P.O.D.

In addition to the signed Broker/Dealer Questionnaire, other criteria used by the City for addition to or deletion from the list include but are not limited to the following:

- State law, City's ordinance, code, and Investment Policy requirements where applicable;
- consistent lack of competitiveness;
- experience and familiarity by the account representative in providing service to the City; and
- when deemed in the best interest of the City.

In June of each year the City may send either a copy of all amendments modifying the prior Investment Policy or a notice that no changes have occurred to all City-approved

financial institutions. In addition, newly prepared Broker/Dealer Questionnaires are required to be submitted.

To ensure market value investment transaction within this Investment Policy and to provide for the objective investment of City monies, the City's investment procedures shall be designed to include competitive bidding on widely traded instruments and market spread indicators on limited traded instruments.

Selection of financial institutions and broker/dealers authorized to engage in transactions will be at the sole discretion of the City, except where the City utilizes an external investment adviser in which case the City may rely on the adviser for selection.

XX. PAYMENT, CUSTODY AND SAFEKEEPING

All transactions will be accomplished with authorized security dealers/brokers and financial institutions on a delivery-versus-payment (DVP) basis. Securities will be held at the City's Custodial/Safekeeping Agent.

No withdrawal of such securities, in whole or in part, shall be made from safekeeping except by the P.O.D., or Chief Financial Officer as authorized herein. The strongest assurance and control that the securities have been properly segregated on behalf of the local jurisdiction is provided by an independent third-party custodian. In addition it may be found to be appropriate to accept confirmation from the trust company affiliated with the other party of the transaction. The P.O.D. should be assured that the structure of this affiliation is such that the two entities are fully independent of each other, that controls are adequate, and that the City's security interest in the assets is not lost.

An exception to this method of control will be the safekeeping on non-negotiated bank certificates of deposit which require physical delivery without systematic handling found commonly with book entry securities.

The City will execute third-party custodial/safekeeping agreements with its bank(s) and depository institution(s). Such agreements will include the responsibilities of each party, notification of security purchases, sales, delivery, repurchase agreements and wire transfers, safekeeping and transactions costs, procedures in case of wire failure or other unforeseen mishaps and liability of the custodian.

XXI. REPORTING REQUIREMENTS

The P.O.D. shall prepare quarterly investment reports, including a succinct management summary that provides a clear picture of the status of the current portfolios. The management report should include comments on the fixed income market, possible changes in portfolios structure going forward, broker/dealer activity, discussion regarding

restrictions on percentage of investment and categories, and thoughts on the City's investment strategy. The report should be reviewed by the Chief Financial Officer, the Assistant City Administrator, the Budget, Finance and Taxation Committee, and the Mayor prior to release to the City Council. Schedules included in the quarterly report should include the following:

- A listing of individual securities held at the end of the reporting period by portfolios structure and by authorized investment category.
- Average life, final maturity of all investments listed, and duration by portfolios substructures.
- Core Portfolio overall yield and total return compared to the corresponding published index during the same reporting period.
- Profit/Loss and holding period rate of return for all securities sold and earnings received by investment including yield.
- Par value, Amortized Book Value, and Market Value.
- Percentage of the Portfolio represented by each investment category for both book and market values.
- Transactions for the period.
- Maturity distribution of the portfolio.
- Average portfolio credit quality.
- A statement of compliance with this Investment Policy, including a schedule of any transactions or holdings which do not comply with this Investment Policy or applicable laws including City code and ordinances, including a justification for their presence in the portfolio and a timetable for resolution.

The P.O.D. shall prepare all necessary schedules, footnote disclosures and transmittal letter comments for the annual financial report in accordance with generally accepted governmental accounting standards.

XXII. INVESTMENT OVERSIGHT COMMITTEE

The Investment Oversight Committee shall include the current chairman of the City's Budget, Finance and Taxation Committee, a member of City senior administration and five community members with backgrounds in banking, portfolio management, investment banking, or extensive experience in economics. Appointments are made by the Mayor and confirmed by City Council for a two-year term. Persons who are employed by a college or university in an academic capacity and who have expertise in one or more of the disciplines prescribed by this paragraph may be appointed to the committee. The committee will meet on a quarterly basis in order to discuss prior investment activities, recommend changes in investment strategies, and make suggestions on portfolio management and internal controls. The committee will keep minutes and provide recommendations to the Mayor, City Council, and City Council's Budget, Finance & Taxation Committee. The Chief Financial Officer shall provide staff support as necessary.

XXIII. GOVERNMENT SPONSORED INVESTMENT POOL OR REGISTERED SHORT-TERM MONEY MARKETS

The government sponsored investment pool authorized by Chapter 218.415, Florida Statutes, Section 16 Subsections (a) and (b) authorize the investment in the State-run Local Government Surplus Funds Trust, any intergovernmental investment pool authorized by the Florida Interlocal Cooperation Act, and U.S. Government short-term registered money market funds that qualify as Security and Exchange Commission (SEC) money market funds.

The City will thoroughly investigate any pool prior to investing. The attached list of questions which will assist in determining the credit and market risk of the pool will be reviewed prior to investing in a pool program (See Attachment 3 Investment Pool Questionnaire).

XXIV. ANNUAL REVIEW

This Investment Policy shall be reviewed on an annual basis by the Investment Oversight Committee and the City Budget, Finance and Taxation Committee. Any changes to this Investment Policy shall require City Council approval.

XXV. INVESTMENT POLICY ADOPTION

This Investment Policy adopted by the City Council of St. Petersburg on December 18, 2014, and amended on April 5, 2018, October 18, 2018, March 7, 2019, and December 15, 2022, June 15, 2023, is hereby further amended on _____, 2025.

Signature: _____

Name/Title: _____

GLOSSARY OF CASH AND INVESTMENT MANAGEMENT TERMS

The following is a glossary of key investing terms, many of which appear in the City of St. Petersburg's Investment Policy. This glossary clarifies the meaning of investment terms generally used in cash and investment management but does not constitute allowable investments which are specified under Section XIII. This glossary has been adapted from the GFOA Sample Investment Policy and the Association of Public Treasurers of the United States and Canada's Model Investment Policy.

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

Agency. See "Federal Agency Securities."

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

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

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

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

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

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

Benchmark Bills: In November 1999, FNMA introduced its Benchmark Bills program, a short-term debt securities issuance program to supplement its existing discount note program. The program includes a schedule of larger, weekly issues in three- and six-month maturities and biweekly issues in one-year for Benchmark Bills. Each issue is brought to market via a Dutch (single price) auction. FNMA conducts a weekly auction for each Benchmark Bill maturity and accepts both competitive and non-competitive bids through a web based auction system. This program is in addition to the variety of other discount note maturities, with rates posted on a daily basis, which FNMA offers. FNMA's Benchmark Bills are unsecured general obligations that are issued in book-entry form through the Federal Reserve Banks. There are no periodic payments of

interest on Benchmark Bills, which are sold at a discount from the principal amount and payable at par at maturity. Issues under the Benchmark program constitute the same credit standing as other FNMA discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

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

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

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

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

Book Entry Securities. Securities that are recorded in a customer's account electronically through one of the financial markets electronic delivery and custody systems, such as the Fed Securities wire, DTC, and PTC

(as opposed to bearer or physical securities). The trend is toward a certificate-free society in order to cut down on paperwork and to diminish investors' concerns about the certificates themselves. The vast majority of securities are now book entry securities.

Book Value. The value at which a debt security is reflected on the holder's records at any point in time. Book value is also called “amortized cost” as it represents the original cost of an investment adjusted for amortization of premium or accretion of discount. Also called “carrying value.” Book value can vary over time as an investment approaches maturity and differs from “market value” in that it is not affected by changes in market interest rates.

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

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

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

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

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.

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.

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

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

Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides stability and

assistance to the secondary market for home mortgages by purchasing first mortgages and participation interests financed by the sale of debt and guaranteed mortgage backed securities. FHLMC debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities, and MBS. Also issues notes under its “reference note” program.

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

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

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

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

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

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

Floating Rate Security (FRN or “floater”). A bond with an interest rate that is adjusted according to changes in an interest rate or index. Differs from variable-rate debt in that the

changes to the rate take place immediately when the index changes, rather than on a predetermined schedule. See also "Variable Rate Security."

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

Ginnie Mae. See "Government National Mortgage Association."

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

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

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

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

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

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

Interest-Only (IO) STRIP. A security based solely on the interest payments from the bond. After the principal has been repaid, interest payments stop and the value of the security falls to nothing. Therefore, IOs are considered risky investments. Usually associated with mortgage-backed securities.

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

costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

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

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

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

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

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

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

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

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

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

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

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

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

Medium Term Notes (MTN's). Used frequently to refer to corporate notes of medium maturity (5-years and under). Technically, any debt security issued by a corporate or depository institution with a maturity from 1 to 10 years and issued under an MTN shelf registration. Usually issued in smaller issues with varying coupons and maturities, and underwritten by a variety of broker/dealers (as opposed to large corporate deals issued and underwritten all at once in large size and with a fixed coupon and maturity).

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

Money Market Mutual Fund (MMF). A type of mutual fund that invests solely in money market instruments, such as: U.S. Treasury bills, commercial paper, bankers' acceptances, and repurchase agreements. Money market mutual funds are registered with the SEC under the Investment Company Act of 1940 and are subject to "rule 2a-7" which significantly limits

average maturity and credit quality of holdings. MMF's are managed to maintain a stable net asset value (NAV) of \$1.00. Many MMFs carry ratings by a NRSRO.

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

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

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.

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.

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.

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

Spread. The difference between the price of a security and similar maturity U.S. Treasury investments, expressed in percentage terms or basis points. A spread can also be the absolute difference in yield between two securities. The securities can be in different markets or within the same securities market between different credits, sectors, or other relevant factors.

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

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

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

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

Swap. Trading one asset for another.

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

Tennessee Valley Authority (TVA). One of the large Federal Agencies. A wholly owned corporation of the United States government that was established in 1933 to develop the resources of the Tennessee Valley region in order to strengthen the regional and national economy and the national defense. Power operations are separated from non-power operations. TVA securities represent obligations of TVA, payable solely from TVA's net power proceeds, and are neither obligations of nor guaranteed by the United States. TVA is currently authorized to issue debt up to \$30 billion. Under this authorization, TVA may also obtain advances from the U.S. Treasury of up to \$150 million. Frequent issuer of discount notes, agency notes, and callable agency securities.

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

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."

BROKER/DEALER QUESTIONNAIRE

This questionnaire is required under the City of St. Petersburg Investment Policy for Municipal Funds. Completion of the form is required in order to receive City approval as authorized Broker/Dealer and prior to any trading activity. Any changes to or modification of this form must be approved by the City to maintain approval as an authorized Broker/Dealer.

Name of Firm _____

Address _____

Phone No. _____

Fax No. _____

Primary Representative

Manager

Name _____

Name _____

Title _____

Title _____

Phone No. _____

Phone No. _____

Identify all other personnel who will be offering/bidding and/or quoting securities to our employees.

Name

Title

Phone No.

PLEASE ATTACH RESUMES AND SEC EXIT FORM U-5 (if previously employed by another investment firm) OF ALL PERSONNEL LISTED ABOVE.

Is your firm a primary dealer in U.S. Government Securities?

() Yes

() No

a. If yes, for how long has the firm been a primary dealer? ____ years

b. If no, does your firm qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule)?

Which instruments are offered regularly by your firm?

- | | |
|---|--|
| <input type="checkbox"/> Treasury Bills | <input type="checkbox"/> Tax Exempt Bonds |
| <input type="checkbox"/> Treasury Notes/Bonds | <input type="checkbox"/> Taxable Governments (state, counties, cities, etc.) |
| <input type="checkbox"/> Government Agencies | <input type="checkbox"/> BA's (domestic) & (Foreign) |
| <input type="checkbox"/> FFCB | <input type="checkbox"/> U.S. Government Money Markets |
| <input type="checkbox"/> FNMA | <input type="checkbox"/> Commercial Paper |
| <input type="checkbox"/> SLMA | <input type="checkbox"/> Mortgage Backed Securities (Specify) |
| <input type="checkbox"/> Adjustable Rate Mutual Funds | <input type="checkbox"/> Corporate Asset Backed Securities |
| <input type="checkbox"/> GIC | <input type="checkbox"/> Corporate Notes & Bonds |
| | <input type="checkbox"/> Other |

Has your firm, or any of your employees assigned to do business with our organization, ever been subject to a regulatory, state or federal agency investigation for alleged improper, fraudulent, disreputable or unfair activities related to the sale or purchase of government securities or money market instruments? If so, please explain.

Has a public sector client ever claimed in writing that your firm or any of your employees assigned to do business with our organization been responsible for investment losses. If so, please explain.

Has your firm consistently complied with the Federal Reserve Bank's/Securities Exchange Commission's capital adequacy guidelines? As of this date, does your firm comply with the guidelines?

Please provide samples of research reports which your firm regularly provides to public sector clients.

Please provide certified financial statements and other indicators regarding your firm's capitalization.

As a condition of being an authorized Broker/Dealer for the City of St. Petersburg, you and your firm must indicate that you have received and read all City Ordinances and applicable laws, rules and regulations related to the investment of municipal funds, Investment Policy for Municipal Funds, and this questionnaire. By signing this questionnaire you acknowledge you have received and read all of the foregoing.

Primary Representative: _____

Firm's Authorized Signer: _____

Date Submitted: _____

Note: This questionnaire must be submitted prior to your firm being authorized to trade with the City, and subject to reconfirmation at the City's request.

**CITY OF ST. PETERSBURG GOVERNMENT SPONSORED INVESTMENT POOL OR
SHORT-TERM REGISTERED MONEY MARKET FUND QUESTIONNAIRE**

Prior to participating in an authorized pool or fund the following questions and issues should be considered.

1. SECURITIES

Government and registered money market pools may invest in a broader range of securities than the City is authorized to invest in. It is important that the City is aware of, and is comfortable with, the securities the pools buy.

- a) Does the pool provide a written statement of investment policy and objective?
- b) Does the statement contain:
 - description of eligible investment instruments?
 - the credit standards of investments?
 - the allowable maturity range of investments?
 - the maximum allowable dollar weighted average portfolio maturity?
 - the limits of portfolios concentration permitted for each type of security?
 - the policy on reverse repos, options, short sales and future?
- c) Are changes in the policies communicated to the pool participants?
- d) Does the pool contain only the types of securities that are permitted by the Investment Policy?

2. INTEREST

Interest is not always reported in a standard format, so it is important that the City know how interest is quoted, calculated and distributed so that the City can make comparisons with other investment alternatives.

Interest Calculation:

Does the pool disclose the following about yield calculation:

- The methodology used to calculate interest (simple maturity, yield to maturity, etc.)?
- The frequency of interest payments?
- How interest is paid (credited to principal at the end of the month, each quarter, wireable, mailed)?
- How are gains/losses reported, monthly or only when realized?

Reporting:

- Is the yield reported to participants of the pool monthly (if not, how often)?
- Are expenses of the pool deducted before quoting the yield?
- Is the yield generally in line with the market yields for securities in which the City usually invests?

- How often does the pool report, and does that report include market values of securities?

3. SECURITY

The following questions are designed to help the City safeguard funds from loss of principal and loss of market value.

- Does the pool disclose safekeeping practices?
- Is the pool subject to audit by an independent auditor?
- Is the copy of the audit available to participants?
- Who makes the portfolio decisions?
- How does the manager monitor the credit risk of the securities in the pool?
- Is the pool monitored by someone on the board or a separate neutral party external to the investment function to ensure compliance with written policies?
- Does the pool have specific policies with regards to the various investment vehicles?
 - a. what are the different investment alternatives?
 - b. what are the policies for each type of investment?
- Does the pool mark the portfolio to its market value?
- Does the pool disclose the following about how portfolio securities are valued?
 - a. the frequency with which the portfolio securities are valued?
 - b. the method used to value the portfolio (cost, current value, or some other method)?
- How often does the pool review the credit ratings of securities held in the pool?
- Does the pool review the underlying credit worthiness of the ultimate creditor where insurance wraps or letters of credit are involved?

4. OPERATIONS

The answer to these questions will help the City determine whether this pool meets its operational requirements.

- Does the pool limit eligible participants?
 - a. what entities are permitted to invest in the pool?
- Does the pool allow multiple accounts and subaccounts?
- Is there a minimum or maximum account size?
- Does the pool limit the number of transactions each month and what is the number of transactions permitted each month?
- Is there a limit on transaction amounts for withdrawals and deposits?
 - a. what is the minimum and maximum withdrawal amount permitted?
 - b. what is the minimum and maximum deposit amount permitted?
- How much notice is required for withdrawals/deposits?
- What is the cutoff time for deposits and withdrawals?

- Are the funds 100% able to be withdrawn at any time?
- What are the procedures for making deposits and withdrawals?
 - a. what is the paperwork required if any?
 - b. what is the wiring procedure?
- Can an account remain open with a zero balance?
- Are confirmations sent following each transaction?

5. STATEMENTS

It is important for the City to receive statements monthly so the pool's records of the City's activity and holdings can be reconciled.

- Are statements for each account sent or available through e-mail to participants and do statements show balances, transactions and yield?
- Does the pool distribute or have an available a website detailing its holdings on a regular basis?

6. FEES

Administrative fees vary from pool to pool. It is important to know that pool's fee and its impact on the yield of the pool.

- a) Are the fees or administrative costs disclosed?
 - What are the fees?
 - How often are they assessed?
 - How are they paid?
 - Are there additional fees for wiring funds?
- b) Are expenses deducted before quoting the yield?
- c) Describe any pool management remuneration and incentives based on pool yields.

7. QUESTIONS TO CONSIDER FOR BOND PROCEEDS

It is important to know (1) whether the pool accepts bond proceeds and (2) whether the pool qualifies with the US Department of the Treasury as an acceptable commingled fund for arbitrage purposes.

- Does the pool accept bond proceeds subject to arbitrage rebate?
- Does the pool provide accounting and investment records suitable for proceeds of bond issuances subject to arbitrage rebate?
- Will the yield calculation reported by the pool be acceptable to the IRS or will it have to be recalculated?
- Will the pool accept transaction instructions from a trustee?
- Is the City allowed to have separate accounts for each bond issue so that it does not commingle the interest earnings of funds subject to rebate with funds not subject to regulations?

City of St. Petersburg, Florida

Alternate Investment Policy

Parks Preservation Fund (Weeki Wachee Fund)

Environmental Preservation Fund

**Up to 35% Market Value of the
Water Cost Stabilization Portfolio**

Kopsick Arboretum Investment Fund

Seagrass Mitigation Fund

Certain Donation Funds

Negotiable Credit Holdings

**Approved on December 18, 2014, amended on April 5, 2018,
October 18, 2018, March 7, 2019, May 21, 2020,
December 15, 2022, June 15, 2023, Page 14 Corrected March 7, 2024, and June xx, 2025**

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SECTION I - PREAMBLE

I. SCOPE OF THIS INVESTMENT POLICY

This Investment Policy reflects the City's investment policy, objectives, and guidelines for:

- 1.) Parks Preservation (Weeki Wachee) Fund,
- 2.) Environmental Preservation Fund,
- 3.) Up to 35% market value of the Water Cost Stabilization portfolio,
- 4.) Kopsick Arboretum Investment Fund,
- 5.) Seagrass Mitigation Bank Trust
- 6.) Donation Funds which, at the time of donation, include investments not permissible under the City's Investment Policy – Municipal Funds, and
- 7.) Negotiable credits awarded or held in the name of the City, including but not limited to (i) Voluntary Cleanup Trust Credits (VCTC), (ii) United States Environmental Protection Agency (USEPA) and/or Florida Department of Environmental Protection (FDEP) Seagrass Mitigation Bank credits, and (iii) similar instruments.

II. DEFINITIONS

1. "Internally Managed Funds" means funds included in the scope of this Investment Policy that are managed by the City.
2. "Externally Managed Funds" means funds included in the scope of this Investment Policy that are managed pursuant to an Investment Management Agreement.
3. "Fund" means collectively the Internally and Externally Managed Funds.
4. "City" means the City of St. Petersburg, Florida.
5. "City Council" means the City Council of the City of St. Petersburg, Florida.
6. "Investment Manager(s)" means the individual or entity retained by the City to manage the investment of all or a portion of Externally Managed Fund portfolios.
7. "Investment Sub-manager" means an individual or entity retained by the Investment Manager(s) to manage the investment of a portion of Externally Managed Fund portfolios.
8. "Investment Management Agreement" means our Investment Management Agreement between the City and an Investment Manager(s), as may be amended from time to time.

III. PURPOSE OF THIS INVESTMENT POLICY

The principal reason for developing this Investment Policy and for putting it in writing is to allow the City to protect its portfolios from revisions of sound long-term policy in reaction to spontaneous market fluctuation. This Investment Policy will help maintain a long-term focus when short-term market movements may be distressing and the policy set forth herein is in doubt.

This Investment Policy is also intended to address the following with respect to the investment of Internally Managed Funds and Externally Managed Funds portfolios:

1. Define and assign the roles and responsibilities of parties related to Internally and Externally Managed Funds and outline the duties of the Investment Manager(s).
2. Establish general investment principles.
3. Establish investment guidelines.
4. Establish investment objectives and limitations.
5. Direct the management of Fund portfolios according to prudent standards as established in common trust law.
6. Establish the relevant investment horizons for which Fund portfolios will be managed internally or externally.

IV. ROLES AND RESPONSIBILITIES OF PARTIES

1. The City will retain responsibility for managing the Internally Managed Funds. In accordance with the City Charter. In accordance with applicable laws, the Chief Financial Officer (former title Finance Director) is authorized to purchase and sell investment securities among other things. The Chief Financial Officer may designate a qualified staff member as the person officially designated (hereinafter “P.O.D.”), and thereby delegate to such staff member the authority and responsibility for day-to-day investment decisions and activities and for development and maintenance of written administrative procedures for the operation of the investment program, consistent with this Investment Policy. Adoption of this Investment Policy affirms City Council’s approval of the Chief Financial Officer’s delegation authority.

In the short-term absence of the P.O.D., the Chief Financial Officer will assist and provide relief for the P.O.D. The Chief Financial Officer shall ensure, in the event of a long-term

absence by the P.O.D., that temporary replacement(s) shall be closely supervised and instructed in the requirements of this Investment Policy. Temporary management may include an outside contract with money managers.

2. Investment Manager(s). The Investment Manager(s) is a discretionary manager of Externally Managed Funds portfolios, selects and oversees Investment Sub-managers, measures and evaluates investment performance, and performs other tasks necessary for the management of Externally Managed Funds portfolios in accordance with this Policy and the Investment Management Agreement. The Investment Manager(s) has discretion to purchase, sell, or hold the specific securities that will be used to meet the Externally Managed Fund's investment objectives to the extent permitted by and in accordance with this Policy and the Investment Management Agreement. Nothing in this Investment Policy shall alter or limit any of Investment Manager(s)'s duties, obligations or liabilities under the Investment Management Agreement.
3. Investment Sub-Manager(s). The Investment Manager(s) may retain Investment Sub-managers to manage a portion of Externally Managed Fund portfolios to the extent permitted by and in accordance with this Investment Policy and the Investment Management Agreement. The Investment Manager(s) assumes fiduciary responsibility for the Investment Sub-managers relating to the investment of Externally Managed Fund portfolios. If Investment Manager(s) retains any Investment Sub-manager(s) to manage a portion of Externally Managed Fund portfolios, Investment Manager(s) shall be solely responsible for ensuring that such Investment Sub-managers act in a manner consistent with the terms and conditions of the Investment Management Agreement and Investment Manager(s)'s duties, obligations and acknowledgments thereunder. In no event shall Investment Manager(s)'s retention of an Investment Sub-Manager(s) relieve Investment Manager(s) of any of its duties, obligations or acknowledgments under this Investment Policy or the Investment Management Agreement.
4. Payment, Custody and Safekeeping. All transactions will be accomplished with authorized security dealers/brokers and financial institutions on a delivery-versus-payment (DVP) basis. Securities will be held at the City's Custodial/Safekeeping Agent.

No withdrawal of such securities, in whole or in part, shall be made from safekeeping except by the P.O.D., or Chief Financial Officer as authorized herein. The strongest assurance and control that the securities have been properly segregated on behalf of the local jurisdiction is provided by an independent third-party custodian. In addition, it may be found to be appropriate to accept confirmation from the trust company affiliated with the other party of the transaction. The P.O.D. should be assured that the structure of this affiliation is such that the two entities are fully independent of each other, that controls are adequate, and that the City's security interest in the assets is not lost.

The City will execute third-party custodial/safekeeping agreements with its bank(s) and depository institution(s). Such agreements will include the responsibilities of each party, notification of security purchases, sales, delivery, repurchase agreements and wire transfers, safekeeping and transactions costs, procedures in case of wire failure or other unforeseen mishaps and liability of the custodian.

5. Chief Financial Officer. The City's Chief Financial Officer shall receive all correspondence and reports from the Investment Manager(s) and shall report to the City Investment Oversight Committee and City Council regarding performance of the Investment Manager(s) on at least a quarterly basis.
6. Additional specialists such as attorneys, auditors, and others may be retained by the City on as needed basis to assist in administering the Externally Managed Funds. Expenses for such specialists must be customary and reasonable, and will be borne by the Externally Managed Funds as per contract. Subject to this Investment Policy and the Investment Management Agreement, the Investment Manager(s) shall have control over investment decisions for Externally Managed Fund portfolios. Investment Manager(s) will be held solely responsible and accountable to achieve the objectives herein stated.

V. PRUDENCE AND ETHICAL STANDARDS

1. The standard of prudence to be used by the City employees shall be the Prudent Person Rule and shall be applied in the context of managing the Fund. The City staff acting in accordance with written procedures and this Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectation are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this Investment Policy. The Prudent Person Rule states:

“Investments should be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.”

2. While the standard of prudence to be used by the City's staff who are officers or employees is the Prudent Person Rule, any person or firm contracted or retained to invest, monitor, or advise concerning these portfolios shall be held to the higher standard of Prudent Expert. The standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these portfolios, the contractor shall exercise: the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and

familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments of the portfolios, so as to minimize the risk, considering the probable income as well as the probable safety of the principal.

VI. ETHICS AND CONFLICTS OF INTEREST

Staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Additionally, employees involved in the investment process shall disclose to the City Council any material financial interests in financial institutions that conduct business with the City, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the Funds.

VII. SPECIFICALLY PROHIBITED INVESTMENTS

Derivatives and Reverse Repurchase Agreements: Investment in any derivative products or the use of reverse repurchase agreements is specifically prohibited by this Investment Policy. A “derivative” is defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or indices or asset values.

For purposes of this section VII., direct investment means that the security is selected individually by the City or its Investment Manager and does not include investments made in money market funds, mutual funds, or index funds.

No investment in leveraged exchange-traded funds (ETFs) or closed end funds.

SECTION II – INTERNALLY MANAGED FUNDS

VIII. SCOPE OF INTERNALLY MANAGED FUNDS

Certain investments of the City will be internally managed as follows:

- The Water Cost Stabilization Portfolio is the proceeds from the sale of certain assets as governed by City Ordinance and described under bond covenants. See Appendix A for investment requirements and procedures for the Water Cost Stabilization Portfolio.
- Negotiable credits awarded or held in the name of the City (e.g., VCTC, USEPA and/or FDEP Seagrass Mitigation credits, and similar instruments).

- Donation Funds which, at the time of donation, include investments not permissible under the City’s Investment Policy – Municipal Funds.

IX. AUTHORIZED INVESTMENTS

The Internally Managed Funds will be invested in dividend yielding equities in funds, mutual funds, or Index Funds. An index fund (also index tracker) is a collective investment pool (usually a mutual fund or exchange-traded fund (ETF)) that aims to replicate the movements of an index of a specific financial market, or a set of rules of ownership that are held constant, regardless of market conditions.

The negotiable credits awarded to the City in a non-cash form will be held until the credit is used or sold by the City. Any sale of such investments will follow the same policy and process for other investment securities described in the City’s Investment Policy – Municipal Funds.

Donation Funds which, at the time of donation, include investments not permissible under the City’s Investment Policy – Municipal Funds shall be (i) sold and converted to cash at the time of donation if there are no conditions on the donation precluding such sale or (ii) held in its original form and converted to cash subject to the conditions contained within the donation or trust agreement.

X. COMPETITIVE SELECTION OF INDEX FUNDS

After selecting the type of Index Fund suitable for the Internally Managed Funds, the Chief Financial Officer or P.O.D. will research at a minimum three (3) Index Funds to determine the lowest cost provider with the lowest tracking error rate, and in the case of selecting ETFs, a discount to net asset value “NAV” or lowest premium to NAV. In addition, the Index Fund’s total assets should be considered with preference given to funds with greater assets under management.

The tracking difference is the amount by which the performance of the Index Fund differs from that of the Index that the Fund seeks to mirror. The Index Fund’s performance should only be several basis points below the Index’s performance due to fees. ETFs trade at prices determined by the market forces of supply and demand. A fund that trades at a price higher than its NAV is said to trade at a premium to its NAV.

SECTION III – EXTERNALLY MANAGED FUNDS

XI. SCOPE OF EXTERNALLY MANAGED FUNDS

The Parks Preservation Fund (Weeki Wachee Fund Number 1041) is the proceeds from the sale of the Weeki Wachee property as governed by St. Petersburg City Code (currently Article IV of Chapter 21).

The Kopsick Arboretum Investment Fund (Fund Number 6117) is a fund managing certain donations and accumulated earnings as governed by City Council Resolution (currently resolution no. 2018-186). This fund, on a quarterly basis, reinvests 20% of the investment earnings and transfers 80% of the investment earnings to the Kopsick Arboretum Operating Fund (Fund Number 1823).

The Seagrass Mitigation Bank Trust Fund (Fund Number 6121) includes two components:

- One component is an external held account for purposes of the Southwest Florida Water Management District (“Agency”) permit number ERP 43043223.000 (“Mitigation Bank Permit”), and the U.S. Army Corps of Engineers (“Corps”) under Mitigation Banking Instrument number SAJ-2014-02681 (“Mitigation Banking Instrument”). The Agency has established certain regulations applicable to the City, requiring that a mitigation bank permittee (the City) provide assurance that funds will be available when needed for corrective action if City fails to perpetually manage its mitigation bank. The Agency requires using the Department of Financial Services, Division of Treasury as the Escrow Agent with a one-time investment in an amount of \$92,000 to be considered fully funded.
- A second component is held by the City’s custodian and is committed to providing the financial assurances required for funding the Trust of the North Shore Park Seagrass Mitigation Bank, SAJ-2014-02681. The amount of funding deposited in the trust fund is calculated such that the interest from the trust fund will generate sufficient funding for maintenance activities include replacing the seagrass informational marine signs, annual monitoring and reporting, as needed selective re-plantings and associated management fees.

XII. DUTIES OF THE INVESTMENT MANAGER(S)

The Investment Manager(s) must acknowledge in writing its acceptance of responsibility as a fiduciary. The Investment Manager(s) will have discretion to make all investment decisions for the portfolios placed under its management, to the extent permitted by and in accordance with this Investment Policy and the Investment Management Agreement. Specific duties of the Investment Manager(s) include but are not limited to the following:

1. Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the allowable percentage ranges set forth in this Investment Policy.
2. Communicating to the City's Chief Financial Officer any material changes to economic outlook, investment strategy, or any other factors which affect implementation of investment process, or the investment objective progress of the Externally Managed Fund's investment management.
3. Voting or directing investment Sub-managers to vote proxies on behalf of the Externally Managed Fund in accordance with the Investment Management Agreement.
4. Selecting and retaining Investment Sub-managers to manage a portion of Externally Managed Fund portfolios in accordance with this Investment Policy and the Investment Management Agreement, including but not limited to performing due diligence and research on Investment Sub-managers.
5. Assisting in the development and periodic review of this Investment Policy. If at any time Investment Manager(s) believes that the City Council should consider modification of this Investment Policy, Investment Manager(s) shall recommend such modification to the City's Chief Financial Officer. Investment Manager(s) shall not be authorized to act in accordance with its recommended modification, and its recommended modification shall have no force or effect, unless and until City Council approves amending this Investment Policy to incorporate Investment Manager(s)'s recommended modification.
6. Acting as a fiduciary of the Externally Managed Fund.
7. Monitoring the performance of Externally Managed Fund portfolios (including but not limited to performance of Investment Sub-managers).
8. Reviewing Externally Managed Fund investment history, historical capital markets performance and this Investment Policy with newly appointed members of the Investment Oversight Committee.
9. Providing a written monthly report to the City's Chief Financial Officer showing all transactions executed on behalf of the City and applicable book and market values for the investments portfolio and providing a written quarterly report to the City's Chief Financial Officer showing Externally Managed Fund performance against applicable benchmarks, credit ratings (if applicable), fees charged, and such other information as may be requested by the City. Such report must be furnished to the City's Chief Financial Officer within 10 days after month end for the monthly reports and 30 days after the end of each quarter for the quarterly reports.

10. Attend the Investment Oversight Committee meetings quarterly in person or by phone, and City Council committee and regular meetings as required by the City's Chief Financial Officer.

XIII. GENERAL INVESTMENT PRINCIPLES

1. Investments shall be made solely in the best interest of the Externally Managed Fund and the City.
2. The Externally Managed Fund shall be invested in accordance with the prudence and ethical standards set forth in Section V of this Investment Policy.
3. Investment of the Externally Managed Fund shall be so diversified as to minimize the risk of large losses.
4. The City may retain an Investment Manager(s), and grant the Investment Manager(s) the authority to retain one or more Investment Sub-managers of varying styles and philosophies, to attain the Externally Managed Fund's objectives.
5. Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity, and return.

XIV. INVESTMENT GUIDELINES

1. Preservation of Capital - Investment Manager(s) shall make all reasonable efforts to preserve capital, understanding that losses may occur in individual securities.
2. Risk Aversion - Understanding that risk is present in all types of securities and investment styles, the City recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Externally Managed Fund's objectives. However, the Investment Manager(s) shall make all reasonable efforts to control risk and ensure that the risk assumed is commensurate with the given investment style and objectives.
3. Adherence to Investment Discipline - Investment Manager(s) shall be solely responsible for ensuring that Investment Sub-managers act in a manner consistent with this Investment Policy and with the terms and conditions of the Investment Management Agreement and Investment Manager(s)'s duties, obligations and acknowledgments thereunder. Without limiting the generality of the foregoing, the Investment Manager(s) shall ensure that all Investment Sub-managers adhere to the investment management styles for which they were

retained and shall evaluate Investment Sub-managers for adherence to investment discipline.

XV. INVESTMENT OBJECTIVES AND LIMITATIONS

The general investment objectives of the City are as follows:

1. Achieve Growth in Purchasing Power

Primary investment emphasis must be placed upon the consistent protection of Externally Managed Fund portfolios and growth performance (i.e., the achievement of adequate investment growth must not be at the expense of the protection of Externally Managed Fund portfolios over the investment horizon).

2. More specific investment objectives include the following:

- The Externally Managed Fund should earn a 6.0% annualized return over a market cycle (i.e., 3 to 5 years). There is no single industry standard definition of a market cycle, but the essential ingredient is that the time period encompasses a full range of environments, including bull markets (a period of increasing returns) and bear markets (a period of decreasing returns).
- In addition to being measured against the aggregate Externally Managed Fund objectives stated above, the Investment Manager(s) will be compared to appropriate market indices and the performance of other managers who utilize a similar investment style.

The following are permitted asset classes and permitted percentage ranges for each permitted asset class, based on market value:

Asset Class	Permitted Range	% Long-Term Strategic Target
Equities	45% - 75%	60%
Domestic	20% - 75%	
International	0% - 50%	
Real Estate	0 – 20%	5%
Domestic	0 – 25%	
International	0 – 10%	
Commodities	0 – 10%	
Bonds	25% - 75%	35%
Domestic	15% - 75%	
International	0 – 35%	
Cash	0 – 20%	

These percentage ranges and percentage targets set forth above are established as maximum weightings in each respective asset class. If the Investment Manager(s) determines that a percentage of assets should be invested in cash, then Investment Manager(s) is permitted that flexibility and will be evaluated by its decisions accordingly.

It is an objective of the investment management of Externally Managed Fund portfolios for Investment Manager(s) to direct cash flows toward the asset class(es) that are under-represented and away from the class(es) that are over-represented pursuant to the ranges and targets listed above.

XVI. AUTHORIZED INVESTMENTS

The Investment Manager(s) is permitted to invest in equities in accordance with the objectives of their portfolio mandates and subject to the General Investment Principles, Investment Guidelines, and other terms and conditions of this Alternate Investment Policy.

The Investment Manager(s) is permitted to invest in equity securities (including convertible bonds) listed on the New York, and principal regional and foreign (for foreign securities) exchanges. The Investment Manager(s) may also invest in over-the-counter securities for which there is an active market maker regulated by the Financial Industry Regulatory Authority (FINRA). For international investing, American Depository Receipts (ADRs) that trade over the counter, such as “Pink Sheet” ADRs and Bulletin Investment Committee ADRs, are permissible as well as any foreign company that trades directly in a U.S. equity market. Any equity investment that does not fall into a category listed above is prohibited.

Investment vehicles will generally be limited to exchange-traded funds (ETFs), mutual funds or other vehicles that strive to replicate the return of defined market indexes at low cost. In addition to their low cost, ETFs and indexed mutual funds offer broadly diversified exposure within each asset class, thereby reducing or eliminating risks associated with over exposure to any specific company or country.

Over the long term, the target allocation selected will be maintained by the investment manager. The investment manager will monitor the asset allocation and rebalance to the target allocation at the end of any quarter when any asset class deviates from its target by more than 5%.

XVII. PERFORMANCE REVIEW AND EVALUATION

The overall investment performance of the Externally Managed Fund, as well as the performance of asset class components, will be measured against applicable market benchmarks as more specifically described in this Investment Policy. Consideration shall also be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines set forth in this Investment Policy. The City intends to evaluate performance over at least a three-year period, but reserves the right to terminate any Investment Manager(s) at any time and with or without cause in accordance with the Investment Management Agreement.

SECTION IV – INCORPORATION OF CERTAIN SECTIONS SET FORTH IN THE INVESTMENT POLICY CITY OF ST. PETERSBURG, FLORIDA MUNICIPAL FUNDS

Section VII. - Continuing Education Section, Section XII. – Investment Decisions, Section XXII. – Investment Oversight Committee and Section XXIV. – Annual Review of the Investment Policy City of St. Petersburg, Florida Municipal Funds are incorporated into this Investment Policy and made a part hereof.

The annual review of the amount of the Water Cost Stabilization Portfolio subject to this Investment Policy shall be reviewed annually by the Investment Oversight Committee at the first meeting after the end of each fiscal year.

SECTION V. INTERNAL CONTROLS

The City shall establish a system of internal controls, which shall be documented in writing. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers or City Council members.

The Chief Financial Officer and individual Investment Managers shall establish an internal controls that encompass at a minimum these additional issues:

- control of collusion, with specific reference to the City Code of Ethics
- transfers of all funds (purchases, sales, etc.)
- custodial safekeeping
- avoidance of bearer-form or non-wireable securities
- delegation of authority to subordinate staff members
- written confirmation of telephone transactions
- supervisory control of employee actions
- specific guidelines regarding securities losses and remedial action
- documentation of decisions made by investment officials
- review of selected investment transaction by the internal and external auditors
- Governmental Accounting Standards Board (GASB) compliance reporting

SECTION VI. INVESTMENT POLICY ADOPTION

This Investment Policy adopted by City Council on December 18, 2014, amended on April 5, 2018, October 18, 2018, March 7, 2019, May 21, 2020, and December 15, 2022 is hereby further amended on June 15, 2023, is hereby further amended on June xx, 2025.

Signature: _____

Name/Title: _____

APPENDIX A
WATER COST STABILIZATION INDEX FUND – INVESTMENT PROCEDURES

Until December 31, 2022, a maximum of 25% of the balance available for investment in the Water Cost Stabilization Portfolio (approximately \$20 million) may be invested in dividend yielding equities in funds, mutual funds, or ETF's (passive and internally selected). On or after January 1, 2023, 27.5% of the market value of the Water Cost Stabilization Portfolio may be invested in dividend yielding equities in funds, mutual funds, or ETF's (passive and internally selected). On or after October 1, 2023, 30% of the market value of the Water Cost Stabilization Portfolio may be invested in dividend yielding equities in funds, mutual funds, or ETF's (passive and internally selected). On or after October 1, 2024, 32.5% of the market value of the Water Cost Stabilization Portfolio may be invested in dividend yielding equities in funds, mutual funds, or ETF's (passive and internally selected). On or after October 1, 2025, and each October 1st thereafter, 35% of the market value of the Water Cost Stabilization Portfolio may be invested in dividend yielding equities in funds, mutual funds, or ETF's (passive and internally selected).

Based on the market value as of December 31, 2022, and then on the market value at each September 30th thereafter (commencing September 30, 2023), if the market value of the internally managed index funds in the Water Cost Stabilization Portfolio compared to the market value of the total Water Cost Stabilization Portfolio (including depository funds pursuant to the Investment Policy City of St. Petersburg, Florida Municipal Funds) is less than the applicable percentage identified in the paragraph above, a rebalancing will occur by liquidating from the Water Cost Stabilization Portfolio governed by the Investment Policy City of St. Petersburg, Florida Municipal Funds and reinvesting such amount in dividend yielding equities in funds, mutual funds, or ETF's (passive and internally selected). If the market value of the internally managed index funds in the Water Cost Stabilization Portfolio compared to the market value for the total Water Cost Stabilization Portfolio (including depository funds pursuant to the General Investment Policy) is equal to or greater than the applicable percentage identified in the paragraph above, no rebalancing is needed. If rebalancing is needed, each additional investment purchased will reset the floor value for future market value gains described in the following paragraph.

Cash dividends would be transferred as received (monthly), and when the net value of investment reaches 110% of the amount originally invested, one half of the market value gain would be transferred to the Water Operating Fund for rate subsidy, and one half of the market value gain would remain in the Water Cost Stabilization Portfolio, with such determination date when reviewed, but at least quarterly. After the distribution occurs, the floor is reset to that level which is the sum of the prior floor (starting with the amount originally invested) and adding in the amount of the ½ of the distributed market value gain remaining in the Water Cost Stabilization Portfolio.

Investment Manager(s)'s Acknowledgement

I, the undersigned, acknowledge that I have received the Alternate Investment Policy of the City of St. Petersburg, dated _____. I affirm that I have read and understand this Statement of Investment Policy and do hereby agree to abide to this Statement of Investment Policy.

Name of the Firm

Signed _____ Date _____

**Investment Policy
City of St. Petersburg, Florida
Municipal Funds**

**Approved on December 18, 2014,
amended on April 5, 2018, October 18, 2018,
March 7, 2019, December 15, 2022, ~~and~~ June 15, 2023, and , 2025**

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ATTACHMENTS:

ATTACHMENT 1 - GLOSSARY OF CASH AND INVESTMENT MANAGEMENT TERMS

ATTACHMENT 2 - BROKER/DEALER QUESTIONNAIRE

ATTACHMENT 3 - CITY OF ST. PETERSBURG GOVERNMENT SPONSORED INVESTMENT
POOL OR SHORT-TERM REGISTERED MONEY MARKET FUND
QUESTIONNAIRE

RESTATED CITY OF ST. PETERSBURG INVESTMENT POLICY FOR MUNICIPAL FUNDS

I. PURPOSE AND PLAN STATEMENT

The principal reason for developing this Investment Policy and for putting it in writing is to allow the City of St. Petersburg (hereafter the “City”) to protect its portfolios from revisions of sound long-term policy in reaction to spontaneous market fluctuation. This Investment Policy will help maintain a long-term focus when short-term market movements may be distressing and the policy set forth herein is in doubt.

It shall be the policy of the City to manage cash and investments in a manner that preserves principal over time while maintaining liquidity and generating income to meet the City's projected cash needs. City ~~Ordinance No. 221-G~~ codes and ordinances, this ~~investment plan resolution~~ Investment Policy, and the attached investment procedures are designed to provide compliance with Chapter 218.415, Florida Statutes, which governs the City's investment activities.

II. SCOPE

This Investment Policy applies to all portfolios held by the City of St. Petersburg except for pension fund assets, Park Preservation Fund (Weeki Wachee Fund), the Seagrass Mitigation Bank Trust Fund, the Environmental Preservation Fund, and up to 35% market value of the Water Cost Stabilization Portfolio investable balance which have their own Alternate Investment Policy, and assets under bond resolutions, loan agreement and/or other debt contracts where there are other existing policies or indentures in effect for such portfolios. The Investment Policy portfolios and Alternate Investment Policy portfolios are disclosed in detail in the City's quarterly investment reports and the annual audited financial report and include all portfolios of the City.

The portfolios shall be structured to include at a minimum four sub-structures which will be used for reporting and compliance review. Those sub-structures are defined as follows:

- A. The Short Term Portfolio will consist of short-term registered money market funds, ~~and~~ the State of Florida Local Government Surplus Trust Fund, other intergovernmental investment pools, and demand deposit State and Local Government Series (SLGS) for operating cash flow, as well as any other authorized investment with a maturity of one year or less from the date of settlement.
- B. The Core Portfolio will consist of investment positions whose maturities may not exceed 10 years from the date of settlement.

C. The Bond Reserve and Trust Fund Portfolio

The bond reserve and trust portfolios will consist of all investments related to Bond reserves or Trust Funds representing bond reserves, and debt service cash flow.

D. The Water Cost Stabilization Portfolio is the proceeds from the sale of certain assets as governed by City Ordinance and described under bond covenants. The Water Cost Stabilization Portfolio will consist of investment positions whose maturities may not exceed 10 years.

Diversification will be accomplished by adhering to the City's diversification schedule using book value totals. (Without exception, the City's total investment with any one issuer cannot exceed 5% of the issuer's outstanding debt).

This requirement excludes the up to 35% market value of the Water Cost Stabilization Portfolio that is governed by the Alternate Investment Policy.

III. INVESTMENT OBJECTIVES

Safety of Principal

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

Maintenance of Liquidity

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

Return on Investment

Portfolios shall be designed with the objective of attaining a market rate of return, taking into account the investment risk constraints, liquidity needs, and types of fund as determined by its origin and objectives. Return on investment is of least importance compared to the safety and liquidity objectives described above except for as it pertains to portfolios excluded from this Investment Policy. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Despite this, a person officially designated (P.O.D) or Chief Financial Officer (former title Finance Director) may trade to recognize a loss from time to time.

The following investment objectives will be applied in the management of the City of St. Petersburg investment portfolios:

- The City's portfolios will remain sufficiently liquid. Sufficient liquidity is defined as a minimum of 60 days of operating cash flow in cash, money market accounts, and investments maturing within one year. Establish and monitor cash flow on a monthly basis to insure the continued replenishment of sufficient liquidity and report on same to the Investment Oversight Committee and City Council on a quarterly basis.
- In investing public funds, the City will strive to maximize the return on the portfolios through the monitoring of investment credit and market risk levels in relation to the investment returns.
- Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in only very safe securities (see ~~#4XIII~~ Authorized Investments) and by diversifying the investment portfolios so that the failure of any one issuer would not unduly harm the City's cash flow (see ~~#6XIV~~ Diversification).
- Market risk, defined as the risk of market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by structuring the core portfolios (as defined in Section ~~6XIV~~) so that securities will mature periodically during the fiscal year and either be reinvested in the ladder or moved into registered money market funds, thus eliminating the need to sell securities prior to their maturity; and by prohibiting the taking of short positions, that is, selling securities that the City does not own. It is explicitly understood herein, however, that in a diversified portfolios, occasional recognized losses are inevitable and must be considered within the context of overall investment return.
- The City will not make investments for the purpose of trading or speculation. The prohibition of speculative investments precludes pursuit of gain or profit through unusual risk and precludes investments primarily directed at gains or profits from conjectural fluctuations in market prices.
- In situations where issuers of investments currently held in the portfolios have a credit rating downgrade, the P.O.D. (as hereinafter defined) shall determine the extent and nature of the downgrade and in consultation with the Chief Financial Officer and Internal Services City Administrator shall recommend a course of action to the Mayor.

IV. DELEGATION OF AUTHORITY

In accordance with the ~~City Charter~~applicable laws, the Chief Financial Officer (former title Finance Director) is the Chief Financial Officer whose responsibilities include the investment of City surplus monies. In addition, ~~Ordinance No. 221-G~~City code and

ordinances gives the Chief Financial Officer the authority and power to invest, redeem, sell, exchange, and reinvest unexpended or surplus monies. The Chief Financial Officer may designate a qualified staff member as the P.O.D., person officially designated (the "P.O.D."), and thereby delegate to such staff member the authority and responsibility for day-to-day investment decisions and activities and for development and maintenance of written administrative procedures for the operation of the investment program, consistent with this Investment Policy. Adoption of this Investment Policy affirms City Council's approval of the Chief Financial Officer's delegation authority.

In the short term absence of the P.O.D., the Chief Financial Officer will assist and provide relief for the P.O.D. The Chief Financial Officer shall insureensure, in the event of a long term absence by the P.O.D., that temporary replacement(s) shall be closely supervised and instructed in the requirements of this Investment Policy. Temporary management may include an outside contract with money managers.

The City may appoint an outside investment adviser to assist the City in managing cash and investment reserves. The outside investment adviser must be registered under the Investment Advisers Act of 1940.

V. PRUDENT PERSON STANDARD

The standard of prudence to be used by investment personnel shall be the "Prudent InvestorPerson Rule," and will be applied in the context of managing the overall portfolios. The Prudent Investor RulesPerson Rule states:

"Investments ~~shall~~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 ~~desired~~derived from the investment."

The investment officials, acting in accordance with Ordinance No. 221-~~G~~applicable laws including City code and ordinances, this Investment Policy, and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that deviations are reported as required by this Investment Policy and the appropriate action is taken to control adverse developments.

While the standard of prudence to be used by investment officials who are officers or employees is the Prudent Investor RulesPerson Rule, any person or firm contracted or retained to invest, monitor, or advise concerning these portfolios shall be held to the higher standard of "Prudent Expert". The standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these portfolios, the contractor shall exercise: the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the

investments of the portfolios, so as to minimize the risk, considering the probable income as well as the probable safety of their principal.

VI. ETHICS AND CONFLICTS OF INTEREST

Any person involved in the administration of this Investment Policy shall refrain from personal business activities which could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Also, employees involved in the investment process shall disclose to the Mayor and the City Council any material financial interests in financial institutions that conduct business with the City, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the City's portfolios.

All participants in the investment process shall act responsibly as custodians of the public trust. Investment officials shall recognize that the portfolios are subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

VII. CONTINUING EDUCATION

The Chief Financial Officer, P.O.D., and other appropriate staff shall annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products ~~in accordance with~~ as required by Chapter 218.415, Florida Statutes.

VIII. MATURITY AND LIQUIDITY REQUIREMENTS

A. Maturity Guidelines

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 ("Short Term Portfolio") shall have maturities of no longer than twelve (12) months at the time of settlement.

Investments of bond reserves, construction funds, and other non-operating funds ("Core Portfolios") shall have a term appropriate to the need for funds and in

accordance with debt covenants, but in no event shall the maturities exceed ten years.

The portfolios shall be managed to attain a weighted average maturity (WAM) and duration between 2 to 6 years for the core portfolio and the Water Cost Stabilization Portfolio taking into account the City's investment risk constraints and cash flow requirements. The core and water portfolio's ~~yield to call and current yield~~ total return will be compared to a ~~published~~ market benchmark index of a similar ~~weighted average maturity~~ duration for a similar reporting period. To limit market risk, portfolio duration will be managed within a band of +/- 20% of the selected market benchmark index.

The maturity of asset-backed securities, agency mortgage-backed securities, and collateralized mortgage obligations shall be considered the date corresponding to the average life of the securities. 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.

B. Liquidity Requirements

The City's portfolio will remain sufficiently liquid. Sufficient liquidity is defined as a minimum of 60 days of operating cash flow in cash, money market accounts, and investments maturing within one year. Establish and monitor cash flow on a monthly basis to insure the continued replenishment of sufficient liquidity and report on same to the Investment Oversight Committee and City Council on a quarterly basis.

IX. RISK AND DIVERSIFICATION

The portfolios shall be diversified to control risks resulting from over concentration of assets in a specific maturity, issuer, instruments, dealer, or bank through which these instruments are bought and sold. The P.O.D. or Chief Financial Officer shall determine diversification strategies within the established guidelines.

X. MASTER REPURCHASE AGREEMENT

The City 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 OF INVESTMENT INSTRUMENTS

After the Chief Financial Officer, P.O.D., or designee has determined the approximate maturity date based on cash flow needs and market conditions and has analyzed and selected one or more optimal types of investments, a minimum of three (3) qualified banks and/or approved broker/dealers must be contacted and asked to provide bids/offers on the securities in question. The City's Chief Financial Officer, P.O.D., or designee shall send an email with the required maturity date and amount to be invested to broker/dealers and/or Qualified Public Depositories requesting bids. The Chief Financial Officer, P.O.D., or designee will select the bid deemed to best meet the City's investment objectives.

However, if obtaining bids/offers are not feasible and appropriate, securities may be purchased/sold utilizing the comparison to current market price method on an exception basis. When this occurs the City Administrator shall approve alternative methods prior to any investment action. Acceptable current market price providers include, but are not limited to:

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

Examples of when this method may be used include:

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

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

XII. ~~AUTHORIZED INVESTMENTS~~ INVESTMENT DECISIONS

Investment decisions will be based solely on “pecuniary factors”, meaning a factor that the governing body of the City, or in the absence of the existence of a governing body, all persons responsible for authorizing and executing investment transactions for the City, prudently determines is expected to have a material effect on the risk or returns of an investment based on appropriate investment horizons consistent with applicable investment objectives and funding policy. The term does not include the consideration of the furtherance of any social, political, or ideological interests.

When deciding whether to invest and when investing public funds, the City must make decisions based solely on pecuniary factors and may not subordinate the interests of the people of this state to other objectives, including sacrificing investment return or undertaking additional investment risk to promote any nonpecuniary factor. The weight given to any pecuniary factor must appropriately reflect a prudent assessment of its potential impact on risk and/or returns.

XIII. AUTHORIZED INVESTMENTS

As contemplated in Chapter 218.415, Florida Statutes, and ~~the City Charter~~other applicable laws including City code and ordinances, the Chief Financial Officer, or P.O.D., is authorized on behalf of the City to invest all monies in the City Treasury which, in the judgment of the Chief Financial Officer or P.O.D., are in excess of current City needs.

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

In situations where issuers of investments currently held in the portfolios have a credit rating downgrade, the P.O.D. shall determine the extent and nature of the downgrade and in consultation with the Chief Financial Officer or P.O.D., and City Administrator shall recommend a course of action to the Mayor.

Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in only very safe securities and by diversifying the investment portfolios so that the failure of any one issuer would not unduly harm the City's cash flow.

The following are the investment requirements and allocation limits on security types, issuers, and maturities as established by the City. Diversification strategies within the established guidelines shall be reviewed and revised periodically as necessary by the Investment Oversight Committee. The Investment Oversight Committee may recommend, and Chief Financial Officer, and P.O.D. shall have the option, to further restrict investment percentages from time to time based on market conditions, risk and diversification investment strategies. The percentage allocations requirements for investment types and issuers are calculated based on the original cost of each investment, at the time of purchase. Investments not listed in this policy are prohibited.

As contemplated in Florida Statute 218.415 and ~~the City Charter~~other applicable laws including City code and ordinances, the Chief Financial Officer is authorized on behalf of the City to invest all monies in the City Treasury which, in the judgment of the Director, are in excess of current City needs, as follows:

- A. Demand checking account, savings accounts and other savings instruments in state qualified public depositories, which are secured per the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.
- B. The State of Florida Local Governments Surplus Funds Trust Fund or any intergovernmental investment pool pursuant to Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes.
- C. Certificates, notes, bonds, bills, or zero coupon (strips, cats & tigers) -of the United States Treasury, or other obligations of the United States or its Agencies. Agencies are backed by the full faith and credit of the United States. Authorized investments in this category are limited to:
 - Governmental National Mortgage Association (GNMA)
 - Farmers Home Administration (FHA)
 - Small Business Association (SBA)
 - General Services Administration (GSA)
 - Federal Housing Administration (FHA)
 - Housing and Urban Development (HUD)
- D. Obligations of Government Sponsored Enterprises (GSE) (Instrumentalities) which are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System. Instrumentalities are usually "AAA"-rated the same as U.S. Treasuries and Agencies by a Nationally Recognized Statistical Ratings Organization (NRSRO) but have no explicit governmental guarantee. Authorized investments in this category are limited to:
 - Federal National Mortgage Association (FNMA)
 - Federal Farm Credit Banks (FFCB)
 - Federal Home Loan Banks (FHLB)

- Federal Home Loan Mortgage Corporation (FHLMC)
 - Federal Land Bank (FLB)
 - Federal Agriculture Mortgage Corporation (FAMCA)
 - Tennessee Valley Authority (TVA)
- E. Collateralized Mortgage Obligations (CMOs), Mortgage-Backed Securities (MBS), as well as direct collateral bonds issued by Federal Agencies and Instrumentalities. These bonds are usually rated "AAA"the same as U.S. Treasuries and Agencies by a NRSRO due to the credit pass-thru of the issuing Agency or Instrumentality. All bond purchases must pass the Federal Financial Instrumentalities Examination Council (FFIEC) High Risk Security Test (see Attachment 1 Glossary of Terms).
- F. Bankers' Acceptances (BA) guaranteed by banking institutions which are issued by a domestic bank with a rating of "A-1"/P-1" by a NRSRO on its short term debt or "A" category, by a NRSRO, on its long-term debt. All Bankers' Acceptances must be inventory based.
- G. Commercial Paper issued by corporations organized and operating within the United States or by depository institutions licensed by the United States having received an "A-1/P-1" or better by a NRSRO, such as Moody's, Standard and Poor's, or Fitch.
- H. Corporate Asset Backed notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States having received the two highest category ratings by a NRSRO.
- I. Non-Negotiable Certificates of Deposit and Bank Investment Contracts (BIC) which can be insured, collateralized at the Federal Reserve or qualify as state qualified public deposits, which are secured per the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.
- J. Guarantee Investment Contracts (GIC) with an issuing financial institution which has at least the two highest category ratings on its long-term debt by a NRSRO. Collateralization using the City's authorized Investment Categories "C" and "D" of this section will be required of all GIC issuers when their rating falls below the two highest rating categories by a NRSRO or the contract can be terminated at the City's option.
- K. Tax-Exempt Governmental bonds, notes or other obligation of investment grade quality (as established by a NRSRO) issued by or on behalf of this or any other state, or any other agency, county, municipal corporation, special district, authority, or political subdivision thereof, with respect to the investment of City bond proceeds in accordance with arbitrage regulations issued by the Internal Revenue Service (IRS).

- L. Repurchase Agreement with the City's primary state-certified qualified public depository, as defined by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes. The repurchase agreement for overnight sweep cash investments are collateralized by State Law with the State Comptroller's office. The underlying parent rating in these whole loan transactions must be "A-1/P-1" by a NRSRO, unless the counterparty is a Federal Reserve Bank, no rating is required.
- M. U.S. Treasury and U.S. Government short-term mutual funds used for short-term cash flow.
- N. Taxable Governmental bonds, notes or other obligations of investment grade quality as established by a NRSRO issued by or on behalf of this or any other state, or any agency, county, municipal corporation, special district, authority, or political subdivision thereof.
- O. The Columbia Management (Strategic Cash Fund Capital Class Shares) as a long-term investment held to maturity: (not allowed to add to investment holdings).
- P. Unsecured corporate bonds, notes or other obligations issued by corporations organized and operating within the United States or by depository institutions licensed by the United States, and are of investment grade quality as established by a NRSRO. However, no more than 40% of all corporate bonds in the Core and the portion of the Water Cost Stabilization Portfolios that are governed under this Investment Policy may be rated "BBB".
- Q. Supranationals: US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank rated in the two highest ratings categories by a NRSRO.

Portfolio Limits and Other Specifications

1. All investments must be denominated in U.S. dollars.
2. All limits and rating requirements apply at time of purchase.
3. Ratings requirements are for any one Nationally Recognized Statistical Ratings Organization ("NRSRO").
4. Maturity and average life are measured from settlement date.
5. Investment in callable, step-up callable and puttable securities is permitted.
6. Investment in variable-rate and floating-rate securities is permitted.

7. Subordinated, secured and covered debt is permitted if it meets the ratings requirements for the sector.
8. Treasury TIPS are permitted.
9. Should a security fall below the minimum credit rating requirement dictated by this policy, the P.O.D. or Chief Financial Officer shall notify the Investment Oversight Committee.

~~XIII~~

XIV. DIVERSIFICATION

It is the policy of the City of St. Petersburg to diversify the portfolios. The portfolios shall be diversified to control the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific instrument and/or class of instruments. No transaction needs to be initiated when required portfolios cash flows may temporarily cause the maximum holdings in a category to exceed the establishing limit. Any transaction after such infraction shall work toward returning to compliance. The following sets the diversification limits for each portfolio:

Diversification Schedule

Investment Type	Minimum Credit Rating ¹	Short Term Portfolio			Core Portfolio ²			Bond Reserves & Trust Funds			Water Cost Stabilization Portfolio ²		
		Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits	Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits	Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits	Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits
Florida LGSTF Money Market Equivalent (Florida Prime) <u>or any intergovernmental investment pool</u>	Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent)	25 50%	N/A 25%	N/A	0%	0%	N/A	25 50%	N/A 25%	N/A	25 50%	N/A 25%	N/A
Checking and Savings Accounts and Other Investment Contracts	N/A	25%	N/A	N/A	0%	0%	N/A	100%	N/A	N/A	0%	0%	N/A
U.S. Government Treasuries	N/A	100%	N/A	1 Year	100%	N/A	10 Years	80%	N/A	10 Years	100%	N/A	10 Years
U.S. Government Agencies	N/A	50% No more than 50 20% in <u>Step-Ups/Callables</u>	70 35%	1 Year	100% No more than 50 20% in <u>Step-Ups/Callables</u>	70 35%	10 Years	80% <u>No more than 20% in Callables</u>	N/A 35%	10 Years	100% No more than 50 20% in <u>Step-Ups/Callables</u>	70 35%	10 Years
U.S. Federal Instrumentalities (GSE)	N/A	50% No more than 50 20% in <u>Step-Ups/Callables</u>	60 35%	1 Year	40 80% No more than 50 20% in <u>Step-Ups/Callables</u>	70 35%	10 Years	80%	N/A 35%	10 Years	40 80% No more than 50 20% in <u>Step-Ups/Callables</u>	70 35%	10 Years
Agency Mortgage Backed Securities and Collateralized Mortgage Obligations	<u>Highest LT Rating Category (AAA/Aaa, or equivalent)</u> N/A ; <u>U.S. Agency Backed</u>	0%	0%	N/A	20%	40 20%	10 Years	0%	0%	N/A	20%	N/A 20%	10 Years
Bankers' Acceptance	Highest ST Rating Category (A-1/P-1, or equivalent)	20%	40 5%	180 Days	0%	0%	N/A	0%	0%	N/A	0%	0%	N/A

Investment Type	Minimum Credit Rating ¹	Short Term Portfolio			Core Portfolio ²			Bond Reserves & Trust Funds			Water Cost Stabilization Portfolio ²		
		Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits	Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits	Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits	Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits
Commercial Paper	Highest ST Rating Category (A-1/P-1, or equivalent)	20%	40 5%	270 Days	20%	40 5%	270 Days	0%	0%	N/A	0 20%	0 5%	N/A
Corporate Asset Backed	Highest ST or Two Highest LT Rating (A-1/P-1, AA/Aa, or equivalent)	0%	0%	N/A	10%	N/A 5%	5 Years	0%	0%	N/A	20%	N/A 5%	5 Years
Corporate Notes & Bonds	Four Highest LT Rating Categories (BBB/Baa or equivalent)	0%	0%	N/A	30%	N/A 5%	8 Years	0%	0%	N/A	30%	N/A 5%	8 Years
Non-Negotiable CD's & BIC's ³	N/A	30%	N/A	1 Year	30%	N/A	5 Years	30%	N/A	5 Years	30%	N/A	5 Years
Guaranteed Investment Contracts (GICs)	N/A	0%	0%	N/A	30%	N/A	5 Years	50%	N/A	5 Years	30%	N/A	5 Years
Tax Exempts Municipal Obligations	Highest ST or Four Highest LT Rating Categories (SP-1/MIG 1, BBB/Baa, or equivalent)	0%	0%	N/A	0%	0%	N/A	As Needed	N/A 5%	10 Years	0%	0%	N/A
Taxable Municipal Obligations	Highest ST or Four Highest LT Rating Categories (SP-1/MIG 1, BBB/Baa, or equivalent)	0%	0%	N/A	30%	N/A 5%	8 Years	0%	0%	N/A	30%	N/A 5%	8 Years
Repurchase Agreements	Highest Counterparty Rating Category (A-1/P-1, or equivalent)	20%	N/A	180 Days	0%	0%	N/A	5%	N/A	N/A	0%	0%	N/A

Investment Type	Minimum Credit Rating ¹	Short Term Portfolio			Core Portfolio ²			Bond Reserves & Trust Funds			Water Cost Stabilization Portfolio ²		
		Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits	Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits	Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits	Maximum Holdings	Individual Issuer Limit	Stated Maturity Limits
Money Market Mutual Funds – Government Only	Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent)	100%	30%	N/A	0%	0%	N/A	100%	30%	N/A	20%	N/A	N/A
Supranationals	<u>Two Highest LT Rating (AA/Aa, or equivalent)</u>	<u>0%</u>	<u>0%</u>	<u>N/A</u>	<u>20%</u>	<u>10%</u>	<u>10 Years</u>	<u>0%</u>	<u>0%</u>	<u>N/A</u>	<u>20%</u>	<u>10%</u>	<u>10 Years</u>
The Columbia Management Strategic Cash Separate Account Being Managed by Bank of America ⁴	N/A	10%	N/A	N/A	5%	N/A	N/A	0%	0%	N/A	0%	0%	N/A

Notes:

1. Rating by at least one Nationally Recognized Statistical Ratings Organization (“NRSRO”). ST=Short-term; LT=Long-term.
2. Excludes the amount assigned to the Alternate Investment Policy
3. Limited to FDIC Insured or Collateralized (Florida QPD) Non-Negotiable CD’s & BIC’s.
4. Not allowed to add to investment holdings.

XIV

XV. SPECIFICALLY PROHIBITED INVESTMENTS

Derivatives and Reverse Repurchase Agreements:

Investment in any derivative products or the use of reverse repurchase agreements is specifically prohibited by this Investment Policy. A “derivative” is defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or indices or asset values.

For purposes of this section ~~XIV~~XV., direct investment means that the security is selected individually by the City or its Investment Manager and does not include investments made in money market funds, mutual funds, or index funds.

XV~~XVI~~. PERFORMANCE MEASUREMENTS

In order to assist in the evaluation of the portfolios performance, the City will use performance benchmarks for Short-Term and Core Portfolios. The use of benchmarks will allow the City to measure its returns against other investors in the same markets.

- A. The Short-Term Portfolio shall be evaluated in comparison with the weighted average yield (net book value rate of return) of the Standard & Poor’s Local Government Investment Pool All 30 Day yield gross of fees (LGIP30D). The Standard & Poor’s LGIP30D represents Government Investment Pools that maintain a stable net asset value of \$1 per share with a weighted average maturity of 60 days or less and is rated in Standard & Poor’s two highest money market fund rating categories: “AAAm” and “AAm” or the equivalent by another NRSRO.
- B. The Core Funds shall be designed with the annual objective of achieving a comparable return to the Bank of America Merrill Lynch 1-5 Year U.S. Treasury Index. The Bank of America Merrill Lynch 1-5 Year U.S. Treasury Index represents all U.S. Treasury securities maturing over one year, but less than five years. This maturity range is an appropriate benchmark based on the objectives of the City.
- C. The Bond Reserves and Trust Funds shall be designed with the annual objective of achieving a comparable return to the Bank of America Merrill Lynch 1-5 Year U.S. Treasury Index. The Bank of America Merrill Lynch 1-5 Year U.S. Treasury Index represents all U.S. Treasury securities maturing over one year, but less than five years. This maturity range is an appropriate benchmark based on the objectives of the City.

- D. The Water Cost Stabilization Portfolio shall be designed with the annual objective of achieving a comparable return to the Bank of America Merrill Lynch 1-5 Year U.S. Treasury Index. The Bank of America Merrill Lynch 1-5 Year U.S. Treasury Index represents all U.S. Treasury securities maturing over one year, but less than five years. This maturity range is an appropriate benchmark based on the objectives of the City.

~~XVI~~XVII. INVESTMENT PROCEDURES

Written investment procedures are included in the Finance Department-Procedures Manual, Treasury Division and provide for:

- Daily and Weekly Cash Balance Reporting
- Weekly review of investable cash on a fund-by-fund basis
- Document competitive bids and offerings of securities to be purchased or sold.
- Formats for quarterly and annual reports to be provided to the Chief Financial Officer, the Mayor and the City Council.
-
- Proration of investment income from pooled investments.
- Compliance with generally accepted accounting principles of the Government Accounting Standards Board.
- Review and strategic discussions of investment activities by the Investment Oversight Committee as defined in Section 21.

~~XVII~~XVIII. INTERNAL CONTROL

The Chief Financial Officer shall establish and monitor internal and procedural controls designed to protect the City's portfolios and ensure proper accounting and reporting of the transactions related thereto.

Such internal control procedures shall include details of delivery vs. payment procedures and trust receipt documentation.

All securities purchased or sold will be transferred only under the "delivery versus payment" (DVP) method (or "payment versus delivery" method) to ensure that funds or securities are not released until all criteria relating to the specific transaction are met. Only after approval by the City Administrator, shall the Chief Financial Officer be authorized to deliver securities free of payment. This DVP procedure will be noticed to all of the City's Custodial/Safekeeping Agent with a required confirmation of their understanding.

The P.O.D. is authorized to accept, on behalf and in the name or authorized nominee name of the City of St. Petersburg, bank trust receipts or confirmations from the City's Custodial/Safekeeping Agent in return for investment of temporarily idle funds as evidence of actual delivery of the obligations or securities. Any such trust receipt of confirmation shall fully describe the various obligations or securities held, together with the specific number of each obligation or security held, and that they are held for the City. The actual obligations or securities, whether in book-entry or physical form, on which trust receipts or confirmations are issued, may be held by a bank/depository chartered by the United States Government or the State of Florida.

Internal controls will also encompass at a minimum these additional issues:

- control of collusion, with specific reference to the City Code of Ethics
- transfers of all funds (purchases, sales, etc.)
- custodial safekeeping
- avoidance of bearer-form or non-wireable securities
- delegation of authority to subordinate staff members
- written confirmation of telephone transactions
- supervisory control of employee actions
- specific guidelines regarding securities losses and remedial action
- documentation of decisions made by investment officials
- review of selected investment transaction by the internal and external auditors
- Governmental Accounting Standards Board (GASB) compliance reporting

~~XVIII~~XIX. CRITERIA FOR SELECTION OF FINANCIAL INTERMEDIARIES AND ISSUERS

Non-Negotiable Certificates of Deposit shall be placed only with financial institutions which qualify under Florida Law or may be collateralized at the Federal Reserve. Other securities shall be purchased only:

- through financial institutions which provide the services of a securities dealer (who qualify as public depositories under Chapter 280.02, Florida Statutes) with an office within the City of St. Petersburg. A listing of the Qualified Public Depositories is available at https://apps8.fldfs.com/CAP_Web/PublicDeposits/ActiveQPDDisplayList.aspx;
- The Chief Financial Officer, P.O.D., or designee shall only purchase securities from Qualified Financial Institutions and investment institutions which are designated as Primary Dealers by the Federal Reserve Bank of New York (Source of information: http://www.newyorkfed.org/markets/pridealers_current.html). The Chief Financial Officer, P.O.D., or designee shall only enter into repurchase agreements with financial institutions that are Qualified Institutions and Primary Dealers as designated by the Federal Reserve Bank of New York. The Chief Financial Officer, P.O.D., or designee shall maintain a list of financial institutions

and broker/dealers that are approved for investment purposes and only firms meeting the following requirements will be eligible to serve as Qualified Institutions:

- 1) Regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule);
- 2) Registered as a dealer under the Securities Exchange Act of 1934;
- 3) Member of the Financial Industry Regulatory Authority (FINRA);
- 4) Registered to sell securities in Florida;
- 5) The firm and assigned broker have been engaged in the business of effecting transactions in U.S. government and agency obligations for at least five (5) consecutive years.
- 6) Public Depositories qualified by the Treasurer of the State of Florida, in accordance with Chapter 280, Florida Statutes.
- 7) Through "secondary government securities dealers" with a business presence (excludes residential offices) within the Tampa Bay area which includes the Florida Counties of Pinellas, Pasco, Hillsborough, Manatee, and Sarasota.

These institutions, dealers and issuers must meet capital adequacy guidelines as determined by their respective regulatory agencies and certify that no material adverse events have occurred since the issue of their most recent financial statements. They must also agree to notify the City in the event of material adverse events affecting their capital adequacy.

Individuals representing firms doing business with the City shall receive a copy of the ~~Investment Ordinance No. 221~~ Gapplicable City code and ordinances, this Investment Policy, and a Broker/Dealer Questionnaire (Attachment 2). A signed copy of the Broker/Dealer Questionnaire (acknowledging among other things that the dealer/broker has read the Investment Policy and understands its contents), shall be returned prior to any trading activities and shall be kept on file in the Finance Department.

A list of authorized institutions, dealers and issuers of the various security types will be maintained by the P.O.D.

In addition to the signed Broker/Dealer Questionnaire, other criteria used by the City for addition to or deletion from the list include but are not limited to the following:

- State law, City's ordinance, code, and Investment Policy requirements where applicable;
- consistent lack of competitiveness;
- experience and familiarity by the account representative in providing service to the City; and
- when deemed in the best interest of the City.

In June of each year the City may send either a copy of all amendments modifying the prior Investment Policy or a notice that no changes have occurred to all City-approved financial institutions. In addition, newly prepared Broker/Dealer Questionnaires are required to be submitted.

To ensure market value investment transaction within this Investment Policy and to provide for the objective investment of City monies, the City's investment procedures shall be designed to include competitive bidding on widely traded instruments and market spread indicators on limited traded instruments.

~~XIX~~Selection of financial institutions and broker/dealers authorized to engage in transactions will be at the sole discretion of the City, except where the City utilizes an external investment adviser in which case the City may rely on the adviser for selection.

XX. PAYMENT, CUSTODY AND SAFEKEEPING

All transactions will be accomplished with authorized security dealers/brokers and financial institutions on a delivery-versus-payment (DVP) basis. Securities will be held at the City's Custodial/Safekeeping Agent.

No withdrawal of such securities, in whole or in part, shall be made from safekeeping except by the P.O.D., or Chief Financial Officer as authorized herein. The strongest assurance and control that the securities have been properly segregated on behalf of the local jurisdiction is provided by an independent third-party custodian. In addition it may be found to be appropriate to accept confirmation from the trust company affiliated with the other party of the transaction. The P.O.D. should be assured that the structure of this affiliation is such that the two entities are fully independent of each other, that controls are adequate, and that the City's security interest in the assets is not lost.

An exception to this method of control will be the safekeeping on non-negotiated bank certificates of deposit which require physical delivery without systematic handling found commonly with book entry securities.

The City will execute third-party custodial/safekeeping agreements with its bank(s) and depository institution(s). Such agreements will include the responsibilities of each party, notification of security purchases, sales, delivery, repurchase agreements and wire transfers, safekeeping and transactions costs, procedures in case of wire failure or other unforeseen mishaps and liability of the custodian.

XXXXI. REPORTING REQUIREMENTS

The P.O.D. shall prepare quarterly investment reports, including a succinct management summary that provides a clear picture of the status of the current portfolios. The management report should include comments on the fixed income market, possible changes in portfolios structure going forward, broker/dealer activity, discussion regarding restrictions on percentage of investment and categories, and thoughts on the City's investment strategy. The report should be reviewed by the Chief Financial Officer, the ~~Internal Services~~Assistant City Administrator, the Budget, Finance and Taxation Committee, and the Mayor prior to release to the City Council. Schedules included in the quarterly report should include the following:

- A listing of individual securities held at the end of the reporting period by portfolios structure and by authorized investment category.
- Average life, final maturity of all investments listed, and duration by portfolios substructures.
- Core Portfolio overall yield and total return compared to the corresponding published index during the same reporting period.
- Profit/Loss and holding period rate of return for all securities sold and earnings received by investment including yield.
- Par value, Amortized Book Value, and Market Value.
- Percentage of the Portfolio represented by each investment category for both book and market values.
- Transactions for the period.
- Maturity distribution of the portfolio.
- Average portfolio credit quality.
- A statement of compliance with this Investment Policy, including a schedule of any transactions or holdings which do not comply with this Investment Policy or applicable laws including City code and ordinances, including a justification for their presence in the portfolio and a timetable for resolution.

The P.O.D. shall prepare all necessary schedules, footnote disclosures and transmittal letter comments for the annual financial report in accordance with generally accepted governmental accounting standards.

~~XXI~~XXII. INVESTMENT OVERSIGHT COMMITTEE

The Investment Oversight Committee ~~should~~shall include the current chairman of the City's Budget, Finance and Taxation Committee, a member of City senior administration and five community members with backgrounds in banking, portfolio management, investment banking, or extensive experience in economics. Appointments are made by the Mayor and confirmed by City Council for a two-year term. Persons who are employed by a college or university in an academic capacity and who have expertise in one or more of the disciplines prescribed by this paragraph may be appointed to the ~~Committee~~committee. The committee will meet on a quarterly basis in order to discuss

prior investment activities, recommend changes in investment strategies, and make suggestions on portfolio management and internal controls. The committee will keep minutes and provide recommendations to the Mayor, City Council, and City Council's Budget, Finance & Taxation Committee. The Chief Financial Officer shall provide staff support as necessary.

~~XXII~~XXIII. GOVERNMENT SPONSORED INVESTMENT POOL OR REGISTERED SHORT-TERM MONEY MARKETS

The government sponsored investment pool authorized by Chapter 218.415, Florida Statutes, Section ~~1516~~ Subsections (a) and (b) authorize the investment in the State-run Local Government Surplus Funds Trust, any intergovernmental investment pool authorized by the Florida Interlocal Cooperation Act, and U.S. Government short-term registered money market funds that qualify as Security and Exchange Commission (SEC) money market funds.

The City will thoroughly investigate any pool prior to investing. The attached list of questions which will assist in determining the credit and market risk of the pool will be reviewed prior to investing in a pool program (See Attachment 3 Investment Pool Questionnaire).

~~XXIII~~XXIV. ANNUAL REVIEW

This Investment Policy shall be reviewed on an annual basis by the Investment Oversight Committee and the City Budget, Finance and Taxation Committee, ~~and any proposed revisions thereto.~~ Any changes to this Investment Policy shall be presented to require City Council as required approval.

~~XXIV~~. XXV. INVESTMENT POLICY ADOPTION

This Investment Policy adopted by the City Council of St. Petersburg on December 18, 2014, and amended on April 5, 2018, October 18, 2018, March 7, 2019, and December 15, 2022, June 15, 2023, is hereby further amended on June 15, 2023, _____, 2025.

Signature: _____

Name/Title: _____

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Glossary of Cash and Investment Management Terms

GLOSSARY OF CASH AND INVESTMENT MANAGEMENT TERMS

The following is a glossary of key investing terms, many of which appear in the City of St. Petersburg's Investment Policy. This glossary clarifies the meaning of investment terms generally used in cash and investment management but does not constitute allowable investments which are specified under Section XIII. This glossary has been adapted from the GFOA Sample Investment Policy and the Association of Public Treasurers of the United States and Canada's Model Investment Policy.

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

Agency. See "Federal Agency Securities."

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

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

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

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

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

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

Benchmark Bills: In November 1999, FNMA introduced its Benchmark Bills program, a short-term debt securities issuance program to supplement its existing discount note program. The program includes a schedule of larger, weekly issues in three- and six-month maturities and biweekly issues in one-year for Benchmark Bills. Each issue is brought to market via a Dutch (single price) auction. FNMA conducts a weekly auction for each Benchmark Bill maturity and accepts both competitive and non-competitive bids through a web based auction system. This program is in addition to the variety of other discount note maturities, with rates posted on a daily basis, which FNMA offers. FNMA's Benchmark Bills are unsecured general obligations that are issued in book-entry form through the Federal Reserve Banks. There are no periodic payments of

interest on Benchmark Bills, which are sold at a discount from the principal amount and payable at par at maturity. Issues under the Benchmark program constitute the same credit standing as other FNMA discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

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

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

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

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

Book Entry Securities. Securities that are recorded in a customer's account electronically through one of the financial markets electronic delivery and custody systems, such as the Fed Securities wire, DTC, and PTC

(as opposed to bearer or physical securities). The trend is toward a certificate-free society in order to cut down on paperwork and to diminish investors' concerns about the certificates themselves. The vast majority of securities are now book entry securities.

Book Value. The value at which a debt security is reflected on the holder's records at any point in time. Book value is also called “amortized cost” as it represents the original cost of an investment adjusted for amortization of premium or accretion of discount. Also called “carrying value.” Book value can vary over time as an investment approaches maturity and differs from “market value” in that it is not affected by changes in market interest rates.

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

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

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

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

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.

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.

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

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

Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides stability and

assistance to the secondary market for home mortgages by purchasing first mortgages and participation interests financed by the sale of debt and guaranteed mortgage backed securities. FHLMC debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities, and MBS. Also issues notes under its “reference note” program.

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

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

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

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

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

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

Floating Rate Security (FRN or “floater”). A bond with an interest rate that is adjusted according to changes in an interest rate or index. Differs from variable-rate debt in that the

changes to the rate take place immediately when the index changes, rather than on a predetermined schedule. See also "Variable Rate Security."

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

Ginnie Mae. See "Government National Mortgage Association."

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

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

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

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

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

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

Interest-Only (IO) STRIP. A security based solely on the interest payments from the bond. After the principal has been repaid, interest payments stop and the value of the security falls to nothing. Therefore, IOs are considered risky investments. Usually associated with mortgage-backed securities.

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

costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

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

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

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

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

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

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

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

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

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

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

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

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

Medium Term Notes (MTN's). Used frequently to refer to corporate notes of medium maturity (5-years and under). Technically, any debt security issued by a corporate or depository institution with a maturity from 1 to 10 years and issued under an MTN shelf registration. Usually issued in smaller issues with varying coupons and maturities, and underwritten by a variety of broker/dealers (as opposed to large corporate deals issued and underwritten all at once in large size and with a fixed coupon and maturity).

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

Money Market Mutual Fund (MMF). A type of mutual fund that invests solely in money market instruments, such as: U.S. Treasury bills, commercial paper, bankers' acceptances, and repurchase agreements. Money market mutual funds are registered with the SEC under the Investment Company Act of 1940 and are subject to "rule 2a-7" which significantly limits

average maturity and credit quality of holdings. MMF's are managed to maintain a stable net asset value (NAV) of \$1.00. Many MMFs carry ratings by a NRSRO.

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

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

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.

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.

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.

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

Spread. The difference between the price of a security and similar maturity U.S. Treasury investments, expressed in percentage terms or basis points. A spread can also be the absolute difference in yield between two securities. The securities can be in different markets or within the same securities market between different credits, sectors, or other relevant factors.

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

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

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

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

Swap. Trading one asset for another.

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

Tennessee Valley Authority (TVA). One of the large Federal Agencies. A wholly owned corporation of the United States government that was established in 1933 to develop the resources of the Tennessee Valley region in order to strengthen the regional and national economy and the national defense. Power operations are separated from non-power operations. TVA securities represent obligations of TVA, payable solely from TVA's net power proceeds, and are neither obligations of nor guaranteed by the United States. TVA is currently authorized to issue debt up to \$30 billion. Under this authorization, TVA may also obtain advances from the U.S. Treasury of up to \$150 million. Frequent issuer of discount notes, agency notes, and callable agency securities.

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

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."

BROKER/DEALER QUESTIONNAIRE

This questionnaire is required under the City of St. Petersburg Investment Policy for Municipal Funds. Completion of the form is required in order to receive City approval as authorized Broker/Dealer and prior to any trading activity. Any changes to or modification of this form must be approved by the City to maintain approval as an authorized Broker/Dealer.

Name of Firm _____

Address _____

Phone No. _____

Fax No. _____

Primary Representative

Manager

Name _____

Name _____

Title _____

Title _____

Phone No. _____

Phone No. _____

Identify all other personnel who will be offering/bidding and/or quoting securities to our employees.

Name

Title

Phone No.

PLEASE ATTACH RESUMES AND SEC EXIT FORM U-5 (if previously employed by another investment firm) OF ALL PERSONNEL LISTED ABOVE.

Is your firm a primary dealer in U.S. Government Securities?

() Yes

() No

a. If yes, for how long has the firm been a primary dealer? ____ years

b. If no, does your firm qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule)?

Which instruments are offered regularly by your firm?

- | | |
|---|--|
| <input type="checkbox"/> Treasury Bills | <input type="checkbox"/> Tax Exempt Bonds |
| <input type="checkbox"/> Treasury Notes/Bonds | <input type="checkbox"/> Taxable Governments (state, counties, cities, etc.) |
| <input type="checkbox"/> Government Agencies | <input type="checkbox"/> BA's (domestic) & (Foreign) |
| <input type="checkbox"/> FFCB | <input type="checkbox"/> U.S. Government Money Markets |
| <input type="checkbox"/> FNMA | <input type="checkbox"/> Commercial Paper |
| <input type="checkbox"/> SLMA | <input type="checkbox"/> Mortgage Backed Securities (Specify) |
| <input type="checkbox"/> Adjustable Rate Mutual Funds | <input type="checkbox"/> Corporate Asset Backed Securities |
| <input type="checkbox"/> GIC | <input type="checkbox"/> Corporate Notes & Bonds |
| | <input type="checkbox"/> Other |

Has your firm, or any of your employees assigned to do business with our organization, ever been subject to a regulatory, state or federal agency investigation for alleged improper, fraudulent, disreputable or unfair activities related to the sale or purchase of government securities or money market instruments? If so, please explain.

Has a public sector client ever claimed in writing that your firm or any of your employees assigned to do business with our organization been responsible for investment losses. If so, please explain.

Has your firm consistently complied with the Federal Reserve Bank's/Securities Exchange Commission's capital adequacy guidelines? As of this date, does your firm comply with the guidelines?

Please provide samples of research reports which your firm regularly provides to public sector clients.

Please provide certified financial statements and other indicators regarding your firm's capitalization.

As a condition of being an authorized Broker/Dealer for the City of St. Petersburg, you and your firm must indicate that you have received and read all City Ordinances and applicable laws, rules and regulations related to the investment of municipal funds, Investment Policy for Municipal Funds, and this questionnaire. By signing this questionnaire you acknowledge you have received and read all of the foregoing.

Primary Representative: _____

Firm's Authorized Signer: _____

Date Submitted: _____

Note: This questionnaire must be submitted prior to your firm being authorized to trade with the City, and subject to reconfirmation at the City's request.

CITY OF ST. PETERSBURG GOVERNMENT SPONSORED INVESTMENT POOL
OR SHORT-TERM REGISTERED MONEY MARKET FUND QUESTIONNAIRE

Prior to participating in an authorized pool or fund the following questions and issues should be considered.

1. SECURITIES

Government and registered money market pools may invest in a broader range of securities than the City is authorized to invest in. It is important that the City is aware of, and is comfortable with, the securities the pools buy.

- a) Does the pool provide a written statement of investment policy and objective?
- b) Does the statement contain:
 - description of eligible investment instruments?
 - the credit standards of investments?
 - the allowable maturity range of investments?
 - the maximum allowable dollar weighted average portfolio maturity?
 - the limits of portfolios concentration permitted for each type of security?
 - the policy on reverse repos, options, short sales and future?
- c) Are changes in the policies communicated to the pool participants?
- d) Does the pool contain only the types of securities that are permitted by the Investment Policy?

2. INTEREST

Interest is not always reported in a standard format, so it is important that the City know how interest is quoted, calculated and distributed so that the City can make comparisons with other investment alternatives.

Interest Calculation:

Does the pool disclose the following about yield calculation:

- The methodology used to calculate interest (simple maturity, yield to maturity, etc.)?
- The frequency of interest payments?
- How interest is paid (credited to principal at the end of the month, each quarter, wireable, mailed)?
- How are gains/losses reported, monthly or only when realized?

Reporting:

- Is the yield reported to participants of the pool monthly (if not, how often)?
- Are expenses of the pool deducted before quoting the yield?
- Is the yield generally in line with the market yields for securities in which the City usually invests?

- How often does the pool report, and does that report include market values of securities?

3. SECURITY

The following questions are designed to help the City safeguard funds from loss of principal and loss of market value.

- Does the pool disclose safekeeping practices?
- Is the pool subject to audit by an independent auditor?
- Is the copy of the audit available to participants?
- Who makes the portfolio decisions?
- How does the manager monitor the credit risk of the securities in the pool?
- Is the pool monitored by someone on the board or a separate neutral party external to the investment function to ensure compliance with written policies?
- Does the pool have specific policies with regards to the various investment vehicles?
 - a. what are the different investment alternatives?
 - b. what are the policies for each type of investment?
- Does the pool mark the portfolio to its market value?
- Does the pool disclose the following about how portfolio securities are valued?
 - a. the frequency with which the portfolio securities are valued?
 - b. the method used to value the portfolio (cost, current value, or some other method)?
- How often does the pool review the credit ratings of securities held in the pool?
- Does the pool review the underlying credit worthiness of the ultimate creditor where insurance wraps or letters of credit are involved?

4. OPERATIONS

The answer to these questions will help the City determine whether this pool meets its operational requirements.

- Does the pool limit eligible participants?
 - a. what entities are permitted to invest in the pool?
- Does the pool allow multiple accounts and subaccounts?
- Is there a minimum or maximum account size?
- Does the pool limit the number of transactions each month and what is the number of transactions permitted each month?
- Is there a limit on transaction amounts for withdrawals and deposits?
 - a. what is the minimum and maximum withdrawal amount permitted?
 - b. what is the minimum and maximum deposit amount permitted?
- How much notice is required for withdrawals/deposits?
- What is the cutoff time for deposits and withdrawals?

- Are the funds 100% able to be withdrawn at any time?
- What are the procedures for making deposits and withdrawals?
 - a. what is the paperwork required if any?
 - b. what is the wiring procedure?
- Can an account remain open with a zero balance?
- Are confirmations sent following each transaction?

5. STATEMENTS

It is important for the City to receive statements monthly so the pool's records of the City's activity and holdings can be reconciled.

- Are statements for each account sent or available through e-mail to participants and do statements show balances, transactions and yield?
- Does the pool distribute or have an available a website detailing its holdings on a regular basis?

6. FEES

Administrative fees vary from pool to pool. It is important to know that pool's fee and its impact on the yield of the pool.

- a) Are the fees or administrative costs disclosed?
 - What are the fees?
 - How often are they assessed?
 - How are they paid?
 - Are there additional fees for wiring funds?
- b) Are expenses deducted before quoting the yield?
- c) Describe any pool management remuneration and incentives based on pool yields.

7. QUESTIONS TO CONSIDER FOR BOND PROCEEDS

It is important to know (1) whether the pool accepts bond proceeds and (2) whether the pool qualifies with the US Department of the Treasury as an acceptable commingled fund for arbitrage purposes.

- Does the pool accept bond proceeds subject to arbitrage rebate?
- Does the pool provide accounting and investment records suitable for proceeds of bond issuances subject to arbitrage rebate?
- Will the yield calculation reported by the pool be acceptable to the IRS or will it have to be recalculated?
- Will the pool accept transaction instructions from a trustee?
- Is the City allowed to have separate accounts for each bond issue so that it does not commingle the interest earnings of funds subject to rebate with funds not subject to regulations?

City of St. Petersburg, Florida

Alternate Investment Policy

Parks Preservation Fund (Weeki Wachee Fund)

Environmental Preservation Fund

**Up to 35% Market Value of the
Water Cost Stabilization Portfolio**

Kopsick Arboretum Investment Fund

Seagrass Mitigation Fund

Certain Donation Funds

Negotiable Credit Holdings

**Approved on December 18, 2014, amended on April 5, 2018,
October 18, 2018, March 7, 2019, May 21, 2020,
December 15, 2022, June 15, 2023, Page 14 Corrected March 7, 2024, and June ~~15, 2023~~xx,
2025**

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SECTION I - PREAMBLE

I. SCOPE OF THIS INVESTMENT POLICY

This Investment Policy reflects the City's investment policy, objectives, and guidelines for:

- 1.) Parks Preservation (Weeki Wachee) Fund,
- 2.) Environmental Preservation Fund,
- 3.) Up to 35% market value of the Water Cost Stabilization portfolio,
- 4.) Kopsick Arboretum Investment Fund,
- ~~55.)~~ Seagrass Mitigation Bank Trust
- ~~6.)~~ Donation Funds which, at the time of donation, include investments not permissible under the City's Investment Policy – Municipal Funds, and
- ~~67.)~~ Negotiable credits awarded or held in the name of the City, including but not limited to (i) Voluntary Cleanup Trust Credits (VCTC), (ii) United States Environmental Protection Agency (USEPA) and/or Florida Department of Environmental Protection (FDEP) Seagrass Mitigation Bank credits, and (iii) similar instruments.

II. DEFINITIONS

1. "Internally Managed Funds" means funds included in the scope of this Investment Policy that are managed by the City.
2. "Externally Managed Funds" means funds included in the scope of this Investment Policy that are managed pursuant to an Investment Management Agreement.
3. "Fund" means collectively the Internally and Externally Managed Funds.
4. "City" means the City of St. Petersburg, Florida.
5. "City Council" means the City Council of the City of St. Petersburg, Florida.
6. "Investment Manager(s)" means the individual or entity retained by the City to manage the investment of all or a portion of Externally Managed Fund portfolios.
7. "Investment Sub-manager" means an individual or entity retained by the Investment Manager(s) to manage the investment of a portion of Externally Managed Fund portfolios.
8. "Investment Management Agreement" means our Investment Management Agreement between the City and an Investment Manager(s), as may be amended from time to time.

III. PURPOSE OF THIS INVESTMENT POLICY

The principal reason for developing this Investment Policy and for putting it in writing is to allow the City to protect its portfolios from revisions of sound long-term policy in reaction to spontaneous market fluctuation. This Investment Policy will help maintain a long-term focus when short-term market movements may be distressing and the policy set forth herein is in doubt.

This Investment Policy is also intended to address the following with respect to the investment of Internally Managed Funds and Externally Managed Funds portfolios:

1. Define and assign the roles and responsibilities of parties related to Internally and Externally Managed Funds and outline the duties of the Investment Manager(s).
2. Establish general investment principles.
3. Establish investment guidelines.
4. Establish investment objectives and limitations.
5. Direct the management of Fund portfolios according to prudent standards as established in common trust law.
6. Establish the relevant investment horizons for which Fund portfolios will be managed internally or externally.

IV. ROLES AND RESPONSIBILITIES OF PARTIES

1. The City will retain responsibility for managing the Internally Managed Funds. In accordance with the City Charter, In accordance with applicable laws, the Chief Financial Officer (former title Finance Director) is ~~the Chief Financial Officer whose responsibilities include the authorized to purchase and sell investment of City surplus monies. In addition, Ordinance No. 221-G gives the Chief Financial Officer the authority and power to invest, redeem, sell, exchange, and reinvest unexpended or surplus monies securities among other things.~~ The Chief Financial Officer may designate a qualified staff member as the person officially designated (hereinafter “P.O.D.-.”), and thereby delegate to such staff member the authority and responsibility for day-to-day investment decisions and activities and for development and maintenance of written administrative procedures for the operation of the investment program, consistent with this Investment Policy. Adoption of this Investment Policy affirms City Council’s approval of the Chief Financial Officer’s delegation authority.

In the short-term absence of the P.O.D., the Chief Financial Officer will assist and provide relief for the P.O.D. The Chief Financial Officer shall ~~insure~~ensure, in the event of a long-term absence by the P.O.D., that temporary replacement(s) shall be closely supervised and instructed in the requirements of this Investment Policy. Temporary management may include an outside contract with money managers.

2. Investment Manager(s). The Investment Manager(s) is a discretionary manager of Externally Managed Funds portfolios, selects and oversees Investment Sub-managers, measures and evaluates investment performance, and performs other tasks necessary for the management of Externally Managed Funds portfolios in accordance with this Policy and the Investment Management Agreement. The Investment Manager(s) has discretion to purchase, sell, or hold the specific securities that will be used to meet the Externally Managed Fund's investment objectives to the extent permitted by and in accordance with this Policy and the Investment Management Agreement. Nothing in this Investment Policy shall alter or limit any of Investment Manager(s)'s duties, obligations or liabilities under the Investment Management Agreement.
3. Investment Sub-Manager(s). The Investment Manager(s) may retain Investment Sub-managers to manage a portion of Externally Managed Fund portfolios to the extent permitted by and in accordance with this Investment Policy and the Investment Management Agreement. The Investment Manager(s) assumes fiduciary responsibility for the Investment Sub-managers relating to the investment of Externally Managed Fund portfolios. If Investment Manager(s) retains any Investment Sub-manager(s) to manage a portion of Externally Managed Fund portfolios, Investment Manager(s) shall be solely responsible for ensuring that such Investment Sub-managers act in a manner consistent with the terms and conditions of the Investment Management Agreement and Investment Manager(s)'s duties, obligations and acknowledgments thereunder. In no event shall Investment Manager(s)'s retention of an Investment Sub-Manager(s) relieve Investment Manager(s) of any of its duties, obligations or acknowledgments under this Investment Policy or the Investment Management Agreement.
4. Payment, Custody and Safekeeping. All transactions will be accomplished with authorized security dealers/brokers and financial institutions on a delivery-versus-payment (DVP) basis. Securities will be held at the City's Custodial/Safekeeping Agent.

No withdrawal of such securities, in whole or in part, shall be made from safekeeping except by the P.O.D., or Chief Financial Officer as authorized herein. The strongest assurance and control that the securities have been properly segregated on behalf of the local jurisdiction is provided by an independent third-party custodian. In addition, it may be found to be appropriate to accept confirmation from the trust company affiliated with the other party of the transaction. The P.O.D. should be assured that the structure of this affiliation is such that the two entities are fully independent of each other, that controls are adequate, and that the City's security interest in the assets is not lost.

~~An exception to this method of control will be the safekeeping on non-negotiated bank certificates of deposit which require physical delivery without systematic handling found commonly with book entry securities.~~

The City will execute third-party custodial/safekeeping agreements with its bank(s) and depository institution(s). Such agreements will include the responsibilities of each party, notification of security purchases, sales, delivery, repurchase agreements and wire transfers, safekeeping and transactions costs, procedures in case of wire failure or other unforeseen mishaps and liability of the custodian.

5. Chief Financial Officer. The City's Chief Financial Officer shall receive all correspondence and reports from the Investment Manager(s) and shall report to the City Investment Oversight Committee and City Council regarding performance of the Investment Manager(s) on at least a quarterly basis.
6. Additional specialists such as attorneys, auditors, and others may be retained by the City on as needed basis to assist in administering the Externally Managed Funds. Expenses for such specialists must be customary and reasonable, and will be borne by the Externally Managed Funds as per contract. Subject to this Investment Policy and the Investment Management Agreement, ~~The~~the Investment Manager(s) shall have control over investment decisions for Externally Managed Fund portfolios. Investment Manager(s) will be held solely responsible and accountable to achieve the objectives herein stated.

V. PRUDENCE AND ETHICAL STANDARDS

1. The standard of prudence to be used by the City employees shall be the Prudent ~~Investor Rules~~Person Rule and shall be applied in the context of managing the Fund. The City staff acting in accordance with written procedures and this Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectation are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this Investment Policy. The Prudent Person ~~rule~~Rule states ~~the following~~:

~~“Investments shall~~should be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. from the investment.”

2. While the standard of prudence to be used by the City’s staff who are officers or employees is the Prudent ~~Investor Rules~~Person Rule, any person or firm contracted or retained to invest, monitor, or advise concerning these portfolios shall be held to the higher standard of Prudent Expert. The standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these portfolios, the contractor shall exercise: the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments of the portfolios, so as to minimize the risk, considering the probable income as well as the probable safety of the principal.

VI. ETHICS AND CONFLICTS OF INTEREST

Staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Additionally, employees involved in the investment process shall disclose to the City Council any material financial interests in financial institutions that conduct business with the City, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the Funds.

VII. SPECIFICALLY PROHIBITED INVESTMENTS

Derivatives and Reverse Repurchase Agreements:

Investment in any derivative products or the use of reverse repurchase agreements is specifically prohibited by this Investment Policy. -A “derivative” is defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or indices or asset values.

For purposes of this section VII., direct investment means that the security is selected individually by the City or its Investment Manager and does not include investments made in money market funds, mutual funds, or index funds.

No investment in leveraged exchange-traded funds (ETFs) or closed end funds.

SECTION II – INTERNALLY MANAGED FUNDS

VIII. SCOPE OF INTERNALLY MANAGED FUNDS

Certain investments of the City will be internally managed as follows:

- The Water Cost Stabilization Portfolio is the proceeds from the sale of certain assets as governed by City Ordinance and described under bond covenants. [See Appendix A for investment requirements and procedures for the Water Cost Stabilization Portfolio.](#)

Negotiable

~~Until December 31, 2022, a maximum of 25% of the balance available for investment in the Water Cost Stabilization Portfolio (approximately \$20 million) may be invested in dividend yielding equities in funds, mutual funds, or ETF's (passive and internally selected). On or after January 1, 2023, 27.5% of the market value of the Water Cost Stabilization Portfolio may be invested in dividend yielding equities in funds, mutual funds, or ETF's (passive and internally selected). On or after October 1, 2023, 30% of the market value of the Water Cost Stabilization Portfolio may be invested in dividend yielding equities in funds, mutual funds, or ETF's (passive and internally selected). On or after October 1, 2024, 32.5% of the market value of the Water Cost Stabilization Portfolio may be invested in dividend yielding equities in funds, mutual funds, or ETF's (passive and internally selected). On or after October 1, 2025, and each October 1st thereafter, 35% of the market value of the Water Cost Stabilization Portfolio may be invested in dividend yielding equities in funds, mutual funds, or ETF's (passive and internally selected).~~

~~Based on the market value as of December 31, 2022, and then on the market value at each September 30th thereafter (commencing September 30, 2023), if the market value of the internally managed index funds in the Water Cost Stabilization Portfolio compared to the market value of the total Water Cost Stabilization Portfolio (including depository funds pursuant to the Investment Policy City of St. Petersburg, Florida Municipal Funds) is less than the applicable percentage identified in the paragraph above, a rebalancing will occur by liquidating from the Water Cost Stabilization Portfolio governed by the Investment Policy City of St. Petersburg, Florida Municipal Funds and reinvesting such amount in dividend yielding equities in funds, mutual funds, or ETF's (passive and internally selected). If the market value of the internally managed index funds in the Water Cost Stabilization Portfolio compared to the market value for the total Water Cost Stabilization Portfolio (including depository funds pursuant to the General Investment Policy) is equal to or greater than the applicable percentage identified in the paragraph above, no rebalancing is needed. If rebalancing is needed, each additional investment purchased will reset the floor value for future market value gains described in the following paragraph.~~

~~Cash dividends would be transferred as received (monthly), and when the net value of investment reaches 110% of the amount originally invested, one half of the market value gain would be transferred to the Water Operating Fund for rate subsidy, and one half of the market value gain would remain in the Water Cost Stabilization Portfolio, with such determination date when reviewed, but at least quarterly. After the distribution occurs, the floor is reset to that level which is the sum of the prior floor (starting with the amount originally invested) and adding in the amount of the ½ of the distributed market value gain remaining in the Water Cost Stabilization Portfolio.~~

- ~~Other Internally Managed Funds include (i) negotiable~~ credits awarded or held in the name of the City (e.g., VCTC, USEPA and/or FDEP Seagrass Mitigation credits, and similar instruments) ~~and (ii)~~.
- Donation Funds which, at the time of donation, include investments not permissible under the City’s Investment Policy – Municipal Funds.

IX. AUTHORIZED INVESTMENTS

The Internally Managed Funds will be invested in dividend yielding equities in funds, mutual funds, or Index Funds. An index fund (also index tracker) is a collective investment pool (usually a mutual fund or exchange-traded fund (ETF)) that aims to replicate the movements of an index of a specific financial market, or a set of rules of ownership that are held constant, regardless of market conditions.

The negotiable credits awarded to the City in a non-cash form will be held until the credit is used or sold by the City. Any sale of such investments will follow the same policy and process for other investment securities described in the City’s Investment Policy – Municipal Funds.

Donation Funds which, at the time of donation, include investments not permissible under the City’s Investment Policy – Municipal Funds shall be (i) sold and converted to cash at the time of donation if there are no conditions on the donation precluding such sale or (ii) held in its original form and converted to cash subject to the conditions contained within the donation or trust agreement.

X. COMPETITIVE SELECTION OF INDEX FUNDS

After selecting the type of Index Fund suitable for the Internally Managed Funds, the Chief Financial Officer or P.O.D. will research at a minimum three (3) Index Funds to determine the lowest cost provider with the lowest tracking error rate, and in the case of selecting ETFs, a discount to net asset value “NAV” or lowest premium to NAV. In addition, the Index Fund’s total assets should be considered with preference given to funds with greater assets under management. ~~Under no circumstances will leveraged ETFs or closed end funds be used.~~

The tracking ~~error~~difference is the amount by which the performance of the Index Fund differs from that of the Index that the Fund seeks to mirror. The Index Fund's performance should only be several basis points below the Index's performance due to fees. ETFs trade at prices determined by the market forces of supply and demand. A fund that trades at a price higher than its NAV is said to trade at a premium to its NAV.

SECTION III – EXTERNALLY MANAGED FUNDS

XI. SCOPE OF EXTERNALLY MANAGED FUNDS

The Parks Preservation Fund (Weeki Wachee Fund [Number 1041](#)) is the proceeds from the sale of the Weeki Wachee property as governed by St. Petersburg City Code (currently Article IV of Chapter 21).

The Kopsick Arboretum Investment Fund (Fund Number 6117) is a fund managing certain donations and accumulated earnings as governed by City Council Resolution (currently resolution no. 2018-186). ~~The~~[This](#) fund, on a quarterly basis, reinvests 20% of the investment earnings and transfers 80% of the investment earnings to the Kopsick Arboretum Operating Fund (Fund Number 1823).

[The Seagrass Mitigation Bank Trust Fund \(Fund Number 6121\) includes two components:](#)

- [One component is an external held account for purposes of the Southwest Florida Water Management District \(“Agency”\) permit number ERP 43043223.000 \(“Mitigation Bank Permit”\), and the U.S. Army Corps of Engineers \(“Corps”\) under Mitigation Banking Instrument number SAJ-2014-02681 \(“Mitigation Banking Instrument”\). The Agency has established certain regulations applicable to the City, requiring that a mitigation bank permittee \(the City\) provide assurance that funds will be available when needed for corrective action if City fails to perpetually manage its mitigation bank. The Agency requires using the Department of Financial Services, Division of Treasury as the Escrow Agent with a one-time investment in an amount of \\$92,000 to be considered fully funded.](#)
- [A second component is held by the City’s custodian and is committed to providing the financial assurances required for funding the Trust of the North Shore Park Seagrass Mitigation Bank, SAJ-2014-02681. The amount of funding deposited in the trust fund is calculated such that the interest from the trust fund will generate sufficient funding for maintenance activities include replacing the seagrass informational marine signs, annual monitoring and reporting, as needed selective re-plantings and associated management fees.](#)

XII. DUTIES OF THE INVESTMENT MANAGER(S)

The Investment Manager(s) must acknowledge in writing its acceptance of responsibility as a fiduciary. The Investment Manager(s) will have discretion to make all investment decisions for the portfolios placed under its management, to the extent permitted by and in accordance with this Investment Policy and the Investment Management Agreement. Specific duties of the Investment Manager(s) include but are not limited to the following:

1. Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the allowable percentage ranges set forth in this Investment Policy.
2. Communicating to the City's Chief Financial Officer any material changes to economic outlook, investment strategy, or any other factors which affect implementation of investment process, or the investment objective progress of the Externally Managed Fund's investment management.
3. Voting or directing investment Sub-managers to vote proxies on behalf of the Externally Managed Fund in accordance with the Investment Management Agreement.
4. Selecting and retaining Investment Sub-managers to manage a portion of Externally Managed Fund portfolios in accordance with this Investment Policy and the Investment Management Agreement, including but not limited to performing due diligence and research on Investment Sub-managers.
5. Assisting in the development and periodic review of this Investment Policy. If at any time Investment Manager(s) believes that the City Council should consider modification of this Investment Policy, Investment Manager(s) shall recommend such modification to the City's Chief Financial Officer. Investment Manager(s) shall not be authorized to act in accordance with its recommended modification, and its recommended modification shall have no force or effect, unless and until City Council approves amending this Investment Policy to incorporate Investment Manager(s)'s recommended modification.
6. Acting as a fiduciary of the Externally Managed Fund.
7. Monitoring the performance of Externally Managed Fund portfolios (including but not limited to performance of Investment Sub-managers).
8. Reviewing Externally Managed Fund investment history, historical capital markets performance and this Investment Policy with newly appointed members of the Investment Oversight Committee.
9. Providing a written monthly report to the City's Chief Financial Officer showing all transactions executed on behalf of the City and applicable book and market values for the investments portfolio and providing a written quarterly report to the City's Chief Financial Officer showing Externally Managed Fund performance against applicable benchmarks, credit ratings (if applicable), fees charged, and such other information as may be requested by the City. Such report must be furnished to the City's Chief Financial Officer within 10 days after month end for the monthly reports and 30 days after the end of each quarter for the quarterly reports.

10. Attend the Investment Oversight Committee meetings quarterly in person or by phone, and City Council committee and regular meetings as required by the City's Chief Financial Officer.

XIII. GENERAL INVESTMENT PRINCIPLES

1. Investments shall be made solely in the best interest of the Externally Managed Fund and the City.
2. The Externally Managed Fund shall be invested ~~with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims~~ in accordance with the prudence and ethical standards set forth in Section V of this Investment Policy.
3. Investment of the Externally Managed Fund shall be so diversified as to minimize the risk of large losses.
4. The City may retain an Investment Manager(s), and grant the Investment Manager(s) the authority to retain one or more Investment Sub-managers of varying styles and philosophies, to attain the Externally Managed Fund's objectives.
5. Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity, and return.

XIV. INVESTMENT GUIDELINES

1. Preservation of Capital - Investment Manager(s) shall make all reasonable efforts to preserve capital, understanding that losses may occur in individual securities.
2. Risk Aversion - Understanding that risk is present in all types of securities and investment styles, the City recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Externally Managed Fund's objectives. However, the Investment Manager(s) shall make all reasonable efforts to control risk and ensure that the risk assumed is commensurate with the given investment style and objectives.
3. Adherence to Investment Discipline - Investment Manager(s) shall be solely responsible for ensuring that Investment Sub-managers act in a manner consistent with this Investment Policy and with the terms and conditions of the Investment Management Agreement and Investment Manager(s)'s duties, obligations and acknowledgments thereunder. Without

limiting the generality of the foregoing, the Investment Manager(s) shall ensure that all Investment Sub-managers adhere to the investment management styles for which they were retained and shall evaluate Investment Sub-managers for adherence to investment discipline.

XV. INVESTMENT OBJECTIVES AND LIMITATIONS

~~The investment strategy of the Externally Managed Fund is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.~~

~~Specifically, the primary objective in the investment management of Externally Managed Fund portfolios shall be based on analysis of Externally Managed Fund portfolios and expected investment returns and risks associated with alternative asset mix strategies, the following are permitted asset classes, permitted percentage ranges for each permitted asset class and the percentage targets for each permitted asset class, based on market value:~~

<u>ASSET CLASSES</u>	<u>% Range</u>	<u>% Target</u>
EQUITY		
—Large Capitalization Value	17.50—7.50%	12.50%
—Large Capitalization Growth	17.50—7.50%	12.50%
—Mid Capitalization Value	5.00—0.00%	2.50%
—Mid Capitalization Growth	5.00—0.00%	2.50%
—Small Capitalization Value	5.00—0.00%	2.50%
—Small Capitalization Growth	5.00—0.00%	2.50%
—International Value	10.00—0.00%	7.50%
—International Growth	10.00—0.00%	7.50%
—Emerging Markets	10.00—0.00%	5.00%
—Public REIT (Equity)	10.00—0.00%	5.00%
Total Equity	70.00—50.00%	60.00%
FIXED INCOME		
—Fixed Income	40.00—20.00%	30.00%
—Intl Bond Fund	10.00—0.00%	7.50%
—Emerging Markets Debt Fund	10.00—0.00%	2.50%
—Inflation Protected TIPs	10.00—0.00%	0.00%
—Floating Rate Bond Fund	10.00—0.00%	0.00%
Total Fixed Income	50.00—30.00%	40.00%
TOTAL		100.00%

~~These percentage ranges and percentage targets set forth above are established as maximum weightings in each respective asset class. If the Investment Manager(s) determines that a percentage of assets should be invested in cash, then Investment Manager(s) is permitted that flexibility and will be evaluated by its decisions accordingly.~~

~~It is an objective of the investment management of Externally Managed Fund portfolios for Investment Manager(s) to direct cash flows toward the asset class(es) that are under-represented and away from the class(es) that are over-represented pursuant to the ranges and targets listed above.~~

The general investment objectives of the City are as follows:

1. Achieve Growth in Purchasing Power

Primary investment emphasis must be placed upon the consistent protection of Externally Managed Fund portfolios and growth performance, (i.e., the achievement of adequate investment growth must not be at the expense of the protection of Externally Managed Fund portfolios over the investment horizon).

2. More specific investment objectives include the following:

- The Externally Managed Fund should earn a 56.0% annualized return over a market cycle (i.e., 3 to 5 years). There is no single industry standard definition of a market cycle, but the essential ingredient is that the time period encompasses a full range of environments, including bull markets (a period of ~~decreasing~~increasing returns) and bear markets (a period of ~~increasing~~decreasing returns).
- ~~It is also consistent with the City's objective to enhance the purchasing power of the Externally Managed Fund.~~
- In addition to being measured against the aggregate Externally Managed Fund objectives stated above, the Investment Manager(s) will be compared to appropriate market indices and the performance of other managers who utilize a similar investment style.

The following are permitted asset classes and permitted percentage ranges for each permitted asset class, based on market value:

<u>Asset Class</u>	<u>Permitted Range</u>	<u>% Long-Term Strategic Target</u>
<u>Equities</u>	<u>45% - 75%</u>	<u>60%</u>
<u>Domestic</u>	<u>20% - 75%</u>	
<u>International</u>	<u>0% - 50%</u>	
<u>Real Estate</u>	<u>0 - 20%</u>	<u>5%</u>
<u>Domestic</u>	<u>0 - 25%</u>	
<u>International</u>	<u>0 - 10%</u>	
<u>Commodities</u>	<u>0 - 10%</u>	
<u>Bonds</u>	<u>25% - 75%</u>	<u>35%</u>
<u>Domestic</u>	<u>15% - 75%</u>	
<u>International</u>	<u>0 - 35%</u>	
<u>Cash</u>	<u>0 - 20%</u>	

These percentage ranges and percentage targets set forth above are established as maximum weightings in each respective asset class. If the Investment Manager(s) determines that a percentage of assets should be invested in cash, then Investment Manager(s) is permitted that flexibility and will be evaluated by its decisions accordingly.

It is an objective of the investment management of Externally Managed Fund portfolios for Investment Manager(s) to direct cash flows toward the asset class(es) that are under-represented and away from the class(es) that are over-represented pursuant to the ranges and targets listed above.

XVI. PERMITTED AUTHORIZED INVESTMENTS

A. Equities

The Investment Manager(s) is permitted to invest in equities in accordance with the objectives of their portfolio mandates and subject to the General Investment Principles, Investment Guidelines, and other terms and conditions of this Alternate Investment Policy.

The Investment Manager(s) is permitted to invest in equity securities (including convertible bonds) listed on the New York, and principal regional and foreign (for foreign securities) exchanges. The Investment Manager(s) may also invest in over-the-counter securities for which there is an active market maker regulated by the Financial Industry Regulatory Authority (FINRA). For international investing, American Depository Receipts (ADRs) that trade over the counter, such as "Pink Sheet" ADRs and Bulletin Investment Committee ADRs, are permissible as well as any foreign company that trades directly in a U.S. equity market. Any equity investment that does not fall into a category listed above is prohibited.

~~1. Permitted Investment Limitations~~

~~In addition to only investing in the permitted investments set forth above with respect to the equity portion of Investment Manager(s)'s portfolio for the Externally Managed Fund, Investment Manager(s) shall not:~~

~~a) Be more than 5% invested in the securities of any one company at market.~~

~~b) Make short sales.~~

~~c) Use margin or leverage.~~

~~d) Be invested in commodities.~~

~~e) Be invested in private real estate~~

~~f) Be invested in "investment art objects."~~

~~g) Be invested in options, including the purchase, sale or writing of options, unless options are "covered" by the corresponding security.~~

~~h) Be invested in warrants, although warrants issued in connection with stocks held by the Externally Managed Fund may be sold, held, or converted by the Investment Manager at its discretion.~~

~~2. Permitted Investment Guidelines~~

~~a) Large Capitalization Value & Growth Stocks~~

~~Large Capitalization stocks are expected to have the greatest weighting in the Externally Managed Fund. They are expected to provide more consistent returns over time than other equity styles. The objective is to maximize investment return over a market cycle by investing in large capitalization equities having the potential to generate investment returns exceeding those of a passively managed large capitalization index.~~

~~Large capitalization equity performance parameters include the following:~~

- ~~• Performance within the top half of a Universe of Large Capitalization Value or Growth Managers, as applicable.~~
- ~~• Performance comparable to the Russell 1000 Value or Growth Indexes, as applicable.~~

~~When appropriate, performance comparable to the Standard & Poor's (S&P). Investment vehicles will generally be limited to exchange-traded funds (ETFs), mutual funds or other vehicles that strive to replicate the return of defined market indexes at low cost. In addition to their low cost, ETFs and indexed mutual funds offer broadly diversified exposure within each asset class, thereby reducing or eliminating risks associated with over exposure to any specific company or country.~~

~~Over the long term, the target allocation selected will be maintained by the investment manager. The investment manager will monitor the asset allocation and rebalance to the target allocation at the end of any quarter when any asset class deviates from its target by more than 5%.~~

~~•~~

- ~~• The risk associated with the Investment Manager(s)'s large capitalization portfolio as measured by the variability of quarterly returns (standard deviation) should not exceed that of the appropriate market index without a corresponding increase in performance above the index.~~
- ~~• Achieve the performance parameters within a time horizon of a minimum of three to five years or a full market cycle of the large capitalization market.~~

~~b) Small/Mid-Capitalization Value & Growth Stocks~~

~~Small/mid-capitalization stocks are expected to improve total portfolio diversification and provide opportunities for higher incremental returns in the market cycle. The objective is to maximize investment return over a market cycle~~

~~by investing in small/mid-capitalization equities having the potential to generate investment returns exceeding those of a passively managed small/mid-capitalization index.~~

~~Small/mid-capitalization equity performance parameters include the following:~~

- ~~• Performance within the top half of a Universe of Small/Mid-Capitalization Value or Growth Managers, as applicable.~~
- ~~• Performance comparable to the Russell Midcap Value Index or Russell 2500 Growth Index, as applicable.~~
- ~~• The risk associated with the Investment Manager's small/mid-capitalization portfolio as measured by the variability of quarterly returns (standard deviation) should not exceed that of the appropriate market index without a corresponding increase in performance above the index.~~
- ~~• Achieve the performance parameters within a time horizon of a minimum of three to five years or a full market cycle of the small/mid-capitalization market.~~

~~e) Developed & Emerging Markets International Stocks~~

~~Developed & Emerging Markets International Stocks are expected to improve total portfolio diversification and provide opportunities for higher incremental returns in the long run. The objective is to maximize investment return over a market cycle by investing in international securities through American Depositary Receipts (ADRs) as well as any foreign company that trades directly in a U.S. equity market. These equities should generate investment returns exceeding those of a passively managed international index.~~

~~Developed & Emerging Markets International equity performance parameters include the following:~~

- ~~• Exceed MSCI EAFE — Net Dividend, MSCI All Country World ex. US, or MSCI Emerging Markets Indexes.~~
- ~~• The risk associated with the Investment Manager's Developed & Emerging Markets International portfolio as measured by the variability of quarterly returns (standard deviation) should not exceed that of the appropriate market index without a corresponding increase in performance above the index.~~

- ~~Achieve the performance parameters within a time horizon of a minimum of three to five years or a full market cycle of the international market.~~

~~d) Real Estate Investment Trusts (REITs)~~

~~Investment Manager(s) is permitted to invest in real estate investment trusts (REITs) listed on the New York, American and principal regional and foreign (for foreign securities) exchanges. Investment Manager(s) may also invest in over-the-counter REIT's for which there is an active market maker regulated by the FINRA.~~

~~REITs are expected to improve total portfolio diversification and provide opportunities for higher incremental returns in the long term. The objective is to maximize investment return over a market cycle by investment in real estate through REITs. These equities should generate investment returns exceeding those of a passively managed REIT index.~~

~~REIT performance parameters include the following:~~

- ~~Exceed National Association of Real Estate Investment Trusts (NAREIT) Equity REIT Index.~~
- ~~The risk associated with the Investment Manager(s)'s REIT portfolio as measured by the variability of quarterly returns (standard deviation) must not exceed that of the NAREIT Equity REIT Index without a corresponding increase in performance above the index.~~
- ~~Achieve the performance parameters within a time horizon of a minimum of three to five years or a full market cycle of the REIT market.~~

~~B. Fixed Income~~

~~The Investment Manager(s) is permitted to invest in fixed income securities in accordance with the objectives of their portfolio mandates and subject to the General Investment Principles, Investment Guidelines, and other terms and conditions of this Alternate Investment Policy. The following lists the permitted investment types. Anything not explicitly mentioned below is not permitted.~~

- ~~1. For Traditional Fixed Income Asset Class, securities shall be invested entirely in:~~

- ~~(a) Marketable debt securities issued or guaranteed by the United States Government or its agencies or instrumentalities~~
- ~~(b) Domestic or foreign corporations (including industrial and utilities) corporate bonds publically traded in the U.S.~~
- ~~(c) Domestic corporate asset backed securities (ABS)~~
- ~~(d) Commercial mortgage backed securities (CMBS) — U.S. only.~~
- ~~(e) Commercial paper of the highest quality rates “A-1” or “P-1”~~
- ~~(f) Fixed Income Mutual Funds and ETF’s~~

~~Except for U.S. Treasury and Agency obligations, the fixed income portion of the Externally Managed Fund shall contain no more than ten percent (5%) of a given issuer irrespective of the number of differing issues. Other diversification standards should be developed and applied by the Investment Manager(s).~~

~~Private placement debt is not permissible. Derivative and similar instruments are not permitted.~~

- ~~2. For Inflation Protected TIP’s asset class the TIPS shall be issues by the U.S. Treasury only.~~
- ~~3. For the Floating Rate Bond Fund, the fund must maintain a minimum average credit rating of investment grade and a minimum individual security credit rating of C.~~
- ~~4. For the international bond fund, the fund must maintain a minimum average credit rating of investment grade and a minimum individual security credit rating of C. For the emerging markets debt fund, the fund must maintain a minimum average credit quality of B and a minimum individual security credit rating of C.~~
- ~~5. Cash equivalents shall be held in funds complying with Rule 2(a)-7 of the Investment Company Act of 1940.~~

Portfolio Limits and Other Specifications

- ~~1. All investments must be denominated in U.S. dollars.~~
- ~~2. All limits and rating requirements apply at time of purchase.~~
- ~~3. Ratings requirements are for any one Nationally Recognized Statistical Ratings Organization (“NRSRO”).~~
- ~~4. Maturity and average life are measured from settlement date.~~
- ~~5. Investment in callable, step-up callable and puttable securities is permitted.~~
- ~~6. Investment in variable rate and floating rate securities is permitted.~~

- ~~7. Subordinated, secured and covered debt is permitted if it meets the ratings requirements for the sector.~~
- ~~8. Treasury TIPS are permitted.~~
- ~~9. Should a security fall below the minimum credit rating requirement dictated by this policy, the P.O.D. or Chief Financial Officer shall notify the Investment Oversight Committee.~~

~~Fixed income performance parameters include the following:~~

- ~~• Performance comparable to the appropriate fixed income index.~~
- ~~• The risk associated with the Investment Manager(s)'s fixed income portfolio as measured by the variability of quarterly returns (standard deviation) must not exceed that of the comparison index without a corresponding increase in performance above the index.~~
- ~~• Achieve the above objectives within a time horizon of a minimum of three to five years or a full market cycle of the fixed income market.~~

XVII. PERFORMANCE REVIEW AND EVALUATION

The overall investment performance of the Externally Managed Fund, as well as the performance of asset class components, will be measured against applicable ~~performance~~market benchmarks as more specifically described in this Investment Policy. Consideration shall also be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines set forth in this Investment Policy. The City intends to evaluate performance over at least a three-year period, but reserves the right to terminate any Investment Manager(s) at any time and with or without cause in accordance with the Investment Management Agreement.

SECTION IV – REQUIRED BY SECTION 218.415 INCORPORATION OF CERTAIN SECTIONS SET FORTH IN THE INVESTMENT POLICY CITY OF ST. PETERSBURG, FLORIDA STATUTES MUNICIPAL FUNDS

AUTHORIZED SECTION VII. - CONTINUING EDUCATION SECTION, SECTION XII. – Investment INSTITUTIONS DECISIONS, SECTION XXII. – INVESTMENT OVERSIGHT COMMITTEE and DEALERS

~~When appropriate, Section XXIV. – Annual Review of the Investment Policy City will develop a list of financial institutions authorized to be public depositors and/or provide investment services.~~

MATURITY AND LIQUIDITY REQUIREMENTS

~~To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements, if applicable.~~

RISK AND DIVERSIFICATION

~~The portfolios shall be diversified to control risks resulting from over concentration of assets in a specific maturity, issuer, instruments, dealer, or bank through which these instruments~~St. Petersburg, Florida Municipal Funds ~~are bought and sold. The City shall determine diversification strategies within the established guidelines outlined in~~incorporated into this Investment Policy ~~and made a part hereof.~~

MASTER REPURCHASE AGREEMENT

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

BID REQUIREMENT

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

The annual review of the amount of the Water Cost Stabilization Portfolio subject to this Investment Policy shall be reviewed annually by the Investment Oversight Committee at the first meeting after the end of each fiscal year.

SECTION V. INTERNAL CONTROLS

The City shall establish a system of internal controls, which shall be documented in writing. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers or City Council members.

The Chief Financial Officer and individual Investment Managers shall establish an internal controls that encompass at a minimum these additional issues:

- control of collusion, with specific reference to the City Code of Ethics
- transfers of all funds (purchases, sales, etc.)
- custodial safekeeping
- avoidance of bearer-form or non-wireable securities
- delegation of authority to subordinate staff members
- written confirmation of telephone transactions
- supervisory control of employee actions
- specific guidelines regarding securities losses and remedial action
- documentation of decisions made by investment officials
- review of selected investment transaction by the internal and external auditors
- Governmental Accounting Standards Board (GASB) compliance reporting

~~CONTINUING EDUCATION~~

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

~~INVESTMENT OVERSIGHT COMMITTEE~~

~~The Investment Oversight Committee should include the current chairman of the City's Budget, Finance and Taxation Committee, a member of senior administration and five community members with backgrounds in banking, portfolio management, investment banking, or extensive experience in economics. Appointments are made by the Mayor and confirmed by City Council for a two-year term. Persons who are employed by a college or university in an academic capacity and who have expertise in one or more of the disciplines prescribed by this paragraph may be appointed to the Committee. The committee will meet on a quarterly basis in order to discuss prior investment activities, recommend changes in investment strategies, and make suggestions on portfolio management and internal controls. The committee will keep minutes and provide recommendations to the Mayor, City Council, and City Council's Budget, Finance & Taxation Committee. The Chief Financial Officer shall provide staff support as necessary.~~

SECTION VI. INVESTMENT POLICY REVIEWADOPTION

~~To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this Statement of Investment Policy, the Investment Oversight Committee plans to review the Investment Policy at least annually.~~

~~The amount of the Water Cost Stabilization Portfolio subject to this Investment Policy shall be reviewed annually by the Investment Oversight Committee at the first meeting after the end of each fiscal year. Any changes to this Investment Policy shall require City Council approval.~~

This Investment Policy adopted by City Council on December 18, 2014, amended on April 5, 2018, October 18, 2018, March 7, 2019, May 21, 2020, and December 15, 2022 is hereby further amended on June 15, 2023, is hereby further amended on June xx, 2025.

Signature: _____

Name/Title: _____

APPENDIX A
WATER COST STABILIZATION INDEX FUND – INVESTMENT PROCEDURES

Until December 31, 2022, a maximum of 25% of the balance available for investment in the Water Cost Stabilization Portfolio (approximately \$20 million) may be invested in dividend yielding equities in funds, mutual funds, or ETF's (passive and internally selected). On or after January 1, 2023, 27.5% of the market value of the Water Cost Stabilization Portfolio may be invested in dividend yielding equities in funds, mutual funds, or ETF's (passive and internally selected). On or after October 1, 2023, 30% of the market value of the Water Cost Stabilization Portfolio may be invested in dividend yielding equities in funds, mutual funds, or ETF's (passive and internally selected). On or after October 1, 2024, 32.5% of the market value of the Water Cost Stabilization Portfolio may be invested in dividend yielding equities in funds, mutual funds, or ETF's (passive and internally selected). On or after October 1, 2025, and each October 1st thereafter, 35% of the market value of the Water Cost Stabilization Portfolio may be invested in dividend yielding equities in funds, mutual funds, or ETF's (passive and internally selected).

Based on the market value as of December 31, 2022, and then on the market value at each September 30th thereafter (commencing September 30, 2023), if the market value of the internally managed index funds in the Water Cost Stabilization Portfolio compared to the market value of the total Water Cost Stabilization Portfolio (including depository funds pursuant to the Investment Policy City of St. Petersburg, Florida Municipal Funds) is less than the applicable percentage identified in the paragraph above, a rebalancing will occur by liquidating from the Water Cost Stabilization Portfolio governed by the Investment Policy City of St. Petersburg, Florida Municipal Funds and reinvesting such amount in dividend yielding equities in funds, mutual funds, or ETF's (passive and internally selected). If the market value of the internally managed index funds in the Water Cost Stabilization Portfolio compared to the market value for the total Water Cost Stabilization Portfolio (including depository funds pursuant to the General Investment Policy) is equal to or greater than the applicable percentage identified in the paragraph above, no rebalancing is needed. If rebalancing is needed, each additional investment purchased will reset the floor value for future market value gains described in the following paragraph.

Cash dividends would be transferred as received (monthly), and when the net value of investment reaches 110% of the amount originally invested, one half of the market value gain would be transferred to the Water Operating Fund for rate subsidy, and one half of the market value gain would remain in the Water Cost Stabilization Portfolio, with such determination date when reviewed, but at least quarterly. After the distribution occurs, the floor is reset to that level which is the sum of the prior floor (starting with the amount originally invested) and adding in the amount of the ½ of the distributed market value gain remaining in the Water Cost Stabilization Portfolio.

Investment Manager(s)'s Acknowledgement

I, the undersigned, acknowledge that I have received the Alternate Investment Policy of the City of St. Petersburg, dated _____. I affirm that I have read and understand this Statement of Investment Policy and do hereby agree to abide to this Statement of Investment Policy.

Name of the Firm

Signed _____ Date _____