

RESOLUTION NO. 2017-003

A meeting of the Housing Finance Authority of Broward County, Florida was held at 5:30 P.M. on May 17, 2017, at the offices of the Housing Finance Authority of Broward County, Florida, 110 Northeast Third Street, Suite 201, in the City of Fort Lauderdale, Florida.

Present: Ruth T. Cyrus, Kirk L. Frohme, Donna Jarrett-Mays, Colleen LaPlant, Jose Lopez,

John G. Primeau, Daniel D. Reynolds, and Milette Thurston

Absent: Jacqueline Paige Browne

* * * * *

Thereupon, Daniel D. Reynolds introduced the following resolution which was read:

A RESOLUTION OF THE HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA ("HOUSING FINANCE AUTHORITY"), APPROVING AND ADOPTING AN INVESTMENT POLICY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Housing Finance Authority of Broward County, Florida ("Housing Finance Authority") is a public body corporate and politic created under Chapter 159, Florida Statutes ("Act"), and Broward County Ordinance No. 79-41 ("Ordinance"), as supplemented and amended; and

WHEREAS, the Housing Finance Authority desires to adopt a written Investment Policy (the "Investment Policy") pursuant to Section 218.415, Florida Statutes, to establish policies and procedures for investment of public funds in excess of the amounts needed to meet current expenses, as provided in Section 218.415, Florida Statutes.

NOW, THEREFORE, BE IT RESOLVED by the Housing Finance Authority of Broward County, Florida, as follows:

SECTION 1. AUTHORITY. This Resolution is adopted pursuant to the provisions of the Act, the Ordinance, and other applicable provisions of law.

SECTION 2. RECITALS. The recitals set forth in the preamble to this Resolution are hereby ratified and incorporated by reference herein as though set forth in full hereunder.

SECTION 3. ADOPTION OF INVESTMENT POLICY. The Investment Policy attached hereto and made a part hereof as **Exhibit A** is hereby approved and adopted in its entirety.

SECTION 4. AUTHORIZATIONS. The officials, individuals, and entities identified in the Investment Policy are authorized and empowered to take all actions within the scope of their delegated authority as may be necessary or desirable in connection with the administration of the Investment Policy.

SECTION 5. EFFECTIVE DATE OF RESOLUTION AND INVESTMENT POLICY. This Resolution and the Investment Policy shall take effect on the date of adoption of this Resolution.

Upon motion of Daniel D. Reynolds, seconded by Kirk L. Frohme, the foregoing Resolution was adopted by the following vote:

Ayes: 8

Noes: 0

STATE OF FLORIDA)

) SS:

COUNTY OF BROWARD)

I, Colleen LaPlant, Secretary of the Housing Finance Authority of Broward County, Florida ("Housing Finance Authority"), do hereby certify that the foregoing is an accurate copy of the resolution of the Housing Finance Authority adopted at a meeting held on May 17, 2017, as set forth in the official minutes of the Housing Finance Authority, relating to the adoption of the Investment Policy.

I DO HEREBY FURTHER CERTIFY that said meeting was duly called and held in accordance with Chapter 286, Florida Statutes.

WITNESS my hand and the corporate seal of said Housing Finance Authority, this 17th day of May, 2017.

**HOUSING FINANCE AUTHORITY OF
BROWARD COUNTY, FLORIDA**

By: Colleen LaPlant
~~Colleen~~ LaPlant, Secretary
Colleen



[SEAL]

EXHIBIT A
INVESTMENT POLICY

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA INVESTMENT POLICY

1. SCOPE. This Investment Policy shall apply to the surplus funds of the Housing Finance Authority of Broward County, Florida (“Authority”) in excess of amounts needed to meet current short term expenses. This Investment Policy shall not apply to proceeds from the issuance of bonds or other debts or other funds held with respect thereto where there are indentures or agreements by the Authority relating to the investment of said funds. Nor shall this Investment Policy apply to the investment or application of funds in the furtherance or implementation of the housing programs of the Authority.

2. INVESTMENT OBJECTIVES. The first objective of all investments shall be the preservation of the capital of the Authority. The second objective of all investments shall be the liquidity of Authority funds. The third objective of all investments shall be investment income to the Authority.

3. PERFORMANCE MEASUREMENT. In order to assist in the evaluation of the investments made pursuant to this Investment Policy, the Investment Portfolio Committee (as defined in Article 13) shall, at least quarterly, (1) compare the rate of return on its investments to the rate of return on the Local Government Surplus Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided for in Section 163.01, Florida Statutes, and established in Section 218.405, Florida Statutes; and (2) include that rate comparison in the quarterly report described in Article 13 herein.

4. PRUDENT PERSON RULE. 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 and liquidity requirements, as well as the probable income to be derived from the investment.

5. ETHICAL STANDARDS. Persons involved in the investment process shall refrain from personal business activity that may conflict with the proper execution of the investment program, or which impair their ability to make impartial investment decisions. Also, persons involved in the investment process shall disclose to the Authority any material financial interests in financial institutions that conduct business with the Authority, and they shall further disclose any material financial/investment positions that could be related to the performance of the Authority's portfolio.

6. AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION. Funds in the investment portfolio shall be limited to the following eligible securities. Marginable accounts, short sales (where the Authority does not own the underlying security), and investments in any derivative securities (including interest only or principal only and inverse floaters investments) are prohibited unless specifically designated below:

- a. Direct obligations, or obligations, of the United States Government, the principal and interest of which are unconditionally guaranteed by the United States

Government, including bonds, notes, and other obligations. Such securities will include, but not be limited to, the following:

1. Cash Management Bills.
 2. Treasury Bills.
 3. Treasury Notes.
 4. Treasury Bonds.
- b. Bonds, notes, and other obligations of any federal agency whose obligations represent the full faith and credit of the United States Government. Such securities will include, but not be limited to, the following:
1. Farmers Home Administration—Certificate of beneficial ownership.
 2. Federal Housing Administration Debentures.
 3. United States Department of Housing and Urban Development Project notes and local authority bonds.
 4. Government National Mortgage Association (GNMA or "Ginnie Mae").
 5. Department of Veterans Affairs (VA).
- c. Bonds, debentures, or notes issued by Government Sponsored Enterprises (GSEs), which carry the implicit backing of the United States Government, but are not direct obligations of the United States Government. Such securities will include issuances from, but not be limited to, the following:
1. Federal Home Loan Bank System (FHLB)—Senior debt obligations.
 2. Federal Farm Credit Bank (FFCB).
 3. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")—Participation certificates, senior debt obligations.
 4. Federal National Mortgage Corporation (FNMA or "Fannie Mae")—Participation certificates, senior debt obligations.
 5. Federal Agricultural Mortgage Corporation (FRM or "Farmer Mac")—Participation certificates, senior debt obligations.
- d. The Local Government Surplus Trust Fund ("Florida PRIME") or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided for in Section 163.01, Florida Statutes, and established in Section 218.405, Florida Statutes. In addition, a thorough investigation of the pool is required prior to investing and on a continual basis. Areas of consideration shall include a review of the Investment Policy, the types of securities allowed, the fund's risk profile, operational requirements, and calculations relating to interest, gains and losses, and distributions.

- e. Repurchase agreements with Primary Dealers, as defined by the Federal Reserve Bank of New York, and a custodian bank acting as a tri-party agent, provided such agreements are (i) in writing; and (ii) fully secured by securities unconditionally guaranteed by the United States Government, and provided further that:
 - 1. Any such collateral is held by the Authority or the tri-party agent acting for the Authority during the full term of such agreements;
 - 2. Any such collateral may only be substituted for same credit quality or better;
 - 3. Any such collateral is not subject to liens or claims of third parties;
 - 4. Any such collateral has a market value (determined at least every seven (7) days) at least equal to one hundred two percent (102%) of the amount invested in such agreement;
 - 5. The Authority has a perfected first security interest in such collateral;
 - 6. A Master Repurchase Agreement has been executed with all counterparties pursuant to Article 9 of this Investment Policy;
 - 7. The Master Repurchase Agreement provides that the failure to maintain such collateral at the level required by clause (4) above will require the Authority or the tri-party agent to liquidate the investments; and
 - 8. Term of the repurchase agreements cannot exceed ninety (90) days from date of purchase.

- f. Commercial paper rated in one of the two highest rating categories by at least two (2) nationally recognized rating agencies, or commercial paper backed by a letter of credit or line of credit rated in one of the two highest rating categories.

- g. Bonds, notes, or obligations of the State of Florida, or of any municipality, political subdivision, or agency or authority of the State of Florida, if such obligations are rated by at least two (2) nationally recognized rating services in any one of the two highest classifications.

- h. Bank time deposits evidenced by certificates of deposit, or other evidences of deposit, issued by any bank, savings and loan association, trust company, or national banking association, which are (a) fully insured by the Federal Deposit Insurance Corporation and are governed by Florida Statutes or (b) to the extent not so insured, secured by government obligations provided (i) the institution is designated by the Chief Financial Officer of the State of Florida as a qualified public depository, as defined in Section 280.02, and such obligations shall be in the physical possession of the State of Florida or a bank or trust of its choosing as directed by the Chief Financial Officer of the State of Florida, and (ii) such obligations must continuously have a market value at least equal to the amount so invested.

- i. Securities of, or other interest in, any open-end or closed-end management type, investment company, or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq., as amended from time to time, provided the portfolio of such investment company or investment trust is limited to United States Government obligations and the repurchase agreements fully collateralized by such United States Government obligations and provided such an investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian. In addition, a thorough review shall take place as described in item d., above.
- j. Collateralized Mortgage Obligations ("CMOs") which are bank eligible and pass a three-pronged test for CMO safety at purchase based on the following:
 - 1. The Weighted Average Life ("WAL") does not exceed five (5) years;
 - 2. The expected WAL does not extend for more than two (2) years nor shorten by more than three (3) years assuming an immediate and sustained parallel shift in the yield curve of plus or minus three hundred (300) basis points; and
 - 3. The estimated change in price is not more than ten percent (10%) assuming an immediate and sustained parallel shift in the yield curve of plus or minus three hundred (300) basis points.
- k. World Bank notes, Bonds, or Discount Notes, rated AAA or equivalent by Moody's Investor Service or Standard and Poors Corporation.
- l. Obligations of the Tennessee Valley Authority.
- m. Reverse repurchase agreements which shall be used only for liquidity purposes and cannot be longer than thirty (30) days in duration and must have the approval of the CFO.
- n. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

7. 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. The investment portfolio shall be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due.

8. THIRD PARTY CUSTODIAL AGREEMENTS. Securities should be held with a third party; and all securities purchased by, and all collateral obtained by, the Authority should be properly designated as an asset of the Authority. No withdrawal of securities, in whole or in part, shall be made from safekeeping, except by an authorized representative of the Authority. Security transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to

ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

9. MASTER REPURCHASE AGREEMENT. All approved institutions and dealers transacting repurchase agreements shall execute and perform as stated in a Master Repurchase Agreement, when and if adopted by the Authority. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement, when and if adopted by the Authority.

10. BID REQUIREMENT. The Authority or its Investment Committee shall determine the approximate maturity date based on cash-flow needs and market conditions, analyze and select one or more optimal types of investment, and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the bid deemed to best meet the Investment Objectives specified in Article 2, above, must be selected.

11. INTERNAL CONTROLS. The Authority shall establish a series of internal controls and operating procedures to protect the Authority's assets and ensure proper accounting and reporting of the transactions related thereto. No person may engage in an investment transaction except as authorized under the terms of this policy. Internal controls shall include, but are not limited to:

- (a) Transfers of funds from the HFA to the State Board of Administration may be made by wire transfer or EFT (by Executive Director or majority of the Committee serving on the Investment Portfolio Committee), or by check with one signature (by Executive Director or Authority Board Chair or other Authority Board member serving on the Investment Portfolio Committee).
- (b) Funds may be deposited in the Authority's checking account by the Executive Director or Authority Board Chair or other Authority Board member serving on the Investment Portfolio Committee, without further approvals.
- (c) Transfers by wire transfer or EFT to money market funds meeting the requirements of this Investment Policy may be made by the Executive Director with the prior written approval of the majority of the Committee serving on the Investment Portfolio Committee.
- (d) Transfers to banks for investment in certificates of deposit meeting the requirements of this Investment Policy may be made by the Executive Director (utilizing wires or the EFT system) with prior written approval by the majority of the Committee serving on the Investment Portfolio Committee.
- (e) Monthly reconciliations of all accounts affected by investment transactions must be performed by parties other than those who have the authority to approve or execute such transactions under this Investment Policy.

Such internal controls shall be reviewed by independent auditors as a normal part of the annual financial audit of the Authority.

12. REPORTING. The Authority's certified public accountant shall monthly, as part of its normal financial statement report, list the securities in the investment portfolio by class or type, book value, income earned, and market value as of the report date.

13. INVESTMENT PORTFOLIO COMMITTEE. An Investment Portfolio Committee (“Committee”), comprised of Authority’s Executive Director, two Authority Board Members (one of which shall be the Authority Board Chair), Authority's Financial Advisor, and a Designee from the Broward County Finance and Administrative Services Department, responsible for the County’s investment portfolio, shall be established to manage and monitor the performance and composition of the Authority’s investments in accordance with this Investment Policy. The Committee shall (1) meet at least quarterly; (2) review the monthly statements of the funds, investments, and securities of the Authority to determine the performance and status of said funds, investments, and securities. (3) provide quarterly reports regarding the status of the Authority’s investment portfolio to the Authority Board; and (4) recommend necessary or desirable modifications to this Investment Policy for the Authority Board’s consideration.

14. CONTINUING EDUCATION. All members of the Investment Portfolio Committee established pursuant to Article 13 hereof shall annually complete at least eight hours of continuing education in subjects or courses of study related to investment practices and products.

15. AMENDMENTS; WAIVERS. The Authority, by action specifically taken with a quorum present and voting at a public meeting thereof, may amend or waive provisions of this Investment Policy to the extent authorized by law.

16. ADOPTION. This Investment Policy shall become effective upon its adoption by resolution of the Authority Board.