

AVIATION AUTHORITY POLICY

400: FISCAL MATTERS	Effective: 05/06/82
TREASURY	Revised: 05/04/95
P450: Banking and Investments	10/09/97
	07/11/02
	11/03/11
	08/02/13
	03/06/17
	06/06/19
	<u>06/01/23</u>

PURPOSE: To assure the proper deposit of funds received by the Authority in the conduct of its business and to provide for the establishment and administration of Authority bank accounts and investments.

LEGAL CONSIDERATION: Section 6.02 of the Trust Agreement specifically provides how the funds governed by such Agreement are to be invested by the Trustee and the Authority. Investment of the Authority's surplus funds is governed by Section 218.415, Florida Statutes.

POLICY: The Chief Executive Officer or designees are authorized to deposit, spend and invest Authority funds as allowed by applicable law and the Trust Agreement.

- A. **Banking:** The Chief Executive Officer or designees will establish and administer the bank accounts necessary and desirable to properly account for the receipt, disbursement and investment of Authority funds. To the extent competitively priced banking services are available at the Airport's branch bank, the Authority's accounts will reside within that branch.

- B. **Investments:** The Chief Executive Officer or designees will establish and administer the investment accounts necessary and desirable to achieve with each investment opportunity the following objectives, in order of priority:
 - 1. **Safety** - The primary objective of the Authority's investment activities is the protection of investment capital.

 - 2. **Liquidity** - The Authority's investment strategy will provide sufficient liquidity such that cash flow requirements are met through the utilization of repurchase agreements and marketable securities with structured maturities.

 - 3. **Investment Income** - The Authority will strive to maximize the return on the portfolio while minimizing investment risk.

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This Policy will apply to all Authority funds other than those held by the Trustee.

1. Investment Performance and Reporting - A portfolio report will be provided to the Board annually. The report will include a breakdown of the portfolio by class or type, book value, income earned, and market value as of the report date.
2. Pooling of Funds - Except for cash in certain restricted and special funds, the Authority may consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.
3. Prudence and Ethical Standards - The persons performing the investment function, acting in accordance with this written Policy, exercising independence, due diligence and investing in investments authorized by this Policy, will be relieved of personal responsibility for an individual security's credit risk or market price changes provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. 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 period. Individuals involved in the investment process will refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Individuals involved in the investment process will disclose any material interests in financial institutions with which they conduct business. They will further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio and they will refrain from undertaking personal investment

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transactions with the same individual with whom business is conducted on behalf of the Authority.

4. Performance Measurement - The Authority seeks to optimize return on investments within the constraints of safety and liquidity. Treasury yields are considered benchmarks for riskless investment transactions and, therefore, comprise a minimum standard for the portfolio's rate of return. The Authority will utilize performance benchmarks for short term portfolios (those designed to meet nearer term cash flow needs not to exceed 24 months) and ~~long term~~long-term portfolios (those designed to meet cash flow needs exceeding 24 months).

5. Authorized Investments - The Chief Executive Officer or designee will purchase or sell investment securities at prevailing market rates. Authorized investments are as follows:
 - a. State of Florida Local Government Surplus Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969.
 - b. Non-negotiable interest-bearing time certificates of deposit, money market accounts or savings accounts in banks/savings and loan associations organized under the laws of the United States, doing business and situated in the State of Florida, provided that any such deposits are secured by the Florida Security of Public Deposits Act, Chapter 280, Florida Statutes.
 - c. Direct obligations of the United States Treasury.
 - d. Federal agencies and instrumentalities.⁵
 - e. Repurchase agreements (for purchase and subsequent sale) for any of the investments authorized above in items b, c and d and subject to a master repurchase agreement.
 - f. Corporates – U.S. dollar denominated corporate notes, bonds or other debt obligations issued or guaranteed by a domestic or foreign corporation,

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- financial institution, non-profit, or other entity with a stand-alone credit rating of AA or better assigned by two or more recognized credit rating agencies.
- g. Municipals – Obligations, including both taxable and tax-exempt, issued or guaranteed by any State, territory or possession of the United States, political subdivision, public corporation, authority, agency board, instrumentality or other unit of local government of any State or territory with a stand-alone credit rating ~~of AAof AA~~ or better assigned by two or more recognized credit rating agencies.
 - h. Commercial Paper – U.S. dollar denominated commercial paper issued or guaranteed by a domestic or foreign corporation, company, financial institution, trust or other entity and rated in the highest tier (e.g., A-1, P-1, F-1 or D-1 or higher) by a nationally recognized rating agency.
6. 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. Investments of current operating funds will have maturities of no longer than one year. Investments of other non-operating funds will have a term appropriate to the need for funds, and in accordance with debt covenants, but will not exceed five years, unless specifically required by the terms of the bond documents.
 7. Portfolio Composition - ~~Assets held will be diversified to control the risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which these instruments are bought and sold. Purchases of investments based on bond covenant requirements will not be included in the portfolio composition calculation. U.S. Treasury obligations may comprise up to 100% of the portfolio's composition. Non U.S. Treasury investments cannot exceed 35%, per instrument type, of the Authority's total investment portfolio.~~

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8. Authorized Investment Institutions and Dealers - Financial institution and broker/dealer selection for investment services will be as follows:

Financial Institutions - Certificates of deposit and repurchase agreements purchased under the authority of this Policy will be purchased only from qualified public depositories of the State of Florida as identified by the State Treasurer, in accordance with Chapter 280, Florida Statutes.

Broker/Dealers - Securities will be purchased from approved broker/dealers selected by creditworthiness (minimum capital requirement \$10,000,000 and at least five years of operation). These may include “primary” dealers or “regional” dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). All broker/dealers who desire to become qualified bidders for investment transactions must supply the following as appropriate:

Audited Financial Statements
 Proof of State Registration
 Completed broker/dealer questionnaire
 Certification of having read the Authority’s investment policy.

9. Third Party Custodial Agreements - The Authority will execute a third-party custodial safekeeping agreement with a commercial bank’s trust department which is separately chartered by the United States Government or the State of Florida. All securities purchased and/or collateral, except certificates of deposit, obtained by the Authority will be properly designated as an asset of the Authority and held in safekeeping by the trust department and no withdrawal of such securities, in whole or in part, will be made from safekeeping except by the Chief Executive Officer or designee. The third-party custodial safekeeping agreement will include letters of authorization from the Authority, details as to responsibilities of each party, and wiring instructions

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10. Delivery vs. Payment - All trades where applicable will be executed by delivery vs. payment. This ensures that securities are deposited with the ~~third party~~third-party custodian prior to the release of funds.
 11. Master Repurchase Agreement - The Authority will require all approved institutions and dealers transacting repurchase agreements to execute and perform as stated in the master repurchase agreement. All repurchase agreement transactions will adhere to requirements of the master repurchase agreement.
 12. Quotation Requirement - Purchases and sales of securities initiated by the Authority should be accompanied by competitive price quotes from three separate broker/dealers to ensure the acquisition of market-based prices.
 13. Internal Controls - The Authority will exercise and monitor a set of written internal controls designed to protect the Authority's funds and ensure proper accounting and reporting of the securities transactions.
 14. Continuing Education - Those Authority staff members responsible for making investment decisions in addition to the Executive Vice President of Finance and Procurement must annually complete eight hours of continuing education in subjects or courses of study related to investment practices and products.