

**THE GOVERNING BOARD OF THE  
ST. JOHNS RIVER WATER MANAGEMENT DISTRICT  
INVESTMENT MANAGEMENT SERVICES  
REQUEST FOR PROPOSALS 35396**

The Governing Board of the St. Johns River Water Management District (the “District”), requests that interested parties respond to the solicitation below by 2:00 p.m., May 20, 2020. Further information is available through Onvia DemandStar at *Demandstar.com* [(800) 711-1712], Vendor Registry at *Vendorregistry.com*, or the District’s website at *sjrwmd.com*. Solicitation packages may be obtained from Onvia DemandStar, Vendor Registry, or the District by calling or emailing Wendy Cox, Procurement Director, at (386) 329-4118 or [wcox@sjrwmd.com](mailto:wcox@sjrwmd.com). Responses will be opened in the Procurement Conference Room, Administration Building, Palatka Headquarters, 4049 Reid Street, Palatka, Florida 32177-2571.

The St. Johns River Water Management District is seeking proposals from qualified investment managers of demonstrated professional competence and experience to perform investment management services to supervise and direct the investments of the District. It is the intent of the District to have one management firm to provide investment management services specified in this Request for Proposals. Investment management services will be performed on a contract fee basis. There is no estimated budget for this project, as the District anticipates that the proceeds from the investments will provide net revenue after Investment Manager fees are paid.

Special accommodations for disabilities may be requested through Wendy Cox, Procurement Director, at (386) 329-4118 or by calling (800) 955-8771 (TTY), at least five business days before the date needed.

The District’s Evaluation Committee will meet at District headquarters at 4049 Reid Street, Palatka, Florida 32177-2571, to evaluate and rank Proposals as follows:

- 10:00 a.m., and 2:00 p.m. (if needed), on June 3, 2020, to
  - Discuss the responses
  - Finalize the initial ranking or determine a shortlist of Respondents
  - Discuss negotiation strategies
- 10:00 a.m., June 10, 2020
  - Negotiate final details and costs with the top-ranked Respondent — after negotiations have been completed, all Respondents will be notified in writing of the staff’s intended recommendation to the Governing Board

Special accommodations for disabilities may be requested through Wendy Cox, or by calling (800) 955-8771 (TTY), at least five business days before the date needed.

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## INSTRUCTIONS TO RESPONDENTS

### 1. DEFINITIONS

The definitions of capitalized terms used in this solicitation that are not otherwise defined herein can be found in the sample contract document (the “Agreement”) that is at the end of these instructions. The Agreement includes these Instructions to Respondents, any addenda published by the District, the proposal provided by Respondent (the “Proposal“), and all required certifications and affidavits.

### 2. CONTRACT ADMINISTRATION

All inquiries related to this solicitation may only be directed to the Procurement Specialist:

Wendy Cox, Procurement Director  
 Phone: (386) 329-4118  
 Fax: (386) 329-4546  
 Email: wcox@sjrwmd.com

Between the release of this solicitation and the posting of the notice of intended decision, Respondents to this solicitation or persons acting on their behalf may not contact any employee or officer of the District concerning any aspect of this solicitation, except the procurement employee listed above. Violation of this provision is grounds for rejecting a response.

### 3. WHERE TO DELIVER PROPOSAL

The Proposal must be submitted in a sealed envelope to:

Wendy Cox, Procurement Director  
 Attn: Office of Financial Services  
 St. Johns River Water Management District  
 4049 Reid St, Palatka, FL 32177-2571

Respondents must clearly label the Proposal envelope with **large bold, and/or colored lettering (place label on inner envelope if double sealed)** as follows:

SEALED PROPOSAL — DO NOT OPEN  
 Respondent’s Name: \_\_\_\_\_  
 Request for Proposals: 35396  
 Opening Time: 2:00 p.m.  
 Opening Date: May 20, 2020

Please note that the United States Postal Service does not deliver regular mail or express mail to the above address. The District’s experience is that Federal Express and United Parcel Service will.

### 4. OPENING OF PROPOSALS

Respondents or their authorized agents are invited to attend the opening of the Proposals at the following time and place:

2:00 p.m., May 20, 2020  
 St. Johns River Water Management District Headquarters  
 4049 Reid Street, Palatka, Florida 32177-2571

The Florida Public Records Act, §119.071(1)(b), Fla. Stat., exempts sealed Proposals from inspection and copying until such time as the District provides notice of an intended decision pursuant to

§120.57(3)(a), Fla. Stat., or until 30 days after opening of bids, proposals, submittals, or final replies, whichever is earlier. This exemption is not waived by the public opening of the Proposals.

Unless otherwise exempt, Respondent's Proposal is a public record subject to disclosure upon expiration of the above exemption period. If any information submitted with the Proposal is a trade secret as defined in §812.081, Fla. Stat., and exempt from disclosure pursuant to §815.04, Fla. Stat., Respondent must clearly identify any such material as "CONFIDENTIAL TRADE SECRET" in its Proposal and explain the basis for such exemption. The District reserves the right, in its sole judgment and discretion, to reject a Proposal for excessive or unwarranted assertion of trade secret confidentiality and return the Proposal to Respondent.

## 5. PREPARATION AND ORGANIZATION OF PROPOSAL DOCUMENTS

Respondent must submit its Proposal in "digital" format. Instructions for submitting are provided below.

- Respondents must complete and submit the following *forms* and *questionnaires* on reproduced copies of the attached forms provided in FORMS:
  - a) Proposal Form
  - b) Fee Schedule (and Excel® spreadsheet, if applicable)
  - c) Certificate as to Corporation
  - d) Affidavit as to Non-collusion and Certification of Material Conformance with Specifications
  - e) Qualifications (Similar Engagements/Accounts, Client References, Subcontractors, and other required qualification forms)
  - f) Qualifications and Experience Questionnaire
  - g) Drug-Free Workplace Form (not required unless there is a tie)
- All blank spaces on the Proposal Form shall be typed or legibly printed in ink.
- Respondents shall provide and complete the following forms and questionnaires and include them in their Proposal under the tabs identified below (responses to the forms and questionnaires can be submitted on reproduced copies).
- Respondents must address items listed in section 18, Evaluation Criteria when preparing each section.
- Respondents shall NOT include marketing material.

### ***SECTION A — INTRODUCTORY MATERIALS***

- a. Title page – Include the RFP subject and number, the name of the Proposer's firm, address, telephone and fax numbers, email address, tax identification number, name of contact person(s) and the date submitted.
- b. Table of contents – Include a clear identification of the materials submitted by name and subfolder location.
- c. Certificate as to Corporation Form
- d. Affidavit as to Non-Collusion and Certification of Material Conformance with Specifications
- e. Drug Free Workplace Form (required only in the event of a tie)

### ***SECTION B — INVESTMENT MANAGEMENT SERVICES***

#### ***Tab 1: Introduction and Questionnaire***

- a. Qualifications and Experience Questionnaire
- b. Qualifications — General

- c. Qualifications — Similar Engagements Forms

Tab 2: Background and Qualifications

- a. Proposed Subcontractors Form
- b. Investment Management questionnaire
- c. Total value of public assets under management
- d. Total value of Florida public assets under management
- e. List of Florida public entities under management during the ten years immediately prior to the date set for receipt of Proposals
- f. The total number of Florida public entities under management during the ten years immediately prior to the date set for receipt of Proposals
- g. The total portfolio value of the Florida public entities under management during the ten years immediately prior to the date set for receipt of Proposals
- h. The total number of public entities under management nationwide during the ten years immediately prior to the date set for receipt of Proposals
- i. The total portfolio value of the public entities under management nationwide during the ten years immediately prior to the date set for receipt of Proposals

Tab 3: Client References

Qualifications — Client References Form

Tab 4: Ability to meet Service Requirements (Statement of Work)

No forms

Tab 5: Cost Effectiveness

- a. Proposal and Addenda Acknowledgement Form
- b. Fee Schedule

Tab 6: Additional Information (Information included under this tab will not receive a score)

- a. Standard brochures and specifications may be submitted as additional material but shall not be submitted as the qualification data.
- b. Respondents may suggest additional services, which in their opinion, would be in the best interest of the District. Respondent should also present such services, if any, for discussion during the negotiation phase of the solicitation process.

Respondent is encouraged to include as much pertinent data and information under each section as necessary to ensure proper evaluation of its qualifications.

- Respondent must follow all procedures for electronic submission or the Respondent's Proposal may be determined as "non-responsive" and rejected.
- Unless directed otherwise, all information required by the solicitation, including the forms and questionnaires listed under Item "A" above must be completed (typed or hand written) and included in the submission in electronic format (forms must be completed and converted/scanned to PDF format (Adobe).
- All of the forms and questionnaires in the Request for Proposals package are available upon request in Microsoft® Word to aid the Respondent in submitting its Proposal in electronic format.
- The file-naming conventions for the Proposal shall include:
  - a) Proposal submittal: RFP # Respondent's name (abbreviated) Due Date

(Example: RFP 35396 ABC Company 04 23 20)

- The Proposal submittal must include a separator page between each “Tabbed” section:
  - a) Example: SECTION B — INVESTMENT MANAGEMENT SERVICES
  - b) Example: Tab 1: Analytical Support
- All electronically submitted files shall be saved to a single CD or pin/thumb/jump drive. The CD or pin/thumb/jump drive **MUST** be placed in a sealed envelope pursuant to the instructions under Item 3 for sealed responses – **DO NOT SUBMIT YOUR RESPONSE BY EMAIL — THIS WILL RESULT IN THE SUBMITTAL BEING REJECTED AS NON-RESPONSIVE.**
- **Please do NOT password protect your files.** The District recommends that Respondents confirm their Proposal will open correctly on a non-company owned computer. Any electronic submittal received by the District that does not open on a District-owned computer is subject to rejection as a defective response.

**If you need assistance or have any questions about the format, please email or call Wendy Cox at wcox@sjrwmd.com or (386) 329-4118.**

In the event you decline to submit a Proposal, the District would appreciate submittal of the “No Response Form” provided at the end of the “FORMS” section to describe the reason for not submitting a Proposal.

## 6. INQUIRIES AND ADDENDA

District staff are not authorized to orally interpret the meaning of the specifications or other Agreement documents, or correct any apparent ambiguity, inconsistency, or error therein. In order to be binding upon the District, the interpretation or correction must be given by the Procurement Director and must be in writing. The Procurement Director may orally explain the District’s procedures and assist Respondents in referring to any applicable provision in the Request for Proposals documents, but the Respondent is ultimately responsible for submitting the Proposal in the appropriate form and in accordance with written procedures.

Every request for a written interpretation or correction must be received at least nine days prior to opening of Proposals in order to be considered. Requests may be submitted by fax at 386-329-4546 or by email at wcox@sjrwmd.com. Interpretations, corrections, and supplemental instructions will be communicated by written addenda to this solicitation posted by Onvia DemandStar and Vendor Registry to all prospective Respondents (at the respective addresses furnished for such purposes) no later than five days before the opening of Proposals.

Submission of a Proposal constitutes acknowledgment of receipt of all addenda. Proposals will be construed as though all addenda had been received. Failure of the Respondent to receive any addenda does not relieve Respondent from any and all obligations under the Proposal, as submitted. All addenda become part of the Agreement.

## 7. MINIMUM QUALIFICATIONS

Respondent must use the “Qualification” forms (General, Similar Projects, and Client References) provided in these documents to document the minimum qualifications listed below. Failure to include these forms with the Proposal may be considered non-responsive.

- a. Respondent (or a combination of the firm, individual, or project manager assigned to the work) must be managing portfolios for at least two public entity clients (state of Florida entities preferred) meeting the following requirements (*use District-provided form to document*).
  - Each client portfolio must be at least \$100 million
  - Each client portfolio must have been under Respondent’s management for at least the two years immediately preceding the date set for receipt of proposals

**NOTE:** All things being otherwise equal, those Respondents whose staff has the aforementioned experience will receive higher scores relative to the amount of experience on portfolios located in the state of Florida.

- b. Respondent must have no less than ten years of experience in managing fund assets for state agencies, taxing districts and/or local governments, including managing portfolios with assets in excess of \$100 million dollars. Respondent personnel assigned to the project must have expertise in managing the types of investments authorized in the District's Investment Policy (copy attached as Attachment D.)  
*(Respondent-provided documentation that demonstrates this expertise)*
- c. Respondent must have no less than five years of experience on projects of the nature specified above.  
*(Respondent-provided documentation that demonstrates this expertise)*
- d. Respondent must provide three client references. Up to two of the client references may be from the similar projects listed in response to subparagraph (a), above. No more than one of the references may be from completed District projects.  
*(Respondent-provided documentation that demonstrates this expertise)*
- e. Respondent must be registered with the Securities and Exchange Commission under the Investor Advisor's Act of 1940 as amended and be properly registered to provide investment management services in Florida.  
*(Respondent-provided documentation that demonstrates this expertise)*
- f. The total portfolio value of the public entity assets Respondent has under management must be at least \$5 billion during the entire year immediately prior to the date set for receipt of Proposals; and at least a \$3 billion average total portfolio value of public entity assets during the five years immediately prior to the date set for receipt of Proposals.  
*(Respondent-provided documentation that demonstrates this expertise)*
- g. Respondent must have established a physical presence in the state of Florida at least three years immediately prior to the date set for receipt of Proposals.  
*(Respondent-provided documentation that demonstrates this expertise)*

Irrespective of the minimum qualifications stated above, the District may make such investigations as it deems necessary to determine the ability of the Respondent to perform the Work. The District reserves the right to reject any Proposal if the evidence submitted by such Respondent and/or the District's independent investigation of such Respondent fails to satisfy the District that such Respondent is properly qualified to carry out the obligations of the Agreement and complete the Work in a manner acceptable to the District within the time period specified.

## 8. PROPOSAL GUARANTY

For the purposes of this Proposal, a Proposal guaranty is not required.

## 9. SUBCONTRACTS

Respondent must identify all portions of the Work Respondent intends to perform through subcontractors for each portion of the Work exceeding ten percent of the Work on the attached "Proposed Subcontractors" form. Respondent must submit with its Proposal a list of all known subcontractors who will participate in more than ten percent of the Work. Acceptance of the Proposal does not constitute approval of the subcontractors identified with the Proposal.

## 10. SIGNATURE AND CERTIFICATION REQUIREMENTS

An individual submitting a Proposal must sign his/her name therein and state his/her address and the name and address of every other person interested in the Proposal as principal. If a firm or partnership submits the Proposal, state the name and address of each member of the firm or partnership. If a corporation submits the Proposal, an authorized officer or agent must sign the Proposal, subscribing the name of the corporation with his or her own name and affixing the corporate seal. Such officer or agent must also provide the name of the state under which the corporation is chartered, and the names and business addresses of the President, Secretary, and Treasurer. Corporations chartered in states other than Florida must submit evidence of registration with the Florida Secretary of State for doing business in the State of Florida. Respondent must certify that all persons or entities having an interest as principal in the Proposal or in substantial performance of the Work have been identified in the Proposal forms.

## 11. DISQUALIFICATION OF RESPONDENTS

Any of the following causes will be considered as sufficient grounds for disqualification of a Respondent and rejection of the Proposal:

- a. Contacting a District employee or officer other than the procurement employee named in this solicitation about any aspect of this solicitation before the notice of intended decision is posted.
- b. Submission of more than one Proposal for the same subject matter by an individual, firm, partnership, or corporation under the same or different names;
- c. Evidence of collusion among Respondents;
- d. Submission of materially false information with the Proposal;
- e. Information gained through checking of references or other sources which indicates that Respondent may not successfully perform the Work;
- f. Respondent is failing to adequately perform on any existing contract with the District;
- g. Respondent has defaulted on a previous contract with the District;
- h. The evidence submitted by Respondent, or the District's investigation of Respondent, fails to satisfy the District that Respondent is properly qualified to carry out the obligations of the Agreement in a manner acceptable to the District and within the time period specified;
- i. Any other cause that is sufficient to raise doubt regarding the ability of a Respondent to perform the Work in a manner that meets the District's objectives for the Work.

## 12. REJECTION OF PROPOSAL

Proposals must be delivered to the specified location and received before the Proposal opening in order to be considered. Untimely Proposals will be returned to the Respondent unopened. Proposals will be considered irregular and may be rejected if they show material omissions, alterations of form, additions not called for, conditions, limitations, or other material irregularities. The District may consider incomplete any Proposal not prepared and submitted in accordance with the provisions specified herein, and reserves the right to waive any minor deviations or irregularities in an otherwise valid Proposal.

The District reserves the right to reject any and all Proposals and cancel this request for qualifications when it determines, in its sole judgment and discretion, that it is not in its best interest to award the agreement.

## 13. WITHDRAWAL OF PROPOSAL

Respondent may withdraw its Proposal if it submits such a written request to the District prior to the designated date and hour of opening of Proposals. Respondent may be permitted to withdraw its Proposal no later than 72 hours after the Proposal opening for good cause, as determined by the District in its sole judgment and discretion.



#### 14. EVALUATION AND AWARD PROCEDURES

- a. Proposals will be evaluated by a staff evaluation committee based upon the criteria and weighting set forth in "EVALUATION CRITERIA." The committee members will meet at District headquarters or other location as appropriate to discuss the Proposals and their individual evaluations. Each committee member completes a paper or electronic evaluation form, from which the overall ranking of Proposals is compiled. Evaluation forms may be submitted at or subsequent to the evaluation committee meeting. If it is determined that it will assist the committee's evaluation for some or all Respondents to make an oral presentation, such presentations will be scheduled at District headquarters or other location as appropriate.
- b. Section 286.0113, Fla. Stat., exempts from being open to the public, any portion of a meeting at which: (1) a negotiation with a Respondent is conducted pursuant to a competitive solicitation; (2) a Respondent makes an oral presentation as part of a competitive solicitation; (3) a Respondent answers questions as part of a competitive solicitation; or (4) negotiation strategies are discussed. Also, recordings of, and any records presented at, the exempt meeting are exempt from §119.07(1) and §24(a), Art. I of the State Constitution (Public Records) until such time as the District provides notice of an intended decision or until 30 days after opening the bids, proposals, submittals, or final replies, whichever occurs earlier. A complete recording shall be made of any portion of an exempt meeting. No portion of the exempt meeting may be held off the record.
- c. Pursuant to §286.0113 Fla. Stat., if the District rejects all Proposals and concurrently provides notice of its intent to reissue the competitive solicitation, the recording and any records presented at any exempt meeting shall remain exempt from §119.07(1) and §24(a), Art. I of the State Constitution (Public Records) until such time as the District provides notice of an intended decision concerning the reissued competitive solicitation or until the District withdraws the reissued competitive solicitation. A recording and any records presented at an exempt meeting are not exempt for longer than 12 months after the initial District notice rejecting all Proposals.
- d. Following the evaluation process, contract negotiations will commence with the Respondent submitting the highest-ranked Proposal. If negotiations fail with the highest-ranked Respondent, negotiations will proceed with the next highest-ranked Respondent, and so forth.
- e. Following the evaluation process, the District will submit the final ranking of Submittals to the Governing Board for approval, except for those instances in which the authority to approve and execute the Agreement has been delegated by the Governing Board to the Executive Director, or designee. All Respondents will be notified in writing of the evaluation committee's final ranking of Submittals.
- f. The committee will meet to evaluate and rank the Proposals in the location(s), time(s) and date(s), stated at the beginning of this Request for Proposals package.
- g. The Agreement will be awarded to the Respondent having the highest ranked Proposal, which successfully concludes negotiations with the District (the "Successful Respondent"). The Agreement may be modified based on the District's acceptance of any alternatives listed in the Proposal that the District deems in its best interest.
- h. If two or more Proposals are equal in all respects, the Agreement will be awarded as follows: (1) to the Respondent that certifies compliance with §287.087, Fla. Stat., via the Drug-Free Workplace Form; (2) to a Respondent university in the State University System pursuant to §373.63, Fla. Stat.; or (3) by lot.
- i. In the event the Successful Respondent fails to enter into the Agreement or the Agreement with said Respondent is terminated within 90 days of the effective date, the District reserves the right to negotiate with the other respondents in ranked order, if available, and award an Agreement.

- j. All Respondents will be notified of the District's intent to award or decision to award the Agreement. For the purpose of filing a protest under §120.57(3), Fla. Stat., the time period will commence as provided in "NOTICES AND SERVICES THEREOF."

## 15. PUBLIC ENTITY CRIMES/DISCRIMINATORY VENDORS

In accordance with §287.133 and §287.134, Fla. Stat., a person or affiliate who has been placed on the convicted or discriminatory vendor lists following a conviction for a public entity crime or placement on the discriminatory vendor list may not submit a bid, proposal, or reply on a contract to provide any goods or services to a public entity; may not submit a bid, proposal, or reply on a contract with a public entity for the construction or repair of a public building or public work; may not submit bids, proposals, or replies on leases of real property to a public entity; may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity; and may not transact business with any public entity in excess of the threshold amount provided in §287.017 for CATEGORY TWO (\$35,000) for a period of 36 months following the date of being placed on the convicted or discriminatory vendor lists.

## 16. EVALUATION CRITERIA

Responses shall include information or documentation regarding, and will be evaluated using, the evaluation criteria set forth below. The evaluation rating scale is as follows:

More than adequate.....8 – 10      Less than adequate ..... 1 – 4  
 Adequate.....5 – 7      Not covered in submittal ..... 0

Tab	Criteria	Weight	Raw Score	Weighted Total
1	<b>Introduction and Questionnaire</b> a. Understanding of District's Investment Policy No. 320 b. Complete response to investment management services questionnaire c. Responsiveness, organization and clarity of the proposal related to the statement of work	15%		
2	<b>Background &amp; Qualifications</b> Quality, quantity, and relevance of Respondent's (by the firm, individual, or project manager assigned to project) experience and resources, qualifications and resumes, names and functions of personnel assigned, and special expertise of personnel	20%		
3	<b>Client References</b> Respondent must provide three client references. Up to two of the client references may be from the similar projects provided. No more than one of the references may be from completed District projects.	5%		
4	<b>Ability to Meet Service Requirements</b> (Statement of Work) a. Diversity and availability of desirable accounts b. Reporting capabilities c. Acceptability of decision-making process for investing d. Acceptable methodology proposed e. Account reconciliation, analysis and statement f. Location, ease of consulting and meeting with District g. Knowledge and practice of all regulations (Fla. Stat., AIMR, GASB, etc.) h. Electronic capabilities i. Key personnel assignment	25%		
5	<b>Cost Effectiveness</b> - The Respondent whose proposal is the lowest fees will receive a Cost Effectiveness score of 10. All other responses will be scored proportionately.	35%		
	<b>TOTAL</b>	<b>100%</b>		

## 17. EXECUTION OF AGREEMENT

Submittal of a Proposal binds the Successful Respondent to perform the Work upon acceptance of the Proposal and execution of the Agreement by the District.

Unless all Proposals are rejected, a contract substantially in the form included in these documents will be provided to the Successful Respondent, who must execute and return the Agreement to the District within ten days of the date of receipt, along with the following:

- a. A completed Internal Revenue Service Form W-9
- b. Satisfactory evidence of all required insurance coverage
- c. Proof satisfactory to the District of the authority of the person or persons executing the Agreement on behalf of Respondent
- d. All other information and documentation required by the Agreement

The District will not execute the Agreement until the above documents have been executed and delivered to the District. The Agreement will not be binding until executed by the District. A copy of the fully executed Agreement will be delivered to the Successful Respondent. The District reserves the right to cancel award of the Agreement without liability at any time before the Agreement has been fully executed by all parties and delivered to the Successful Respondent.

Failure upon the part of the Successful Respondent to execute the Agreement or timely submit the required evidence of insurance coverage, or any other matter required by the Agreement, will be just cause, if the District so elects, for the recommended award to be annulled.

#### **18. EXAMINATION OF AGREEMENT DOCUMENTS AND WORK AREA**

Respondent is solely responsible for being fully informed of the conditions under which the Work is to be performed in relation to existing conditions. Respondent is responsible for carefully examining the general area of the Work, the requirements of the contract documents, the time in which the Work must be completed, and any other details of the Work. Respondent must satisfy itself from its own personal knowledge and experience or professional advice as to the character of the Work, the conditions and materials to be encountered, the character, quality, and quantities of the Work, and any other conditions affecting the Work.

Failure to satisfy the obligations of this paragraph will not relieve a Successful Respondent of its obligation to furnish all material, equipment, and labor necessary to perform the Agreement and to complete the Work for the consideration set forth in its Proposal. Any such failure will not be sufficient cause to submit a claim for additional compensation.

No verbal agreement or conversation with any District officer, agent or employee, either before or after the execution of the Agreement, will affect or modify any of its terms.

#### **19. FLORIDA SALES TAX**

The District is exempt from payment of State of Florida sales tax pursuant to §212.08(6), Fla. Stat. Any tangible personal property that is the subject of this Request for Proposals is intended to remain tangible personal property and not become part of a public work owned by the District.

#### **20. DIVERSITY**

The District is committed to the opportunity for diversity in the award and performance of all procurement activities. The District encourages its Prime Respondents to make a good faith effort to ensure that women and minority-owned business enterprises (W/MBE) are given the opportunity for maximum participation as second and lower tier participants. The District will assist Respondents by sharing information on W/MBEs to encourage their participation.

## 21. NOTICES AND SERVICES THEREOF

The District will publish notice of specifications and criteria, including addenda, intended agency decisions, or other matters pertinent to this solicitation on Onvia DemandStar at *DemandStar.com* and Vendor Registry at *vendorregistry.com*. Onvia DemandStar and Vendor Registry may also be accessed through the District's web site at *sjrwm.com*. In addition, the District will post notices of intended agency decisions at the District's headquarters, 4049 Reid Street, Palatka, Florida, Administration Building, Procurement Bulletin Board, on the date the publication is posted on Onvia DemandStar.

Notices that are posted on Onvia DemandStar and Vendor Registry are deemed received at 8:00 a.m. on the next business day following the date posted. Notices that are posted at the District's Procurement Bulletin Board are deemed received at 8:00 a.m. on the next business day following the date of posting. Notices will be posted for a minimum of 72 hours following the time at which they are deemed received. The time period for filing a Notice of Protest pursuant to §120.57(3), Fla. Stat., and Rule 28-110.003, Fla. Admin. Code, commences at the time notices are deemed received.

As a courtesy to Respondents, the District may send copies of the notices of intended agency decisions via email or facsimile to Respondent. These courtesy communications neither constitute official notice nor vary the times of receipt set forth above.

## 22. PROTEST PROCEDURES

Pursuant to §120.57(3), Fla. Stat., and Rule 28-110.003, Fla. Admin. Code, any person adversely affected by the procurement methodology described herein, or the specifications or criteria, including addenda, must file a Notice of Protest within 72 hours after receipt of the solicitation documents or addenda.

Pursuant to §120.57(3), Fla. Stat., and Rule 28-110.003, Fla. Admin. Code, any person adversely affected by a District decision or intended decision to award a contract, or to reject all bids, proposals, or qualifications, must file a Notice of Protest within 72 hours after receipt of the decision or intended decision. Pursuant to §120.57(3), Fla. Stat., and Rule 28-110.004, Fla. Admin. Code, the protester must also file with the District Clerk a Formal Written Protest within ten days after the date the Notice of Protest is filed with the District. The Formal Written Protest must state with particularity the facts and law upon which the protest is based. Pursuant to §287.042(2)(c), Fla. Stat., any person who files an action protesting the decision or intended decision must post with the District Clerk at the time of filing the formal written protest a bond, cashier's check, or money order made payable to the St. Johns River Water Management District in an amount equal to one percent (1%) of the estimated contract amount.

No additional time will be added for mailing. All filings must comply with Rule 28-106.104, Fla. Admin. Code, and must be addressed to and received by the District Clerk at the District Headquarters in Palatka, Florida within the prescribed time periods. The District will not accept as filed any electronically transmitted facsimile pleadings, petitions, Notice of Protest or other documents. Failure to file a protest within the time prescribed in §120.57(3), Fla. Stat., or failure to post the bond or other security required by law within the time allowed for filing a bond will constitute a waiver of proceedings under chapter 120, Fla. Stat. Mediation under §120.573, Fla. Stat., is not available.

**FORMS**

**PROPOSAL FORM**

Include this form in the response

RESPONDENT:

The undersigned, as Respondent, hereby declares and certifies that the only person(s) or entities interested in this proposal as principal(s), or as persons or entities who are not principal(s) of the Respondent but are substantially involved in performance of the Work, is or are named herein, and that no person other than herein mentioned has any interest in this proposal or in the Agreement to be entered into; that this proposal is made without connection with any other person, company, or parties making a proposal; and that this proposal is in all respects fair and in good faith without collusion or fraud.

Respondent represents to the District that, except as may be disclosed in an addendum hereto, no officer, employee or agent of the District has any interest, either directly or indirectly, in the business of Respondent to be conducted under the Agreement, and that no such person shall have any such interest at any time during the term of the Agreement, should it be awarded to Respondent.

Respondent further declares that it has examined the Agreement and informed itself fully in regard to all conditions pertaining to this solicitation; it has examined the specifications for the Work and any other Agreement documents relative thereto; it has read all of the addenda furnished prior to the proposal opening, as acknowledged below; and has otherwise satisfied itself that it is fully informed relative to the Work to be performed.

Respondent agrees that if its proposal is accepted, Respondent shall contract with the District in the form of the attached Agreement, and shall furnish everything necessary to complete the Work in accordance with the time for completion specified in the Agreement, and shall furnish the required evidence of the specified insurance.

Acknowledgment is hereby made of the following addenda (identified by number) received:

Addendum No.	Date	Addendum No.	Date
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

\_\_\_\_\_  
Respondent (firm name) \_\_\_\_\_  
Date

\_\_\_\_\_  
Address

\_\_\_\_\_  
Email address

\_\_\_\_\_  
Signature \_\_\_\_\_  
Telephone number

\_\_\_\_\_  
Typed name and title \_\_\_\_\_  
Fax number

FEE SCHEDULE

Include this form in the response

Proposal to be opened at 2:00 p.m., May 20, 2020.

To: ST. JOHNS RIVER WATER MANAGEMENT DISTRICT

In accordance with the advertisement requesting proposals for Investment Management Services, subject to the terms and conditions of the Agreement, the undersigned proposes to perform the Work for the price contained in the following schedule (fill in all blanks).

If said proposal exceeds the estimated amount previously provided, the District expressly reserves the right to increase, decrease, or delete any class, item, or part of the Work, as may be determined by the District.

(a) Investment Management Services

TOTAL PROPOSED FEES (The table below is based on the Respondent submitting a flat fee rate.)

Portfolio Value	Assets Under Management	Basis % of Account Market Value
All Assets	\$0 – \$_____million	% (_____basis points)

Check box if tiered or graduated fees are proposed and attach a separate sheet with the proposed fee structure.

Pursuant to §287.084(2) Fla. Stat., a vendor whose principal place of business is outside the State of Florida must accompany any written bid, proposal, or reply documents with a written opinion of an attorney at law licensed to practice law in that foreign state, as to the preferences, if any or none, granted by the law of that state to its own business entities whose principal places of business are in that foreign state in the letting of any or all public contracts.

I HEREBY ACKNOWLEDGE, as Respondent’s authorized representative, that I have fully read and understand all terms and conditions as set forth in this proposal and upon award of such proposal, shall fully comply with such terms and conditions.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Respondent (firm name)

\_\_\_\_\_  
Address

\_\_\_\_\_  
E-mail address

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Telephone number

\_\_\_\_\_  
Typed name and title

\_\_\_\_\_  
Fax number

PROPOSED SUBCONTRACTORS

Include this form in the response

Respondent must identify all portions of the Work Respondent intends to perform through subcontractors.

1. Name and address of subcontractor: \_\_\_\_\_  
\_\_\_\_\_  
Description of work: \_\_\_\_\_  
\_\_\_\_\_  
Estimated value of Work: \_\_\_\_\_
2. Name and address of subcontractor: \_\_\_\_\_  
\_\_\_\_\_  
Description of work: \_\_\_\_\_  
\_\_\_\_\_  
Estimated value of Work: \_\_\_\_\_
3. Name and address of subcontractor: \_\_\_\_\_  
\_\_\_\_\_  
Description of work: \_\_\_\_\_  
\_\_\_\_\_  
Estimated value of Work: \_\_\_\_\_
4. Name and address of subcontractor: \_\_\_\_\_  
\_\_\_\_\_  
Description of work: \_\_\_\_\_  
\_\_\_\_\_  
Estimated value of Work: \_\_\_\_\_
5. Name and address of subcontractor: \_\_\_\_\_  
\_\_\_\_\_  
Description of work: \_\_\_\_\_  
\_\_\_\_\_  
Estimated value of Work: \_\_\_\_\_
6. Name and address of subcontractor: \_\_\_\_\_  
\_\_\_\_\_  
Description of work: \_\_\_\_\_  
\_\_\_\_\_  
Estimated value of Work: \_\_\_\_\_

CERTIFICATE AS TO CORPORATION

Include this form in the response

The below Corporation is organized under the laws of the State of \_\_\_\_\_; is authorized by law to respond to this Request for Proposals and perform all work and furnish materials and equipment required under the Agreement, and is authorized to do business in the state of Florida.

Corporation name: \_\_\_\_\_

Address: \_\_\_\_\_

Registration No.: \_\_\_\_\_

Registered Agent: \_\_\_\_\_

By: \_\_\_\_\_

(Official title)

(Affix corporate seal)

Attest: \_\_\_\_\_

(Secretary)

The full names and business or residence addresses of persons or firms interested in the foregoing proposal as principals or officers of Respondent are as follows (specifically include the President, Secretary, and Treasurer and state the corporate office held of all other individuals listed):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Identify any parent, subsidiary, or sister corporations involving the same or substantially the same officers and directors that will or may be involved in performance of the Project, and provide the same information requested above on a photocopy of this form.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If applicable, attach a copy of a certificate to do business in the state of Florida, or a copy of the application that has been accepted by the state of Florida to do business in the state of Florida, for the Respondent and/or all out-of-state corporations that are listed pursuant to this form.



AFFIDAVIT AS TO NON-COLLUSION AND CERTIFICATION OF MATERIAL CONFORMANCE WITH SPECIFICATIONS

Include this form in the response

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, the undersigned, \_\_\_\_\_ being first duly sworn, depose and say that:

1. I am the owner or duly authorized officer, representative, or agent of:

\_\_\_\_\_ the Respondent that has submitted the attached proposal.

2. The attached proposal is genuine. It is not a collusive or sham proposal.

3. I am fully informed respecting the preparation and contents of, and knowledgeable of all pertinent circumstances respecting the attached proposal.

4. Neither Respondent nor any of its officers, partners, owners, agents, representatives, employees, or parties in interest, including this affiant, has in any way colluded, conspired, connived, or agreed, directly or indirectly, with any other Respondent, firm, or person to submit a collusive or sham proposal in connection with the Agreement for which the attached proposal has been submitted, or to refrain from proposing in connection with such Agreement, or has in any manner, directly or indirectly, sought by agreement, collusion, communication, or conference with any other Respondent, firm, or person to fix the price or prices in the attached proposal of any other Respondent, or to fix any overhead, profit, or cost element of the proposal prices or the proposal price of any other Respondent, or to secure through collusion, conspiracy, connivance, or unlawful agreement any advantage against the District or any other person interested in the proposed Agreement.

5. The price(s) quoted in the attached proposal are fair and proper and are not tainted by any collusion, conspiracy, connivance, or unlawful agreement on the part of the Respondent or any of its agents, representatives, owners, employees, or parties in interest, including this affiant.

6. No official or other officer or employee of the District, whose salary or compensation is payable in whole or in part by the District, is directly or indirectly interested in this proposal, or in the supplies, materials, equipment, work, or labor to which it relates, or in any of the profits therefrom.

7. Any materials and equipment proposed to be supplied in fulfillment of the Agreement to be awarded conform in all respects to the specifications thereof. Further, the proposed materials and equipment will perform the intended function in a manner acceptable and suitable for the intended purposes of the District.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

Notary Public, state of \_\_\_\_\_ at Large

My commission expires:

(SEAL)

QUALIFICATIONS — GENERAL

Include this form in the response

As part of the proposal, Respondent shall complete the following so that the District can determine Respondent's ability, experience, and facilities for performing the Work.

Name of Respondent: \_\_\_\_\_

Respondent's tax identification No.: \_\_\_\_\_

Year company was organized/formed: \_\_\_\_\_

Number of years Respondent has been engaged in business under the present firm or trade name: \_\_\_\_\_

Total number of years Respondent has experience in similar investment management services to supervise and direct the investments of public agencies is work described in the INSTRUCTIONS TO RESPONDENTS: \_\_\_\_\_

Has Respondent previously been engaged in the same or similar business under another firm or trade name? If so, please describe each such instance.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Has Respondent ever been adjudicated bankrupt, initiated bankruptcy, or been the subject of bankruptcy proceedings on behalf of the current entity submitting this proposal or a prior entity that Respondent substantially operated or controlled? If yes, please describe the nature and result of those proceedings and the entity involved.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Describe the background/experience of the person or persons who will be primarily responsible for directing the Work that will be performed pursuant to this proposal. This inquiry is intended to encompass the project manager and/or superintendent who will be engaged on a daily basis in directing performance of the Work.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

QUALIFICATIONS — SIMILAR ENGAGEMENTS

Include this form in the response

Respondent (or a combination of the firm, individual, or project manager assigned to the work) must be managing or have successfully managed at least three engagements of public entity clients within the five years immediately preceding the date set for receipt of the response, as described in the INSTRUCTIONS TO RESPONDENTS. Each engagement shall have had a portfolio value of at least \$100 million. (Add additional sheet for optional additional completed projects.)

**Engagement 1:**

Public entity: \_\_\_\_\_

Current contact person at entity: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

Address of entity: \_\_\_\_\_

Engagement description: \_\_\_\_\_

\_\_\_\_\_

Beginning Portfolio value: \_\_\_\_\_ Start date: \_\_\_\_\_ Completion date: \_\_\_\_\_  
(month/year) (month/year)

Ending Portfolio value: \_\_\_\_\_ Start date: \_\_\_\_\_ Completion date: \_\_\_\_\_  
(month/year) (month/year)

Annual average rate of portfolio return for the last three to five years of the engagement: \_\_\_\_\_

**Engagement 2:**

Public entity: \_\_\_\_\_

Current contact person at entity: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

Address of entity: \_\_\_\_\_

Engagement description: \_\_\_\_\_

\_\_\_\_\_

Beginning Portfolio value: \_\_\_\_\_ Start date: \_\_\_\_\_ Completion date: \_\_\_\_\_  
(month/year) (month/year)

Ending Portfolio value: \_\_\_\_\_ Start date: \_\_\_\_\_ Completion date: \_\_\_\_\_  
(month/year) (month/year)

Annual average rate of portfolio return for the last three to five years of the engagement: \_\_\_\_\_

QUALIFICATIONS — SIMILAR ENGAGEMENTS

Include this form in the response

**Engagement 3:**

Public entity: \_\_\_\_\_

Current contact person at entity: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

Address of entity: \_\_\_\_\_

Engagement description: \_\_\_\_\_

\_\_\_\_\_

Beginning Portfolio value: \_\_\_\_\_ Start date: \_\_\_\_\_ Completion date: \_\_\_\_\_  
(month/year) (month/year)

Ending Portfolio value: \_\_\_\_\_ Start date: \_\_\_\_\_ Completion date: \_\_\_\_\_  
(month/year) (month/year)

Annual average rate of portfolio return for the last three to five years of the engagement: \_\_\_\_\_

QUALIFICATIONS — CLIENT REFERENCE

Include this form in the response

Respondent shall provide three client references, which may include the similar projects listed above. No more than one reference shall be from the District. (For similar projects listed above, simply state "Similar Project No. \_\_\_\_.")

**Client Reference 1:**

Agency/company: \_\_\_\_\_

Current contact person at agency/company: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-mail: \_\_\_\_\_

Agency/Company Address: \_\_\_\_\_

Name of project: \_\_\_\_\_

Description: \_\_\_\_\_

Project value: \_\_\_\_\_ Project manager: \_\_\_\_\_

**Client Reference 2:**

Agency/company: \_\_\_\_\_

Current contact person at agency/company: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-mail: \_\_\_\_\_

Agency/Company Address: \_\_\_\_\_

Name of project: \_\_\_\_\_

Description: \_\_\_\_\_

Project value: \_\_\_\_\_ Project manager: \_\_\_\_\_

**Client Reference 3:**

Agency/company: \_\_\_\_\_

Current contact person at agency/company: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-mail: \_\_\_\_\_

Agency/Company Address: \_\_\_\_\_

Name of project: \_\_\_\_\_

Description: \_\_\_\_\_

Project value: \_\_\_\_\_ Project manager: \_\_\_\_\_

## QUALIFICATIONS — INVESTMENT MANAGEMENT SERVICES QUESTIONNAIRE

Include this form in the response

The technical proposal shall contain the following information. Items below that are covered specifically within the response to the Statement of Work section may be answered by reference to the specific page or section number of the response.

1. Legal name and address of organization
2. Year founded.
3. Provide a brief history of the Respondent's organization.
4. Are there any anticipated changes in the ownership of the organization during the next 36 months?
5. Does the Respondent have any active litigation or regulatory action involving its organization or its personnel? If yes, please describe.
6. Describe all insurance maintained as coverage (e.g., fiduciary, errors and omissions, professional liability or other).
7. Is the Respondent's organization compliant with Association for Investment Management and Research-Performance Presentation Standards (AIMR-PPS), the standards that were created to provide standardized performance presentation for money managers? If yes, provide documentation of compliance.
8. Include documentation that demonstrates that the Respondent understands the District's Investment Policy (Attachment D).
9. Provide an organizational chart for Respondent's organization. Indicate overall staff size and experience.
10. What has been the average turnover of professional staff during the past three years?
11. Describe the client service team that would deal directly with the District during the transition and on an ongoing basis. Provide detailed biographical information, including years with the organization, for each member of the proposed client service team. Include relevant expertise for each member.
12. What is the average number of clients managed by the lead client service person?
13. Where will the client service team be located?
14. Describe investment management services experience with Florida state government agency funds.
15. Provide the total amount of funds under management and indicate what percentage of these funds are public funds.
16. How much (amount and percentage) of funds are managed for outside third parties?
17. Enter the number of institutional clients to which the Respondent provides consulting and/or investment services by asset size in each of the following categories, as of the most recent quarter end:

	<\$10M	\$10 to \$25M	\$25 to \$100M	\$100M to \$1B	>\$1 B
Corporate					
Funds					
Endowments					
Foundations					
Public Pension					
Funds – Other					

18. Provide the number of “Total Organized Assets” and “Institutional Clients” and the range of their sizes at the end of the most recent quarter and at the end of the last five calendar years.

Year	Total Organized Assets	Institutional Clients
April 11, 2020		
December 31, 2019		
December 31, 2018		
December 31, 2017		
December 31, 2016		
December 31, 2015		

19. What was the market value of all assets under management at the end of the most recent quarter and at the end of the last five calendar years?

Year	Short-Term Operating Funds	Medium-Term Operating Funds	Bond Proceeds	Totals
April 11, 2020				
December 31, 2019				
December 31, 2018				
December 31, 2017				
December 31, 2016				
December 31, 2015				

20. Does the Respondent have any subsidiary relationship or other arrangement with a holding company?
21. What percent of total assets under management will the District portfolio represent?
22. Describe any direct relationship the Respondent has with any broker/dealer.
23. Is Respondent compensated in either hard or soft dollars by running trades through a certain broker/dealer? If yes, provide details and nature of relationship with the broker/dealer.
24. Provide historical annual returns against appropriate benchmark returns for a sample composite of the Respondent’s portfolio and for the individual investment products proposed to the District (i.e. mutual fund or commingled) for the last five calendar years, including the latest quarter, March 31, 2020. Indicate whether returns are gross of fees or net of fees. Provide the number of portfolios and asset size of each as compared to the total portfolio and total assets in the composite sample being utilized.
25. Describe how the funds are managed; i.e., by an individual portfolio manager who determines the selections and the weightings, by a team, or a committee.
26. Describe the investment and manager research process.
27. Describe any optimization or risk control techniques used in the portfolio construction process.
28. Provide a sample of standard performance reports.
29. Provide details of the proposed fee arrangement, including performance evaluation, manager searches, development of policy issues, expenses, etc. Given the asset allocation and fund choices stated above, what would the all-in-fees for the proposed portfolio be?
30. State any conditions (existing investments) that might impact the fees proposed in this solicitation. Include any other relevant information that should be considered in evaluating investment management services qualifications.

DRUG-FREE WORKPLACE FORM

This form required only in the event of a tie response

The Respondent, (business name) \_\_\_\_\_, in accordance with §287.087, Fla. Stat., hereby certifies that Respondent does the following:

1. Informs employees about the dangers of drug abuse in the workplace, the business’s policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violations
2. Publishes a statement notifying employees that
  - a. the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against its employees for violations of such prohibition.
  - b. as a condition of working on the contractual services that are the subject of this solicitation, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of guilty or nolo contendere to, any violation of chapter 893, Fla. Stat., or of any controlled substance law of the United States or any state, for a violation occurring in the workplace no later than five days after such conviction.
3. Gives each employee engaged in providing the contractual services that are the subject of this solicitation a copy of the statement specified in paragraph 2, above.
4. Imposes a sanction on, or require the satisfactory participation in a drug abuse assistance or rehabilitation program if such is available in the employee’s community, by any employee convicted of a violation listed in sub-paragraph 2.b., above.
5. Makes a good faith effort to continue to maintain a drug-free workplace through implementation of §287.087, Fla. Stat.

As the person authorized to sign this statement, I certify that this firm complies fully with the above requirements.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_/



NO RESPONSE FORM  
ST. JOHNS RIVER WATER MANAGEMENT DISTRICT  
REQUEST FOR PROPOSALS 35396

Your reasons for not responding to this Request for Proposals are valuable to the St. Johns River Water Management District’s procurement process. Please complete this form and return it to the Office of Financial Services no later than the date set for receipt of proposals. Thank you for your cooperation.

Please check (as applicable):

- Specifications too “general” (explain below)
- Insufficient time to respond to the Invitation for Bids
- Do not provide this type of work for this project
- Schedule would not permit us to perform
- Unable to meet bid specifications
- Specifications unclear (explain below)
- Disagree with solicitation or Agreement terms and conditions (explain below)
- Other (specify below)

Remarks: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DATE \_\_\_\_\_

RESPONDENT (FIRM NAME) \_\_\_\_\_

ADDRESS \_\_\_\_\_

E-MAIL ADDRESS \_\_\_\_\_

SIGNATURE \_\_\_\_\_

TYPED NAME AND TITLE \_\_\_\_\_

TELEPHONE NUMBER \_\_\_\_\_

FAX NUMBER \_\_\_\_\_

**AGREEMENT  
BETWEEN THE  
ST. JOHNS RIVER WATER MANAGEMENT DISTRICT  
AND \_\_\_\_\_ FOR  
INVESTMENT MANAGEMENT SERVICES**

THIS AGREEMENT is entered into by and between the GOVERNING BOARD of the ST. JOHNS RIVER WATER MANAGEMENT DISTRICT (the "District"), whose address is 4049 Reid Street, Palatka, Florida 32177-2571, and \_\_\_\_\_ (the "Investment Manager"), whose address is \_\_\_\_\_. All references to the parties hereto include the parties, their officers, employees, agents, successors, and assigns.

**WITNESSETH**

WHEREAS, the District has funds available for investment purposes (the "Initial Funds") for which it intends to conduct an investment program; and

WHEREAS, the District desires to avail itself of the experience, sources of information, advice, assistance and facilities available to the Investment Manager; to have the Investment Manager undertake certain duties and responsibilities; and to perform certain services as Investment Manager on behalf of the District, as provided herein; and

WHEREAS, the Investment Manager is willing to provide such services on the terms and conditions hereinafter set forth;

NOW, THEREFORE, as consideration for the payments hereinafter specified Investment Manager agrees to furnish and deliver all materials and perform all labor required for Investment Management Services (the "Work"). In accordance with Request for Proposal 35396, Investment Manager shall complete the Work in conformity with the contract documents and all attachments and other items incorporated by reference hereto. This Agreement consists of all of the following documents, which are incorporated by reference: (1) Advertisement for proposals; (2) Instructions to Respondents; (3) Proposal submittal; (4) Agreement; (5) Statement of Work (Exhibit A); (6) District Investment Policy 320 (Attachment D); and (7) Addenda; Certifications; Affidavits; and Attachments, if any. If any provision hereof is found to be in conflict with any attachments hereto, the terms in the body of this Agreement shall prevail. The parties hereto, intending to be legally bound, agreed as follows:

**1. SERVICES OF INVESTMENT MANAGER**

The District hereby engages the Investment Manager to serve as Investment Manager under the terms of this Agreement with respect to the Initial Funds and such other funds as the District may from time to time assign by written notice to the Investment Manager (collectively the "Managed Funds"), and the Investment Manager accepts such engagement. In connection therewith, the Investment Manager will provide investment research and supervision of the District's Managed Funds investments and conduct a continuous program of investment, evaluation and, when appropriate, sale and reinvestment of the District's Managed Funds assets. The Investment Manager shall continuously monitor investment opportunities and evaluate investments of the District's Managed Funds. The Investment Manager shall furnish the District with statistical information and reports with respect to investments of the Managed Funds. The Investment Manager shall place all orders for the purchase, sale, loan or exchange of portfolio securities for the District's account with brokers or dealers recommended by the Investment Manager and/or the District, and to that end the Investment Manager is authorized as agent of the District to give instructions to TD Bank, the depository designated by the District as its custodian (together with any successor thereto, the "Custodian") as to deliveries of securities and payments of cash for the account of the District. In connection with the selection of such brokers and dealers and the placing of such orders, the Investment Manager is directed to seek for the District the most favorable execution and price, the determination of which may take into account, subject to

any applicable laws, rules and regulations, whether statistical, research and other information or services have been or will be furnished to the Investment Manager by such brokers and dealers. The District's Custodian shall have custody of cash, assets and securities of the District. The Investment Manager shall not take possession of or act as custodian for the cash, securities or other assets in the Managed Funds and shall have no responsibility in connection therewith. Authorized investments shall include only those investments, which are currently authorized by the state investment statutes and the bond covenants, and as supplemented by such other written instructions as may from time to time be provided by the District to the Investment Manager. The Investment Manager shall be entitled to rely upon the District's written advice with respect to anticipated drawdowns of Managed Funds. The Investment Manager will observe the instructions of the District with respect to broker/dealers who are approved to execute transactions involving the District's Managed Funds and in the absence of such instructions will engage broker/dealers, which the Investment Manager reasonably believes to be reputable, qualified and financially sound.

## 2. TERM

- (a) The term of this Agreement shall be October 1, 2020 to September 30, 2022. Time is of the essence for each and every aspect of this Agreement. Where additional time is allowed to complete the Work, the new time limit shall also be of the essence. All provisions of this Agreement that by their nature extend beyond the Completion Date survive termination or expiration hereof.
- (b) This Agreement may be renewed for three additional 12-month terms by the mutual and written consent of each party.
- (c) This Agreement may be terminated by the District in the event of any material breach of its terms immediately upon notice by certified mail, return receipt requested. This Agreement may also be terminated by the District at any time, on not less than 30 days written notice to the Investment Manager. The Investment Manager may terminate this Agreement immediately upon any material breach of its terms by the District, or at any time after one year upon 30 days written notice.

## 3. COMPENSATION

- (a) For services provided by the Investment Manager pursuant to this Agreement, the District shall pay the Investment Manager an annual fee, payable in monthly installments in arrears, based on the average daily market value of the assets under management in the account and based on the number of days in the month and year for the specified billing cycle, according to the following fee schedule (which shall remain firm and fixed for the initial term of the Contract):

Portfolio Value	Assets Under Management	Basis % of Account Market Value
All Assets	\$0 - \$50 million dollars	
	Over \$50 million dollars	

- (b) In the event that the initial term hereof shall be extended, as provided in Section 2 hereof, the fee schedule during such extended term or terms shall be as set forth in the Investment Manager's Proposal submittal, as incorporated herein.
- (c) Assets invested by Investment Manager under the terms of this Agreement may from time to time be invested in a money market mutual fund or local government investment pool managed by the Investment Manager (either, a "Pool"), or in individual securities. Average daily net assets subject to the fees described in this section shall not take into account any funds invested in the Pool. Expenses of the Pool, including compensation for Investment Manager and Pool custodian, are described in the relevant prospectus or information statement and are paid from the Pool.
- (d) If and to the extent that the District shall request the Investment Manager to render services other than those to be rendered by the Investment Manager hereunder, such additional services shall be

compensated separately on terms to be agreed upon between the Investment Manager and the District.

#### 4. PAYMENT OF INVOICES

- (a) Investment Manager shall submit itemized invoices on a monthly basis for the work by one of the following two methods: (1) by email to [acctpay@sjrwmd.com](mailto:acctpay@sjrwmd.com) (preferred) or (2) by mail to the St. Johns River Water Management District, Accounting Director, 4049 Reid Street, Palatka, Florida 32177-2571. Each invoice shall be submitted in detail sufficient for proper pre-audit and post-audit review. If necessary for audit purposes, Investment Manager shall provide additional supporting information as required to document invoices.
- (b) All invoices shall include the following information: (1) District contract number; (2) Investment Manager's name and address (include remit address, if necessary); (3) Investment Manager's invoice number and date of invoice; (4) District Project Manager; (5) Investment Manager's Project Manager; (6) supporting documentation as to cost and/or project completion (as per the fee schedule and other requirements of the Statement of Work; (7) Status report (if required); (8) Diversity Report (if otherwise required herein). Invoices that do not correspond with this paragraph shall be returned without action, stating the basis for rejection. Payments shall be made within 45 days of receipt of an approved invoice. Disputes regarding invoice sufficiency are resolved pursuant to the dispute resolution procedure of this Agreement.
- (c) **Payments.** Absent exceptional circumstances, Investment Manager is required to sign up and receive payment(s) electronically from the District via Automated Clearing House (ACH) payment.
- (d) **Payments.** The District shall pay Investment Manager 100% of each approved invoice.

#### 5. EXPENSES

- (a) The Investment Manager shall furnish at its own expense all necessary administrative services, office space, equipment, clerical personnel, telephone and other communication facilities, Investment Manager facilities, and executive and supervisory personnel for managing the Managed Funds.
- (b) Except as expressly provided otherwise herein, the District shall pay all of its own expenses including, without limitation, taxes, commissions, fees and expenses of the District's independent auditors and legal counsel, if any, brokerage and other expenses connected with the execution of portfolio security transactions. insurance premiums, fees and expenses of the custodian of the Managed Funds including safekeeping of funds and securities and the keeping of books and accounts.
- (c) **Travel expenses.** All travel cost will be borne by Investment Manager.

#### 6. REGISTERED INVESTMENT MANAGER; DUTY OF CARE

The Investment Manager hereby represents it is a registered Investment Advisor under the Investment Advisers Act of 1940, as amended. The Investment Manager shall immediately notify the District if at any time during the term of this Agreement it is not so registered or if its registration is suspended. The Investment Manager agrees to perform its duties and responsibilities under this Agreement with reasonable care. The federal securities laws impose liabilities under certain circumstances on persons who act in good faith. Nothing herein shall in any way constitute a waiver or limitation of any rights which the District may have under any federal securities laws. The District hereby authorizes the Investment Manager to sign I.R.S. Form W-9 on behalf of the District and to deliver such form to broker-dealers or others from time to time as required in connection with securities transactions pursuant to this Agreement.

#### 7. INVESTMENT MANAGER'S OTHER CLIENTS

The District understands that the Investment Manager performs investment management services for

various other clients, which may include investment companies, commingled trust funds and/or individual portfolios. The District agrees that the Investment Manager, in the exercise of its professional judgment, may give advice or take action with respect to any of its other clients, which may differ from advice given, or the timing or nature of action taken with respect to the District's Managed Funds accounts. The Investment Manager shall not have any obligation to purchase, sell or exchange any security for the District's Managed Funds solely by reason of the fact that the Investment Manager, its principals, affiliates, or employees may purchase, sell or exchange such security for the account of any other client or for itself or its own accounts. Investment Manager, to the extent that it invests on its own behalf in securities of the same type and maturity as those in which the Managed Funds are invested, must disclose when it invests or otherwise takes positions on its own behalf that are inconsistent with the advice provided to the District.

## **8. FORCE MAJEURE**

Investment Manager shall have no liability for any losses arising out of the delays in performing or inability to perform the services which it renders under this Agreement which result from events beyond its control, including Interruption of the business activities of Investment Manager or other financial institutions due to acts of God, acts of governmental authority, acts of war, terrorism, civil insurrection, riots, or any action or inaction of any carrier or utility, or mechanical or other malfunction.

**9. INDEMNIFICATION.** Investment Manager shall indemnify and hold harmless, release, and forever discharge the District, its public officers, employees, agents, representatives, successors, and assigns, from any and all liabilities, damages, losses, and costs, including, but not limited to, reasonable attorney's fees, arising from or caused by Investment Manager, its employees or subcontractors, in the performance of the Work. Investment Manager shall further indemnify the District for all costs and penalties the District incurs related to any failure to offer Patient Protection and Affordable Care Act compliant health care coverage to Investment Manager-employees performing under this contract.

**10. INSURANCE.** Investment Manager shall acquire and maintain all insurance required by Attachment B, Insurance Requirements, and shall not commence Work until it has provided Certificates of Insurance to the District as per Attachment B. Receipt of Certificates of Insurance indicating less coverage than required does not constitute a waiver of the Insurance Requirements. Investment Manager waives its right of recovery against the District to the extent permitted by its insurance policies. Investment Manager's insurance shall be considered primary, and District insurance shall be considered excess, as may be applicable to Investment Manager's obligation to provide insurance.

**11. INTEREST IN THE BUSINESS OF INVESTMENT MANAGER; NON-LOBBYING.** Investment Manager certifies that no officer, agent, or employee of the District has any material interest, as defined in chapter 112, Fla. Stat., either directly or indirectly, in the business of Investment Manager to be conducted under this Agreement, and that no such person shall have any such interest at any time during the term of this Agreement. Pursuant to §216.347, Fla. Stat., monies received from the District pursuant to this Agreement shall not be used to lobby the Florida Legislature or any other state agency.

**12. AUDIT; ACCESS TO RECORDS.** Investment Manager must preserve its books and other records involving transactions related to this Agreement and provide the District, or its duly authorized representatives, access and necessary facilities to inspect and audit those records for five years after the receipt of funds. If an examination or audit is performed, Investment Manager must continue to maintain all required records until such audit has been completed and all questions arising from it are resolved. Investment Manager shall refund any payment(s) that are found to not constitute allowable costs based upon an audit examination.

### 13. PUBLIC RECORDS

- a. Investment Manager is responsible for identifying confidential trade secret information as such upon submittal to the District. Notwithstanding any other provision hereof, the District shall not be liable to Investment Manager for release of confidential information not identified as such upon submittal. If the District receives a public records request that requests information claimed to be confidential by Investment Manager, the District shall take such steps as are necessary to comply with chapter 119, Fla. Stat., while protecting the confidentiality of trade secret information. In the event of a dispute as to whether the requested information is a trade secret, Investment Manager shall be liable for all costs incurred by the District resulting from the dispute, including any court costs and attorney's fees. The calculation of those costs shall not include costs that are charged to the public records requestor.
- b. Investment Manager shall comply with Florida Public Records law under Chapter 119, Fla. Stat. Records made or received in conjunction with this Agreement are public records under Florida law, as defined in §119.011(12), Fla. Stat. Investment Manager shall keep and maintain public records required by the District to perform the services under this Agreement.
- c. If Investment Manager meets the definition of "Contractor" found in §119.0701(1)(a), Fla. Stat.; [i.e., an individual, partnership, corporation, or business entity that enters into a contract for services with a public agency and is acting on behalf of the public agency], then the following requirements apply:
  - i. Pursuant to §119.0701, Fla. Stat., a request to inspect or copy public records relating to this Agreement for services must be made directly to the District. If the District does not possess the requested records, the District shall immediately notify Investment Manager of the request, and Investment Manager must provide the records to the District or allow the records to be inspected or copied within a reasonable time. If Investment Manager fails to provide the public records to the District within a reasonable time, Investment Manager may be subject to penalties under s. 119.10, Fla. Stat.
  - ii. Upon request from the District's custodian of public records, Investment Manager shall provide the District with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in Chapter 119, Fla. Stat., or as otherwise provided by law.
  - iii. Investment Manager shall identify and ensure that all public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the Agreement term and following completion of the Agreement if Investment Manager does not transfer the records to the District.
  - iv. Upon completion of the Agreement, Investment Manager shall transfer, at no cost to District, all public records in possession of Investment Manager or keep and maintain public records required by the District to perform the services under this Agreement. If Investment Manager transfers all public records to the District upon completion of the Agreement, Investment Manager shall destroy any duplicate public records that are exempt or confidential and exempt from public disclosure requirements. If Investment Manager keeps and maintains public records upon completion of the Agreement, Investment Manager shall meet all applicable requirements for retaining public records. All records that are stored electronically must be provided to the District, upon request from the District's custodian of public records, in a format that is accessible by and compatible with the information technology systems of the District.

**d. IF INVESTMENT MANAGER HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLA. STAT., TO INVESTMENT MANAGER'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE DISTRICT'S CUSTODIAN OF PUBLIC RECORDS AT:**

**District Clerk  
St. Johns River Water Management District  
4049 Reid Street  
Palatka, Florida 32177-2571  
(386) 329-4127  
[clerk@sjrwm.com](mailto:clerk@sjrwm.com)**

- 14. RELEASE OF INFORMATION.** Investment Manager shall not publish or release any information related to performance of this Agreement, or prepare, publish, or release any news or press release in any way related to this Agreement, without prior District review and written consent.
- 15. CIVIL RIGHTS.** Pursuant to chapter 760, Fla. Stat., Investment Manager shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, pregnancy, or national origin, age, handicap, or marital status.
- 16. INDEPENDENT CONTRACTOR.** Investment Manager is an independent contractor. Neither Investment Manager nor Investment Manager's employees are employees or agents of the District. Investment Manager controls and directs the means and methods by which the Work is accomplished. Investment Manager is solely responsible for compliance with all labor and tax laws pertaining to it, its officers, agents, and employees, and shall indemnify and hold the District harmless from any failure to comply with such laws. Investment Manager's duties include, but not be limited to: (1) providing Workers' Compensation coverage for employees as required by law; (2) hiring employees or subcontractors necessary to perform the Work; (3) providing any and all employment benefits, including, but not limited to, annual leave, sick leave, paid holidays, health insurance, retirement benefits, and disability insurance; (4) payment of all federal, state and local taxes, income or employment taxes, and, if Investment Manager is not a corporation, self-employment (Social Security) taxes; (5) compliance with the Fair Labor Standards Act, 29 U.S.C. §§ 201, et seq., including payment of overtime as required by said Act; (6) compliance with the Patient Protection and Affordable Care Act 42 U.S.C. §§ 18001, et seq.; and (7) providing employee training, office or other facilities, equipment and materials for all functions necessary to perform the Work. In the event the District provides training, equipment, materials, or facilities to meet specific District needs or otherwise facilitate performance of the Work, this shall not affect Investment Manager's duties hereunder or alter Investment Manager's status as an independent contractor. This paragraph does not create an affirmative obligation to provide any employee benefits not required by law.

**17. DISCIPLINARY ACTIONS**

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

**18. BOOKS**

Investment Manager shall maintain appropriate records of all transactions involving the Managed Funds. Investment Manager shall provide the District with a monthly statement showing deposits, withdrawals, purchases and sales (or maturities) of investments, earnings received, and the value of assets held on the last business day of the month. The statement shall be in the format and manner that is mutually agreed upon by the Investment Manager and the District.

**19. INVESTMENT MANAGER'S DISCLOSURE STATEMENT**

Investment Manager warrants that it has delivered to the District, prior to the execution of this Agreement, Investment Manager's current Securities and Exchange Commission Form ADV, Part 2A (disclosure statement).

**20. MODIFICATIONS.** This Agreement shall not be changed, modified, terminated or discharged in whole or in part, except by an instrument in writing signed by both parties hereto, or their respective successors or assigns.

**21. SUCCESSORS AND ASSIGNS.** The provisions of this Agreement shall be binding on Investment Manager and its successors and assigns, provided, however, that the rights and obligations of Investment Manager may not be assigned without the prior written consent of the District.

**22. PROJECT MANAGEMENT PERSONNEL**

- a. The Project Managers listed below shall be responsible for overall coordination and management of the Work. Either party may change its Project Manager upon three business days' prior written notice to the other party. Written notice of change of address shall be provided within five business days. All notices shall be in writing to the Project Managers at the addresses below and shall be sent by one of the following methods: (1) hand delivery; (2) U.S. certified mail; (3) national overnight courier; (4) email or, (5) fax. Notices via certified mail are deemed delivered upon receipt. Notices via overnight courier are deemed delivered one business day after having been deposited with the courier. Notices via email or fax are deemed delivered on the date transmitted and received.

DISTRICT

Greg Rockwell, Project Manager  
St. Johns River Water Management District  
4049 Reid Street  
Palatka, FL 32177-2571  
Phone: 386-312-2322  
Email: [grockwell@sjrwmd.com](mailto:grockwell@sjrwmd.com)

INVESTMENT MANAGER

TBD, Project Manager  
TBD  
TBD  
TBD  
Phone: TBD  
Email: TBD

- b. The District's Project Manager shall have sole responsibility for transmitting instructions, receiving information, and communicating District policies and decisions regarding all matters pertinent to performance of the Work.
- c. Investment Manager shall maintain an adequate and competent professional staff. Investment Manager's employees, subcontractors, or agents shall be properly trained to meet or exceed any specified licensing, training and/or certification applicable to their profession. Upon request, Investment Manager shall furnish proof thereof.

**23. GOVERNING LAW, VENUE, ATTORNEY'S FEES, WAIVER OF RIGHT TO JURY TRIAL.**

This Agreement shall be construed according to the laws of Florida and shall not be construed more strictly against one party than against the other because it may have been drafted by one of the parties. As used herein, "shall" is always mandatory. In the event of any legal proceedings arising from or related to this Agreement: (1) venue for any state or federal legal proceedings shall be in Duval County;



(2) each party shall bear its own attorney’s fees, including appeals; (3) for civil proceedings, the parties hereby consent to trial by the court and waive the right to jury trial.

**24. EXECUTION AND SEVERABILITY.** Each party to this Agreement represents and warrants that the person or persons signing this Agreement on behalf of such party is authorized and empowered to sign and deliver this Agreement for such party. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

**25. COOPERATION WITH THE INSPECTOR GENERAL, PURSUANT TO §20.055(5) FLA. STAT.** Investment Manager and any subcontractors understand and will comply with their duty, pursuant to §20.055(5), Fla. Stat., to cooperate with the inspector general in any investigation, audit, inspection, review, or hearing.

**26. SCRUTINIZED COMPANIES.** Investment Manager certifies that it is not on the Scrutinized Companies that Boycott Israel List or engaged in a boycott of Israel. Pursuant to §287.135, Fla. Stat., the District may terminate this Agreement at its sole option if Investment Manager is found to have submitted a false certification; or if Investment Manager is placed on the Scrutinized Companies that Boycott Israel List or is engaged in the boycott of Israel during the term of the Agreement.

**IN WITNESS WHEREOF**, the St. Johns River Water Management District has caused this Agreement to be executed on the day and year written below in its name by its Executive Director, or duly authorized designee, and Investment Manager has caused this Agreement to be executed on the day and year written below in its name by its duly authorized representatives, and, if appropriate, has caused the seal of the corporation to be attached. This Agreement may be executed in separate counterparts, which shall not affect its validity. Upon execution, this Agreement constitutes the entire agreement of the parties, notwithstanding any stipulations, representations, agreements, or promises, oral or otherwise, not printed or inserted herein. This Agreement cannot be changed by any means other than written amendments referencing this Agreement and signed by all parties.

ST. JOHNS RIVER WATER  
MANAGEMENT DISTRICT

INVESTMENT MANAGER

By: \_\_\_\_\_  
Ann B. Shortelle, Ph.D., Executive Director

By: \_\_\_\_\_  
\_\_\_\_\_  
Typed Name and Title

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Attest: \_\_\_\_\_  
\_\_\_\_\_  
Typed Name and Title

Attachments:

Attachment A — Statement of Work

Attachment B — Insurance Requirements

Attachment C – District’s Supplemental Instructions (example)

Attachment D – District Investment Policy 320

Exhibit 1 – Investment Performance Review of the District’s Investments of the Quarter Ended March 30, 2020

## ATTACHMENT A — STATEMENT OF WORK

**I. INTRODUCTION/BACKGROUND**

The St. Johns River Water Management District's (District) mission is to ensure the sustainable use and protection of water resources for the benefit of the people of the District and the state of Florida. The District is responsible for managing ground and surface water supplies in all or part of 18 counties in northeast and east-central Florida. A nine-member Governing Board sets the policies for operation of the District. In addition, four of the nine Governing members serve on the District's Finance, Administration and Audit Committee. The Governing Board is responsible for approving changes to the District's investment policy. The Finance, Administration and Audit Committee reviews and provides recommendations to the Governing Board concerning District finance, budget, facilities, information resources, and human resource matters. The Finance, Administration and Audit Committee is responsible for providing guidance, oversight and approval of the District's investment strategy, within the parameters of the District's investment policy.

Investment Management services detailed in this section are to be performed for the District on a contractual fee basis. The District's cash and investments are approximately \$144 million at September 30, 2019. Approximately \$20 million of the funds are restricted and are outside the statement of work to be provided by Investment Manager. For the purposes of this Request for Proposal, the Respondent will base its proposal on having \$100 million available for investment purposes. As of October 1, 2014, the District's custodian has been TD Bank.

The District currently uses the services of an investment manager. All investment activity falls under District Policy 320, Investment (Attachment D). The Policy 320 is in compliance with §373.556 and §218.415, Fla. Stat. Also attached is an Investment Performance Review of the District's investments of the quarter ended March 31, 2020 (Exhibit 1).

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

Specific responsibilities of Investment Manager will include, but not be limited to the following:

1. Execute purchases and sales of securities with broker/dealers in accordance with the laws of the State of Florida, the District's Investment Policy and District directives.
2. Provide monthly reports on investment activities, earnings, the value of the portfolio holdings, and projected portfolio cash flows. These reports must include a market-to-market valuation and other information needed for the District to report investment holdings under GASB 31 and 59. Investment Manager must maintain accurate reports of investments including the diversity of investments and compliance with the District's investment policy and the laws of the State of Florida.
3. Provide quarterly and annual investment reports including, but not limited to, a description of market conditions, investment strategies employed, performance and suggested changes to investment strategy and any other information the Finance, Administration and Audit Committee may deem necessary for the investment of the District's funds. Reports on investment performance must be provided on a total return basis and compared to established benchmarks. The quarterly reports will be provided for quarters ended March 31, June 30, September 30, and December 31. Annual reports shall be based on the calendar year ended December 31.

4. Maintain a list of approved broker/dealers that have met the District approved criteria and furnish evidence of compliance with those criteria to District.
5. Provide professional presentations to the Finance, Administration and Audit Committee and to the Governing Board on portfolio status and performance.
6. Provide customized reporting on investment activity, earnings and portfolio status.
7. Investment Manager WILL NOT provide custodial services or security safekeeping.

## II. TASK IDENTIFICATION (milestones, deliverables, or processes)

1. The principal duty, function and responsibility of Investment Manager is to act in the capacity of investment consultant to the Finance, Administration and Audit Committee for the purpose of managing all District unrestricted funds in excess of funds needed for current operations. Investment Manager will execute purchases and sales of securities with approved broker/dealers in support of this duty.
2. Investment Policy Services
  - (a) Advise the District with respect to overall investment policy (parameters, compliance, strategy, planning, etc.).
  - (b) Maintain a list of broker/dealers and audit for continued compliance with the District's Investment Policy 320.
  - (c) Monitor asset class diversification, management style diversification and active vs. passive investment ratio and make recommendations when appropriate.
  - (d) Monitor conformance of total fund with the District's Investment Policy 320 and portfolios with their guidelines.
3. Recommend modification of policy statement, manager guidelines and various investment objectives.
4. **Investment Management Structure and Asset Allocation Services:** Prepare asset and manager allocation projections and assets in ongoing allocation decisions.
5. **Manager Supervision Services:** Evaluate the Finance, Administration and Audit Committee's requests to modify their approach and make recommendations concerning appropriateness.
6. **Performance Evaluation Services:** Prepare standard performance evaluation reports quarterly and annually; i.e., audit all data to ensure correctness; compute appropriate policy portfolio (benchmark) rates of return; write a comprehensive understandable commentary on performance; risk-adjusted performance evaluation; and attribution of superior (substandard) performance to selection and timing effects.
7. **Regular Attendance of Meetings:** Provide professional presentations to the Finance, Administration and Audit Committee on portfolio status and performance quarterly, and on an as needed basis.
8. **Consultation with Staff:** Be available to consult with Finance, Administration and Audit Committee members and staff by telephone and in person, as required, in connection with conduct of the investment program.

Investment Manager will work directly with the District's Director of the Office of Financial Services, and the Accounting Director. Investment Manager will be required to provide its own office space and equipment. From time to time, the District may provide temporary office space and use of District computers, including the District's financial software package.

**III. CONTRACT BUDGET**

District and Investment Manager will agree on a fee schedule prior to the inception of the agreement, which shall remain fixed and firm throughout the term of the Agreement.

## ATTACHMENT B — INSURANCE REQUIREMENTS

Investment Manager shall acquire and maintain until completion of the Work the insurance coverage listed below, which constitutes primary coverage. Investment Manager shall not commence the Work until the District receives and approves Certificates of Insurance documenting required coverage. Investment Manager's General Liability policy shall include Endorsement CG 20 10 04 13, or equivalent, naming the St. Johns River Water Management District (the "District") as Additional Insured. All required policies shall include: (1) endorsement that waives any right of subrogation (Endorsement CG 24 04 05 09, or equivalent) against the District for any policy of insurance provided under this requirement or under any state or federal worker's compensation or employer's liability act; (2) endorsement to give the District no less than 30 days' notice in the event of cancellation or material change. Certificates of Insurance must be accompanied by copies of the requested endorsements.

Any deductibles or self-insured retentions above \$100,000 must be declared to and approved by the District. Approval will not be unreasonably withheld. Investment Manager is responsible for any deductible or self-insured retention. Insurance must be placed with insurers having an A.M. Best rating of A-V or greater. District receipt of insurance certificates providing less than the required coverage does not waive these insurance requirements.

- (d) **Workers' Compensation Insurance.** Workers' compensation and employer's liability coverage, including maritime workers' compensation, if applicable, in not less than the minimum limits required by Florida law. If Investment Manager claims an exemption from workers' compensation coverage, Investment Manager must provide a copy of the Certificate of Exemption from the Florida Division of Workers' Compensation for all officers or members of an LLC claiming exemption who will be participating in the Work. In addition, Investment Manager must provide a completed District "Affidavit (Non-Construction)" for non-construction contracts.
- (e) **General Liability.** Commercial General Liability Insurance on an "Occurrence Basis," with limits of liability for each occurrence of not less than \$1,000,000 for personal injury, bodily injury, and property damage, with an aggregate of \$2,000,000. Coverage shall include: (1) contractual liability, (2) products and completed operations, (3) independent contractors, and (4) property in the care, control, or custody of Investment Manager. Extensions shall be added or exclusions deleted to provide the necessary coverage.
- (f) **Automobile Liability.**
- (g) **Umbrella Policy.** Minimum limits of \$2,000,000 per occurrence.
- (h) **Professional Liability.** (Per claim) \$10,000,000 single limit and \$20,000,000 annual aggregate limit. Continuous coverage shall be in place for four years after the contract is completed.

ATTACHMENT C — DISTRICT’S SUPPLEMENTAL INSTRUCTIONS (sample)

DISTRICT SUPPLEMENTAL INSTRUCTIONS #

DATE:

TO: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
, \_\_\_\_\_

FROM: Leslie Svendsen, Project Manager

CONTRACT NUMBER: 35396

CONTRACT TITLE: Investment Management Services

The Work shall be carried out in accordance with the following supplemental instruction issued in accordance with the Contract Documents without change in the Contract Sum or Contract Time. Prior to proceeding in accordance with these instructions, indicate your acceptance of these instructions for minor adjustments to the work as consistent with the Contract Documents and return to the District’s Project Manager.

1. INVESTMENT MANAGER’S SUPPLEMENTAL INSTRUCTIONS:
2. DESCRIPTION OF WORK TO BE CHANGED:
3. DESCRIPTION OF SUPPLEMENTAL INSTRUCTION REQUIREMENTS: .

**Investment Manager’s approval: (choose one of the items below):**

Approved: \_\_\_\_\_ Date: \_\_\_\_\_

(It is agreed that these instructions shall not result in a change in the Total Compensation or the Completion Date.)

Approved: \_\_\_\_\_ Date: \_\_\_\_\_

(Investment Manager agrees to implement the Supplemental Instructions as requested but reserves the right to seek a Change Order in accordance with the requirements of the Agreement.)

Approved: \_\_\_\_\_ Date: \_\_\_\_\_  
Leslie Svendsen, District Project Manager

Acknowledged: \_\_\_\_\_ Date: \_\_\_\_\_  
Wendy Cox, District Procurement Director

c: Contract file  
Financial Services

ATTACHMENT D — DISTRICT'S INVESTMENT POLICY 320 (on the following pages)

**Policy**  
**INVESTMENT**

**Number: 320**

(1) **PURPOSE.** The purpose of this Investment Policy (Policy) is to govern the investment of funds in accordance with Section 218.415, Florida Statutes.

(2) **DEFINITIONS**

**Committee** – The Finance, Audit and Administration Committee of the Governing Board

**Designee** – The Investment Manager, or Accounting Director,

**Director** – The Director of the Office of Financial Services

**District** - St. Johns River Water Management District

**Investment Manager** – a third party person or entity having the responsibility for providing advice regarding the management of the Investment Portfolio and executing transactions in the Investment Portfolio, in consultation with and upon approval of the Director, or Designee.

**Investment Portfolio** – The portion of the District’s Portfolio approved by the Committee for investment pursuant to Section (9) of this Policy.

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

(3) **INVESTMENT OF FUNDS**

(a) **Scope.** This Policy shall apply to all funds in excess of current operating expenses and shall be in compliance with Section 218.415, Florida Statutes.

(b) **Objectives.** The objectives of the District’s Policy, in order of priority, are to provide safety of capital liquidity of funds and then the optimal rate of return on investments at the time of purchase.

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

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

(I) Limiting investments to the authorized investments in the Policy.



(II) Pre-qualifying the financial institutions, broker/dealers, intermediaries and advisers with which the District will do business.

(III) Diversifying the Investment Portfolio to protect against losses on individual securities.

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

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

(II) Investing operating funds primarily in shorter-term securities, Florida PRIME, money market mutual funds or interest bearing time deposits or savings accounts.

2. **Liquidity of Funds** – The Portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This will be accomplished by structuring the Portfolio so that securities mature concurrent with cash needs so as to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the Investment Portfolio should consist largely of securities with active secondary markets. A portion of the Portfolio should be placed in investments that offer same-day liquidity for short-term funds, such as the Florida PRIME, or money market mutual funds.

3. **Optimal Rate of Return** – The Investment Portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. Investments are limited to those relatively low risk securities authorized in the anticipation of earning a fair return relative to the risk being assumed. From time to time, securities may be purchased at a premium or traded for other securities to improve yield, maturity or credit risk. For these transactions, a loss may be incurred for accounting purposes to achieve optimal investment return, provided any of the following occurs with respect to the replacement security:

a. The yield has been increased, or

b. The maturity has been reduced or lengthened, or

c. The quality of the investment has been improved.

(4) **DELEGATION OF AUTHORITY.** The District’s Governing Board shall be responsible for approving changes to the District’s Policy. The responsibility for providing guidance and approval of the District’s investment strategy, within the parameters of the Policy, resides with the Committee. The management responsibility for all District funds in the Portfolio and

investment transactions is delegated to the Director or, in the absence of the Director, to the Designee, as determined by the Director. Under the direction of the Director, the Investment Manager shall provide active management for the District's designated funds. The Investment Manager must be registered under the Investment Advisors Act of 1940. The Director shall establish written procedures for the operation of the Investment Portfolio and a system of internal accounting and administrative controls to regulate the activities of employees.

- (5) **STANDARDS OF PRUDENCE.** The standard of prudence to be used by investment officials, who are officers or employees of the District, shall be the "Prudent Person" standard and shall be applied in the context of managing Portfolio. Investment officers acting in accordance with written procedures and this Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectation are reported to the Executive Director and the Committee in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this Policy. The "Prudent Person" rule states the following:

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

While the standard of prudence to be used by investment officials who are officers or employees of the District is the "Prudent Person" standard, any person or firm hired or retained to invest, monitor, or advise concerning these assets shall be held to the higher standard of "Prudent Expert." The standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these funds, 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 funds, so as to minimize the risk, considering the probable income as well as the probable safety of their capital.

- (6) **PROCEDURES.** Acting under Section 373.553, Florida Statutes, the Governing Board will from time to time designate certain banks and depositories in which District funds shall be deposited. These banks and depositories shall be qualified public depositories as defined in Section 280.02, Florida Statutes. Acting under Section 218.415, Florida Statutes, the Governing Board in its discretion is authorized to invest surplus funds in certain types of investments.
- (a) A payroll and operating account will be set up at a qualified public depository, designated by the Governing Board, authorizing withdrawals by the Treasurer of the Governing Board and countersigned by the Chairman or Vice-Chairman of the Governing Board for operating expenses of the District. Money shall be transferred to these accounts from time to time by the Treasurer of the Governing Board to assure adequate operating funds for budgeted items.

(b) An operating account will be set up at a qualified depository, designated by the Governing Board, authorizing drafts for budgeted Office of the General Counsel litigation expenditures by the General Counsel. A balance not in excess of \$500.00 shall be maintained in this account. Money shall be transferred to this account from time to time by the by the Treasurer of the Governing Board.

(c) Designated staff in the Office of Financial Services shall have authority to invest temporarily idle funds, which are excess to cash requirements of the District at time of investment. All investments shall be made in accordance with this Policy, the intent being to gain the best possible rate of return, consistent with diversification, safety and other provisions of this Policy.

(7) **PERFORMANCE MEASUREMENT.** In order to assist in the evaluation of the Portfolio's performance, the District will use performance benchmarks for each of the portfolios. The use of benchmarks will allow the District to measure its returns against other investors in the same markets.

(a) The S&P Rated GIP Index 30-Day Gross of Fees Yield will be used as a benchmark for comparison with the Portfolio's net book value rate of return for current operating funds (short-term portfolio).

(b) Investment performance of funds designated as enhanced cash funds that have a shorter-term investment horizon (1 year duration strategy) will be compared to the Bank of America Merrill Lynch 1 Year U.S. Treasury Note Index. The appropriate index will have a duration and asset mix that approximates that of the Enhanced Cash Portfolio and will be utilized as a benchmark to be compared to the Enhanced Cash Portfolio's total rate of return.

(c) Investment performance of funds designated as core funds and other non-operating funds that have a longer-term investment horizon (long-term portfolio) will be compared to the Bank of America Merrill Lynch 1-3 Year U.S. Treasury Note Index or the Bank of America Merrill Lynch 1-5 Year U.S. Treasury Note Index. The appropriate index will have a duration and asset mix that approximates that of the Investment Portfolio and will be utilized as a benchmark to be compared to the Investment Portfolio's total rate of return.

(8) **ETHICAL STANDARDS.** Employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees involved in the investment process shall disclose to the District any material financial interests in financial institutions that conduct business with the District, and any material personal financial/investment positions that could be related to the performance of the Portfolio.

(9) **AUTHORIZED INVESTMENTS.** Investments should be made subject to the cash flow needs. Such cash flows are subject to revisions as market conditions and the District's needs change. However, when the invested funds are needed in whole or in part for the purpose originally intended or for more optimal investments, the Director may sell or authorize the

Investment Manager to sell the investment at the then-prevailing market price and place the proceeds into the proper account at the District's custodian.

The following are the investment requirements and allocation limits on security types, issuers, and maturities, as established by the District. The Director shall have the option to further restrict investment percentages from time to time based on market conditions, risk, and diversification investment strategies. The percentage allocation requirements for investment types and issuers are calculated based on the market value of each investment. Investments not listed in this Policy are prohibited.

The allocation limits and security types do not apply to the investment of debt proceeds. These investments shall be governed by the debt covenant included in the debt instrument.

(a) **Florida PRIME**

1. **Purchase Authorization.** The Florida PRIME Fund, as administered by the Florida State Board of Administration ("SBA")
2. **Portfolio Composition.** A maximum of 50% of available funds may be invested in the Florida PRIME
3. **Rating Requirements.** Rating shall be "AAAm" by Standard & Poor's, or the equivalent by another Nationally Recognized Statistical Rating Organization ("NRSRO").
4. **Due Diligence Requirements.** A thorough investigation of the Florida PRIME is required prior to investing, and on a continual basis. The Finance Director shall develop a questionnaire containing a list of due diligence considerations that deal with the major aspects of any investment pool/fund. A current prospectus or equivalent documentation, including an Investment Policy, Financial Statements, and Portfolio Holdings must be obtained.

(b) **United States Government Securities**

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

Cash Management Bills

Treasury Securities – State and Local Government Series ("SLGS")

Treasury Bills

Treasury Notes

Treasury Bonds

Treasury Strips

2. **Portfolio Composition.** A maximum of 100% of available funds may be invested in the United States Government Securities. No less than 20% of the available funds shall be invested in a combination of U.S. Government and agency securities and federal instrumentalities securities.
3. **Maturity Limitations.** The maximum length to maturity of any direct investment in the United States Government Securities is five (5) years from the date of purchase.

(c) **United States Government Agencies**

1. **Purchase Authorization.** Invest in bonds, debentures or notes that may be subject to call, issued or guaranteed as to principal and interest by United States Government agencies, provided such obligations are backed by the full faith and credit of the United States Government. Such securities will include, but not be limited to, the following:

United States Export – Import Bank

-Direct obligations or fully guaranteed certificates of beneficial ownership

Farmer Home Administration

-Certificates of beneficial ownership

Federal Financing Bank

-Discount notes, notes and bonds

Federal Housing Administration Debentures

General Services Administration

United States Maritime Administration Guaranteed

-Title XI Financing

New Communities Debentures

-United States Government guaranteed debentures

United States Public Housing Notes and Bonds

-United States Government guaranteed public housing notes and bonds

United States Department of Housing and Urban Development

-Project notes and local authority bonds

2. **Portfolio Composition.** A maximum of 50% of available funds may be invested in United States Government agencies. No less than 20% of the available funds shall be

invested in a combination of U.S. Government and agency securities and federal instrumentalities securities.

3. **Limits on Individual Issuers.** A maximum of 25% of available funds may be invested in individual United States Government agencies.
4. **Maturity Limitations.** The maximum length to maturity for an investment in any United States Government agency security is five (5) years from the date of purchase.

(d) **Federal Instrumentalities** (United States Government Sponsored Enterprises (“GSE”))

1. **Purchase Authorization.** Invest in bonds, mortgage-backed securities, debentures or notes that may be subject to call, issued or guaranteed as to principal and interest by United States Government Sponsored Enterprises (Federal Instrumentalities) that are non-full faith and credit agencies. Such securities will include, but not be limited to the following:

Federal Farm Credit Bank (FFCB)

Federal Home Loan Bank or its district banks (FHLB)

Federal National Mortgage Association (FNMA)

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

2. **Portfolio Composition.** A maximum of 80% of available funds may be invested in Federal Instrumentalities. The combined total of available funds invested in Federal Instrumentalities and Mortgage Backed Securities cannot be more than 80%. No less than 20% of the available funds shall be invested in a combination of U.S. Government and agency securities and instrumentalities securities.
3. **Limits on Individual Issuers.** A maximum of 40% of available funds may be invested in individual United States Government Sponsored Enterprises.
4. **Maturity Limitations.** The maximum length to maturity for an investment in any Federal Instrumentality security is five (5) years from the date of purchase.

(e) **Mortgage-Backed Securities (MBS)**

1. **Purchase Authorization.** Investment in mortgage-backed securities (MBS) which are based on mortgages that are guaranteed by a government agency or GSE for payment of principal and a guarantee of timely payment.
2. **Portfolio Composition.** A maximum of 20% of available funds may be invested in MBS. The combined total of available funds invested in Federal Instrumentalities and mortgage backed securities cannot be more than 80%.

3. **Limits of Individual Issuers.** A maximum of 15% of available funds may be invested with any one issuer.

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

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

**(f) Interest Bearing Time Deposit or Saving Accounts**

1. **Purchase Authorization.** Invest in non-negotiable interest bearing time certificates of deposit, checking or savings accounts in banks organized under the laws of this state and/or in national banks organized under the laws of the United States and doing business and situated in the State of Florida, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes. Additionally, the bank shall not be listed with any recognized credit watch information service.
2. **Portfolio Composition.** A maximum of 25% of available funds may be invested in non-negotiable interest bearing time certificates of deposit.
3. **Limits on Individual Issuers.** A maximum of 15% of available funds may be deposited with any one issuer, or 50% of available funds if fully collateralized under Section 280.17, Florida Statutes, if not, then limited to the FDIC insurance coverage.
4. **Maturity Limitations.** The maximum maturity on any certificate shall be no greater than one (1) year from the date of purchase.

**(g) State and/or Local Government Taxable and/or Tax-Exempt Debt**

1. **Purchase Authorization.** Invest in state and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds.
2. **Portfolio Composition.** A maximum of 25% of available funds may be invested in taxable and tax-exempt debts.
3. **Limits on Individual Issuers.** A maximum of 10% of available funds may be invested with any one issuer.
4. **Ratings Requirements.** State and/or local government taxable and/or tax-exempt bonds purchased must be rated at the time of purchase at a minimum single "A" category by any two NRSROs, or rated at least "MIG-2" by Moody's or "SP-2" by Standard & Poor's for short-term debt.

5. **Maturity Limitations.** A maximum length to maturity for an investment in any state or local government debt security is five (5) years from the date of purchase.

(h) **Registered Investment Companies (Money Market Mutual Funds)**

1. **Purchase Authorization.** Invest in shares in open-end or no-load money market funds, provided such funds are registered under the Federal Investment Company Act of 1940 and operate in accordance with 17 C.F.R. § 270.2a-7, which stipulates that money market mutual funds must have an average weighted maturity of 60 days or less. The prospectus of such funds must indicate that the share value shall not fluctuate.
2. **Portfolio Composition.** A maximum of 50% of available funds may be invested in money market mutual funds.
3. **Limits of Individual Issuers.** A maximum of 25% of available funds may be invested with any one money market mutual fund.
4. **Rating Requirements.** The money market mutual funds shall be rated “AAAm” by Standard & Poor’s, or the equivalent by another NRSRO.
5. **Due Diligence Requirements.** A thorough investigation of any money market mutual fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed by the Finance Director that will contain a list of due diligence considerations that deal with the major aspects of any investment pool/fund. A current prospectus must be obtained.

(i) **Repurchase Agreements**

1. **Purchase Authorization**

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



2. **Portfolio Composition.** A maximum of 50% of available funds may be invested in repurchase agreements, excluding one (1) business day agreements and overnight sweep agreements.
3. **Limits on Individual Issuers.** A maximum of 25% of available funds may be invested with any one institution.
4. **Limits on Maturities.** The maximum length to maturity of any repurchase agreement is 90 days from the date of purchase.

(j) **Commercial Paper**

1. **Purchase Authorization.** Invest in commercial paper of any United States company.
2. **Portfolio Composition.** A maximum of 25% of available funds may be directly invested in prime commercial paper.
3. **Limits on Individual Issuers.** A maximum of 5% of available funds may be invested with any one issuer.
4. **Ratings Requirements.** Commercial paper that is rated at the time of purchase: “Prime-1” by Moody’s and “A-1” by Standard & Poor’s (prime commercial paper). If the commercial paper is backed by a letter of credit (“LOC”), the long-term debt of the LOC provider must be rated single “A” category or better by any two NRSROs.
5. **Maturity Limitations.** The maximum length to maturity for prime commercial paper shall be 270 days from the date of purchase.

(k) **Corporate Notes**

1. **Purchase Authorization.** Invest in corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States.
2. **Portfolio Composition.** A maximum of 25% of available funds may be directly invested in corporate notes.
3. **Limits on Individual Issuers.** A maximum of 5% of available funds may be invested with any one issuer.
4. **Ratings Requirements.** Corporate notes that have a long-term debt rating, at the time of purchase, at a minimum single “A” category by any two NRSROs.
5. **Maturity Limitations.** The maximum length to maturity for corporate notes shall be five (5) years from the date of purchase.

The maximum amount of corporate investments will not exceed forty percent (40%). Therefore, the combination of Section (J) above, Commercial Paper, and this Section (K), Corporate Notes, shall not exceed forty percent (40%).

- (10) **MATURITY AND LIQUIDITY.** The Portfolio shall be structured in such manner as to provide sufficient liquidity to pay obligations of the District in a timely manner. The Director, or Designee, 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 sufficiently allocate resources to the Portfolio(s).
- (a) **Operating Funds** (Short-Term Portfolio). To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have maturities of no longer than twelve (12) months. The average duration of the short-term portfolio as a whole shall not exceed six (6) months.
- (b) **Enhanced Cash Portfolio** Investments of reserves, project funds, debt proceeds and other non-operating funds (“enhanced cash funds”) shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed twenty-four (24) months. The average duration of the enhanced cash funds as a whole shall not exceed twelve (12) months.
- (c) **Core Funds** (Long-Term Portfolio). Investments of reserves, project funds, debt proceeds and other non-operating funds (“core funds”) shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed five (5) years. The average duration of the Core funds as a whole shall not exceed three (3) years.
- (11) **RISK AND DIVERSIFICATION.** Assets held shall be diversified to the extent practicable to control the risk of loss resulting from over-concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold. Diversification strategies within the established guidelines shall be reviewed and revised periodically.
- (12) **AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS.** The Director and Investment Managers shall only purchase securities from financial institutions that are qualified as public depositories by the Treasurer of the State of Florida or institutions designated as “Primary Dealers” by the Federal Reserve Bank of New York. Qualified Public Depositories may provide the services of a securities dealer through a Section 20 subsidiary of the financial institution or from direct issuers of commercial paper and bankers’ acceptances. The Investment Managers shall utilize and maintain its own list of approved primary and non-primary dealers.
- (13) **THIRD-PARTY CUSTODIAL AGREEMENTS.** The District will execute a Third-Party Custodial Safekeeping Agreement with a financial institution, which is separately chartered by the United States Government or the State of Florida. All securities purchased and/or collateral obtained by the Finance Director shall be properly designated as an asset of the District and held in safekeeping by the institution, and no withdrawal of such securities, in whole or in part, shall be made from safekeeping, except as authorized by the District’s Custodial Agreement. The Third-Party Custodial Safekeeping Agreement shall include letters of authority from the Finance Director, details as to responsibilities of each party, notification of security purchases, sales, delivery, wire transfers, safekeeping and transaction costs,

procedures in case of wire failure or other unforeseen mishaps, including liability of each party.

The custodian shall provide the District with safekeeping receipts that provide detail information on the securities held by the custodian. If security transactions between a broker/dealer and the custodian involve the purchase or sale of securities by transfer of money or securities on a “delivery vs. payment” basis, then the security or money must be in hand to ensure that the custodian has the security or money at the conclusion of the transaction. Securities held as collateral shall be held free and clear of any liens.

- (14) **MASTER REPURCHASE AGREEMENT.** The District will require all approved institutions and dealers transacting repurchase agreements to execute and perform as stated in the Securities Industry and Financial Markets Association (SIFMA) Master Repurchase Agreement. All repurchase agreement transactions will adhere to requirements of the SIFMA Master Repurchase Agreement.
- (15) **BID REQUIREMENT.** A minimum of three bids is required for the purchase or sale of securities, unless multiple bids are not available, for example, a new issue.
- (16) **INTERNAL CONTROLS.** The Director shall establish an internal control structure and operational procedures. The internal control structure shall be designed to provide reasonable assurance that the assets of the District are protected from loss, theft or misuse that might arise from fraud, employee error, misrepresentation by third parties, or imprudent actions by District employees. The internal control structure will be reviewed during the annual financial audit conducted by independent auditors.

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

- (17) **CONTINUING EDUCATION.** The Director and staff designee’s shall complete eight (8) hours of continuing education annually in subjects or courses of study related to investment practices and products.
- (18) **REPORTING**
  - (a) The Director shall report at least quarterly to the Executive Director and the Committee, and shall provide quarterly investment reports. Schedules in the quarterly report should include, but not be limited to, the following:
    1. A listing of individual securities held at the end of the reporting period
    2. Percentage of available funds represented by each investment type
    3. Coupon, discount or earning rate
    4. Average life or duration and final maturity of all investments
    5. Par value and market value

6. In addition to the standard gross-of-fee-performance reporting that is presented, net-of-fee performance will be provided by the Investment Manager.

7. A summary of District's investment strategy

(b) The year-end quarterly report ended September 30<sup>th</sup> will show performance on both a book value and total rate of return basis and will compare the results to the above-stated performance benchmarks. All investments shall be reported at fair value per GASB standards. Investment reports shall be available to the public.

(19) **INVESTMENT POLICY REVIEW.** The Director and the Committee shall review this Policy annually and present any recommended changes to the Governing Board for consideration and approval.

*History - - Effective 11/11/03. Amended 06/08/04, 3/11/08, 11/13/12 GB, 01/27/14, 01/12/16, 3/14/17, 9/11/18.*

## Attachment A

### Glossary of Cash and Investment Management Terms

**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.

**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 Market Association (BMA).** 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 BMA also recommends bond market closures and early closes due to holidays.

**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

**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 at 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 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.** For hedging purposes, common derivatives are options, futures, swaps and swaptions. All Collateralized Mortgage Obligations ("CMOs") are 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).

**Derivative Security.** Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

**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.

**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.

**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).** is 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.

**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".

**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 is actually full faith and credit of the U.S.).

**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. Some consider GSEs to be stealth recipients of corporate welfare. 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** - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
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; 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. Also, 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, (i.e., 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 Bond Market Association (BMA) 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 "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, some of which can be very risky and complicated. 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. 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 (bond, equity, money fund); all except money market funds operate on a variable net asset value (NAV).

**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 which includes securities, cash, and any accrued earnings, subtracting this 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." 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.** 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.** 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.** Any of a group of designated government securities dealers designated by to 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 considered the largest players 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 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 Florida Statute 280, means any bank, saving 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 seq.
4. Meets all requirements of F.S. 280
5. Has been designed by the Treasurer as a qualified public depository.

**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)."

**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 BMA 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.

**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.

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

**Swap.** Trading one asset for another.

**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. The Treasury stopped issuing Treasury Bonds in August 2001.

**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, 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.

**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.

**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 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."



## **Attachment B**

### **Investment Pool/Fund Questionnaire**

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

EXHIBIT 1 — INVESTMENT PERFORMANCE REVIEW OF THE DISTRICT'S INVESTMENTS OF  
THE QUARTER ENDED MARCH 31, 2020

Public Trust Portfolio Compliance as of March 31, 2020						
Security Distribution	March 31, 2020 Ending Balance	Book Yield	Portfolio Allocation	Permitted by Policy*	Compliant	
Cash	\$ 15,506,713.00	0.80%	8.22%	100%	YES	
LGIP	73,748,435.00	1.83%	39.09%	50%	YES	
U.S. Treasury Notes	71,789,899.71	1.73%	38.05%	100%	YES	
FNMA	7,438,521.21	1.66%	3.94%	40%	YES	
FHLMC	58,425.02	1.63%	0.03%	40%	YES	
FHLB	5,107,192.85	0.00%	2.71%	40%	YES	
<b>Fed Instrumentality Subtotal</b>	<b>\$ 17,726,247.23</b>	<b>0.88%</b>	<b>9.40%</b>	80%	YES	
Corporate Notes	8,309,310.71	1.88%	4.40%	25%	YES	
Money Market Funds	370,697.00	1.43%	0.20%	50%	YES	
<b>Total Portfolio Market Value</b>	<b>\$ 188,659,846.65</b>	<b>1.56%</b>	<b>100.00%</b>			



Source: Public Trust and SJRWMD

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