

**FLORIDA GOVERNMENT FINANCE OFFICERS ASSOCIATION, INC.
STATEMENT OF INVESTMENT POLICY**

I. AUTHORITY

In accordance with the Bylaws of the Florida Government Finance Officers Association, Inc. (the "Association" for "FGFOA"), the Board of Directors (the "Board") shall supervise and control the affairs of the Association and shall have the power and authority to enter into contractual agreements for association and secretariat services. In accordance with the Bylaws, the Secretary-Treasurer of the Association shall oversee all the necessary financial business of the Association.

Pursuant to the Services Agreement between the Association and that The Florida League of Cities (the "Company"), dated May, 2, 1996, the Administrator shall provide for the day-to-day management of the financial affairs of the Association and shall provide for proper internal controls, safekeeping, disposal of and recording of all financial assets held or controlled by the Association, pursuant to the *Procedures for Transacting, Recording and Reporting FGFOA Financial Activity* adopted by the Board.

It is the Board's policy that no entity or person may engage in any investment transaction with funds held in a trust relationship by the Association, except as authorized herein or approved by the Board of Directors.

II. SCOPE AND PURPOSE

All Financial assets held or controlled by the Association and, not otherwise classified as restricted assets requiring separate investment direction by the Board, shall be invested under the guidelines as herein set forth. These policies and procedures herein are intended to provide sufficient latitude to effectively manage the Association's financial assets so as to maximize the return on assets within an acceptable and permitted exposure to risk. There are times when risks of specific investments may temporarily increase such that the Association may be required to operate under a more restrictive policy. Additionally, at times, exceptions to the policy may need to be made, on a case-by-case basis, and with the approval of the Board of Directors.

III. DUTIES AND RESPONSIBILITIES

It shall be the responsibility of the Administrator to:

1. Provide for the investment of the financial assets of the Association as required and within appropriate levels of liquidity to meet identified current and projected obligations of the Association.
2. Assist the Board in the review of the Association's investment activity and performance for compliance with this policy. Advise the Board as to recommendations relative to amendments to the policy.
3. Immediately notify the Board in the event of any information that may have a severe or adverse effect on the Association's assets.

IV. OBJECTIVES

The foremost objective of the Association's short-term investment activity is the preservation of capital in the portfolio. The FGFOA's investment portfolio shall be designed to attain a market rate of

return throughout financial and economic cycles, taking into account the Association's investment risk constraints as discussed in Section IX of this investment policy.

V. PRUDENCE AND ETHICS

The standard of prudence to be used by the Administrator, its staff, and such other investment advisors engaged by the Administrator or the Association, shall be the "prudent person" and shall be applied in the context of managing the overall portfolio. Such person, acting in accordance with established procedures and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to minimize any investment losses. The Administrator, the Association or its investment advisors shall undertake all reasonable efforts to preclude imprudent transactions involving the funds of the Association.

Individuals involved in the investment process shall refrain from personal business activity that could conflict with the proper management of the Association's investment activities, or which could impair their ability to make impartial investment decisions. All investment advisors engaged by the Association shall have a written policy which addresses the disclosure of potential conflict-of-interests. The Administrator shall disclose to the Board any material financial/investment position or finding which may be contrary to this policy. Any adverse findings of the U.S. Department of Labor and/or the Securities and Exchange Commission regarding any investment advisor, engaged by the Association, or its financial activities shall be brought to the immediate attention of the Board of Directors.

VI. REPORTING AND PERFORMANCE

The Administrator shall submit to the Board at least annually an investment report with information sufficient to provide for a comprehensive review of investment activity and performance for the year. In reporting to the Board, the Administrator may develop and provide appropriate industry and related performance indices to compare and evaluate the performance of the Association's investments. The Administrator shall provide to the Association's independent auditor such information and reports as are requested for the purpose of developing and supporting the annual financial statements of the Association, and the footnotes thereto.

VII. BANK AND DEALER SECTION

Certificates of deposit purchased under the authority of this policy will be purchased only through qualified public depositories of the State of Florida as identified by the State Treasurer or such other qualified public depositories as may be authorized by the Board in accordance with this policy.

Repurchase and reverse repurchase agreements shall be negotiated only with firms approved in accordance with this policy. For broker/dealers of other investment instruments, the Administrator shall utilize primary dealer and such other reputable and recognized dealers as may be authorized in accordance with this policy.

VIII. SAFEKEEPING AND CUSTODY

All securities purchased by the Administrator on behalf of the Association under this policy shall be properly designated as assets of the Association. The Administrator is authorized to enter into such custodial and safekeeping agreements with an institution of such size and expertise as is necessary and required to protect and secure the investment assets of the Association.

Unless otherwise authorized by this policy, all securities purchased by the Administrator on behalf of the Association shall be purchased using the "delivery versus payment" procedure to the extent practical, prudent and feasible. If it is ever determined to be necessary to perform security transactions on a "free

delivery” basis, or to have securities held by a broker/dealer for a temporary period, the Administrator shall document such reasons in writing. Securities may be held in safekeeping by a broker/dealer on other than a temporary basis only with the approval of the Board of Directors.

IX. RISKS

The Board recognizes that investment risks can result from issuer defaults, market price changes, changes in credit rating, reinvestment of principal or interest, or various technical complications leading to temporary liquidity or capital loss. Portfolio diversification, maturity limitations and credit quality are employed as the primary methods of controlling risk. The Administrator or the Association’s investment advisors are expected to display prudence in the selection of securities as a way to minimize default risks. In the event of a default by a specific issuer, the Administrator or the Association’s investment advisors shall review and, if appropriate, proceed to liquidate securities having comparable credit risks. To limit the Association’s credit risks against possible losses, a maximum of \$25,000 in all securities of any corporate entity may be held at any one time, inclusive of directly purchased commercial paper, medium term notes, or corporate notes and bonds.

X. SECURITY SELECTION PROCESS

When purchasing or selling securities, the Administrator or the Association’s investment advisors shall select securities which provide the highest expected rate of return within the parameters of this policy and given the current objectives and needs of the Association’s assets. Prudence shall be exercised in managing transaction costs associated with the purchasing and selling of securities in accordance with this policy.

XI. LIQUIDITY

To meet the day-to-day operating needs of the Association and to provide the ready cash to meet unforeseen temporary cash requirements, the Association shall maintain a minimum the equivalent amount of six months operating expenses in interest bearing demand accounts, money market funds, or such other liquid instruments including repurchase agreements, open repurchase agreements, negotiable certificate of deposit, banker’s acceptances, commercial paper, U.S. Treasury direct and agency obligations all having a maturity of 90 days or less, all as purchased under the dictates of this investment policy.

XII. AUTHORIZED INVESTMENTS

In an effort to accomplish the objectives of the FGFOA’s portfolio, this policy identifies various authorized investment instruments, issuer diversification, maturity constraints, investment ratings and liquidity parameters.

- A. Repurchase Agreements, which are purchased only from authorized dealers and may only involve the sale and repurchase of securities authorized for purchase by this investment policy. Maximum maturity at purchase shall not exceed 180 days with a total average maturity, at any point in time, for all repurchase agreements held of not greater than 60 days.
- B. U. S. Treasury Bills, Notes and Bonds, which have a maximum actual or remaining maturity at time of purchase not to exceed 5 years.
- C. Commercial paper issued in the United States by any corporation, provided that such instrument carries a rating of “A1/P1” (or comparable rating) as provided by two of the top nationally recognized rating agencies; and that the corporation’s long term debt, if any, is rated at least “A1/A+” by Moody’s/Standard and Poors/or a comparable rating by another nationally recognized rating agency or, if backed by a letter of credit (LOC), the long term debt of the LOC provider must be rated at least “AA” (or comparable rating) by at least two of the nationally recognized agencies publishing ratings


for financial institutions. The maximum maturity shall not exceed 270 days from the time of purchase.

- D. Banker's Acceptances issued within the U.S. by depository institutions with a long term debt rating of at least "AA" or short term debt rating of "AAA" (or comparable ratings), as provided by one of the top nationally recognized rating agencies. Maximum maturity shall not exceed 270 days from the time of purchase.
- E. Negotiable and Nonnegotiable Certificates of Deposit issued by Florida Qualified Public Depositories as identified by the State Treasurer's office or by a federal credit union provided such certificates or instruments are insured by the National Credit Union Administration. The Association may own no more than \$150,000 in certificates of any one depository institution at one time. Maximum maturity on any certificate shall not exceed two years.
- F. Federal Instruments eligible for purchase are bonds, notes and discount notes of Federal Agencies including the Federal Home Loan Mortgage Association, Federal National Mortgage Association, and Student Loan Marketing Association. Maximum maturity at purchase shall not exceed on year.
- G. Money market accounts as defined by the Securities Exchange Commission.
- H. Securities or other interests in any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided the portfolio only invests in fixed income securities and that the average credit quality of the securities in the portfolio is at least rated AA.
- I. Investment Agreements, as may be recommended by the Administrator and approved by the Board of Directors. If collateralized, the collateral security the investment agreement shall be limited to those securities authorized for purchase by this investment policy.
- J. U.S. Government Guaranteed Agency and sponsored securities including GNMA pass-through securities and other mortgage-backed securities with an estimated weighted useful life of one year or less.

XIII. EFFECTIVE DATE

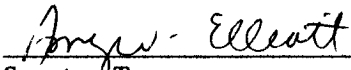
This investment policy shall become effective immediately upon its adoption by the Board of Directors of the Association.

As adopted by the Board of Directors on the 13th day of August, 1994
And As Amended By The Board of Directors on the 17th day of February, 1995
And As Amended By The Board of Directors on the 26th day of July, 1996
And As Amended By The Board of Directors on the 1st day of August, 1997.
And As Amended By The Board of Directors on the 16th day of November, 2004



President
Florida Government Finance Officers Association, Inc.

Attest:



Secretary-Treasurer
Florida Government Finance Officers Association, Inc.