



**Series:** Board Governance  
**COA:** RPM 2.01;  
GOV 6, 6.05, 6.06,  
6.08, 7; FIN 1-4,  
5.04  
**CFOP:** NA

**Policy Name:** Investment Management  
**Policy Number:** GOV-204  
**Revision #/Date:** NA  
**Effective Date:** 1/1/09

**Applicable to:** Board of Directors and All CBCB Staff

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**SUBJECT:** Governance of funds invested by CBCB.

**PURPOSE:** To establish a policy to invest public and private funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of CBCB and conforming to all federal, state, county, and local statutes governing the investment of funds.

**POLICY:**

### References

CBCB Policies/Procedures: GOV-001, GOV-002, GOV-005, GOV-014, GOV-203, GOV-203, PR-901

OMB Circular: A-110, Part 74.22

State of Florida, Contract GJ246.

### Definitions

**Cash Flow** – An analysis of the movement of cash through an organization as contrasted with the earnings of the organization.

**Federal Deposit Insurance Corporation (FDIC)** - A federally sponsored corporation that insures accounts in national banks and other qualified institutions.

**Interest Rate** – The annual rate of return received by an investor from the investment of cash or cash equivalents.

**Investment Instrument**– Commitment of money to gain profit or interest by purchasing a security.

**Liquidity** – Refers to the ability of an instrument to be converted into cash rapidly without substantial loss of value.

Market Value – The price at which a security is trading and could be purchased or sold on a given day.

Portfolio – Collection of securities held by an investor.

Principal – The face amount or par value of a debt security.

Securities – Documents that can be traded for value; an instrument of ownership or debt used to finance government and corporate entities.

## Scope

This policy applies to all cash management and investment activities of CBCB.

Responsibility for the daily management of CBCB's cash and investment portfolio is delegated to the Chief Financial Officer (CFO) under the direction of the Chief Executive Officer (CEO) by the Board of Directors. The CFO will establish and maintain written procedures for the operation of the cash management and investment program consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for cash and/or investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the CFO.

## Investment Performance Standards

Funding for CBCB is derived from federal, state and private sources. In order to insure compliance with funding requirements, the funding sources will be segregated as follows:

- Federal and state funding received from the State of Florida, Department of Children and Families, Contract GJ246 will be maintained, at a minimum, in a separate FDIC insured bank residing in Brevard County, Florida. As required by OMB Circular A-110, Part 74.22, advanced and idle federal funds will be maintained in an interest bearing account.
- Private funds will be maintained, at a minimum, in a separate FDIC insured bank residing in Brevard County, Florida.

All funds deemed idle, based on projected cash flow, should be invested in a manner that seeks to maximize their productivity until such time as they are needed for the operations of CBCB.

Investments shall be at the highest rates obtainable at the time of investment, within the limitations of the law and under the following criteria:

- Safety – The primary tenet of the CBCB investment strategy is ensuring the safety of the principal cash investment. Preservation of capital in the portfolio is paramount.
- Return on Investment – The investment portfolio shall be designed to attain, at a minimum, a market-average rate of return throughout budgetary and economic cycles, taking into account the Board of Directors risk constraints and the cash flow needs of CBCB operations. Reference policy GOV-203, Risk Management.
- Liquidity – The CBCB investment portfolio shall remain sufficiently liquid to enable the organization to meet all operating requirements and expenses.

## Prudence Standards

The standard of prudence to be used by the Board of Directors and other designated investment officials shall be the "prudent investor" rule, which states, "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."

The rule shall be applied in the context of managing the entire portfolio.

Investment officers acting in accordance with written procedures and the "prudent investor" rule shall be relieved of personal responsibility for a specific security's credit risk or market price changes.

## **Investment Instruments**

All investment instruments and banking relationships must be approved by the Board of Directors. Investment instruments may be purchased from eligible banks, savings and loans, primary dealers and Federal or State Treasurer's Offices.

## **Internal Controls**

The CFO will establish written procedures compliant with policy GOV-202, Internal Controls. These controls shall be designed to prevent loss of funds due to fraud, error, misrepresentation, or imprudent actions.

## **Investment Diversification and Procurement**

When possible and practicable, the CBCB investment portfolio should not be concentrated at one financial/investment institution. This will serve to help protect CBCB from the failure of any one financial institution.

Under no circumstances are federal and state funds to be commingled with private CBCB funds.

Procurement of investment instruments or banking relationships shall be governed as outlined in procedure PR-901, Procurement of Commodities and Services, and policy GOV-014, Sunshine Compliance.

## **Ethics and Conflicts of Interest**

Members of the Board of Directors and CBCB 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. Members of the Board of Directors and CBCB employees shall disclose any material financial interests in financial institutions that conduct business with CBCB, and they shall further disclose any large personal financial/investment positions that could be related to the performance of CBCB as outlined in the following policies: GOV-001, Ethics, and GOV-002, Conflict of Interest.


**Reporting Requirements**

The CFO shall have generated quarterly reports of all investment instruments for management purposes. The reports will be made available to the CEO and Board of Directors, at a minimum, on a bi-annual basis as part of the Board financial report.

Approved by the CBC of Brevard Board of Directors January 29, 2009

AS APPROVED BY THE BOARD OF DIRECTORS:

BY DIRECTION OF THE CHIEF EXECUTIVE OFFICER:

  
MR. WILLIAM RYDER  
Chair

  
DR. PATRICIA NELLIUS-GUTHRIE  
Chief Executive Officer

Signature Date: 1/29/09

Signature Date: 1/29/09