

Investment Portfolio Guidelines
Debt Service Funds
Bank of America Account Number: 003660048119

Approval by Deputy Executive Director Kevin Sigrest

Date 9/3/09

Purpose

In accordance with Section 215.69(1), Florida Statutes, the State Board of Administration administers all debt service funds for bonds issued by the Division of Bond Finance on behalf of any state agency, except as otherwise provided therein. Pursuant to Section 215.69(4), F.S., the Board is the agent of all reserve funds. The Board also acts as trustee of any sinking funds or other funds as provided for in Section 215.69(5), F.S. All such funds are invested by the Board in a manner consistent with the provisions of the authorizing bond resolutions.

Investment Objective

Debt Service Funds are considered non-discretionary accounts. An asset/liability matching strategy will generally be employed, with maturities matching scheduled principal and interest payments for original and refunded debt. Market judgment may be exercised in investing debt service reserves, as these funds may be placed in intermediate and/or long maturities unless restricted by bond indenture.

Implementation

Transactions are executed upon written instruction from the Debt Service section specifying the terms of investment.

The Division of Bond Finance shall determine the securities to be purchased for escrow funds.

Investment Restrictions/Compliance

Compliance with investment requirements will be determined before the close of the business day on which purchases are made by the designated compliance officer. No additional compliance process will be conducted on these funds due to the nature of the authorized investments. The following restrictions will be observed:

- Authorized investments for debt service are limited to U.S. Treasury securities (Federal Obligations) and any other investment specified in the bond indenture and approved by the Division of Bond Finance. Any additional investments may only be authorized via an amendment of these guidelines, except that repurchase agreements may be utilized with specific written instruction from the Debt Service section. Federal obligations shall not mean unit investment trusts or mutual funds.
- Maturities of investments will vary based upon the schedule of principal and interest payments on the various debt issues.
- The designated Compliance Officer will communicate compliance exceptions to the Investment Oversight Group at regular monthly meetings.

Evaluation

The Debt Service section maintains a debt service database used for evaluation.

**Fixed Income Monthly Compliance
Internally Managed
Debt Service Funds**

Date:

In Compliance?

Were any purchases executed?

If yes, then were only eligible securities purchased?

(U.S. Treasury securities (Federal Obligations) and any other investment specified in the bond indenture and approved by the Division of Bond Finance. Any additional investments may only be authorized via an amendment of the guidelines, except that repurchase agreements may be utilized with specific written instruction from the Debt Service section. Federal Obligations should not mean unit investment trust or mutual funds.)

Comments:

Prepared By: _____ Date: _____

Reviewed By: _____ Date: _____