

Office of Superintendent of Schools
Board Meeting of April 18, 2001

March 28, 2001

Financial Affairs
Richard H. Hinds, Chief Financial Officer

SUBJECT: PROPOSED AMENDMENT OF BOARD RULE: INITIAL READING 6Gx13-4D-1.102, EARLY RETIREMENT PLAN - INVESTMENT POLICIES

In compliance with Florida Statutes, Chapter 136; 112.625; 112.661; 218.32; 218.38; 218.407; 218.415; 230.23(10)(k); 230.23005(2); 230.33(12)(j); 236.24; 236.49; 237.151; 237.161; 237.211; and 240.3763, this item is submitted for consideration by the Board in order to add Bonds of the State of Israel as permissible investments. This policy has been reviewed and approved by the Investment Advisory Committee at its meeting of February 21, 2001.

Attached are the Notice of Intended Action and the rule proposed for amendment.

Authorization of the Board is requested for the Superintendent to initiate rulemaking proceedings in accordance with the Administrative Procedure Act for the amendment of Board Rule 6Gx13-4D-1.102, Early Retirement Plan - Investment Policies.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, authorize the Superintendent to initiate rulemaking proceedings in accordance with the Administrative Procedure Act to amend Board Rule 6Gx13-4D-1.102, Early Retirement Plan - Investment Policies.

K-24

NOTICE OF INTENDED ACTION

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, announced on April 18, 2001, its intention to amend Board Rule 6Gx13- 4D-1.102, Early Retirement Plan - Investment Policies, at its meeting of June 20, 2001.

PURPOSE AND EFFECT: To amend the rule in order to add Bonds of the State of Israel as permissible investments.

SUMMARY: This rule sets forth procedures applicable to Miami-Dade County School Board funds invested for the Early Retirement Plan.

SPECIFIC LEGAL AUTHORITY UNDER WHICH RULEMAKING IS AUTHORIZED: 230.22(2) and 230.23(22) F.S.

LAW IMPLEMENTED, INTERPRETED, OR MADE SPECIFIC: Chapter 136; 112.625; 112.661; 218.32; 218.38; 218.407; 218.415; 230.23(10)(k); 230.23005(2); 230.33(12)(j); 236.24; 236.49; 237.151; 237.161; 237.211; 240.3763 F.S.

IF REQUESTED, A HEARING WILL BE HELD DURING THE BOARD MEETING OF June 20, 2001, which begins at 1:00 p.m. in the School Board Auditorium, 1450 N.E. Second Avenue, Miami, Florida 33132. Persons requesting such a hearing or who wish to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative as provided by Section 120.541(1), F.S., must do so in writing by May 14, 2001 to the Superintendent of Schools, Room 912, at the same address.

ANY PERSON WHO DECIDES TO APPEAL THE DECISION made by The School Board of Miami-Dade County, Florida, with respect to this action will need to ensure the preparation of a verbatim record of the proceedings, including the testimony and evidence upon which the appeal is to be based. (Section 286.0105, Florida Statutes)

A COPY OF THE PROPOSED AMENDED RULE is available for inspection and copying at cost by the public in the Citizen Information Center, Room 158, 1450 N.E. Second Avenue, Miami, Florida 33132.

Originator: Mr. Eduardo A. Alfaro
Supervisor: Dr. Richard H. Hinds
Date: March 28, 2001

EARLY RETIREMENT PLAN - INVESTMENT POLICIES

I. Scope and Objectives

In accordance with Florida Statutes the Board directs the Superintendent of Schools to implement the investment of the funds available under the Supplemental Early Retirement Plan (the "Plan"). All funds deemed to be available are to be invested after obtaining no less than three bids, and according to the policies set forth below.

The investment objectives are to attain the highest possible return for the Plan using strategies geared to a long term approach, within the general concept of prudence and the safeguarding of the Plan's assets. The performance measurement guidelines will be reviewed and recommended by the Investment Advisory Committee annually. Performance will be reported on a monthly basis to the School Board.

II. Trustee

A trustee shall be appointed by the School Board to act as custodian of securities and make disbursements to beneficiaries. From time to time the relationship shall be reviewed and request for proposals obtained as deemed necessary by responsible staff. Trustee will only execute "delivery versus payment" transactions.

III. Investment Policies

The following investment instruments and limitations are to be in effect:

| <u>Investment Instrument</u> | <u>Limitation</u> |
|---|--|
| Corporate and/or Taxable Government Bonds | <ul style="list-style-type: none"> - 60% of total portfolio - Investment grade (equivalent to "BBB" or "Baa" rating or higher) = <u>Bonds of the State of Israel: up to 5% of total portfolio with a maximum maturity of 5 years, within the restriction stated above of 60% of total portfolio</u> |
| Equities | <ul style="list-style-type: none"> - 50% of total portfolio - Index funds and/or securities replicating the diverse equity mixes as approved by the School Board's Investment Advisory Committee |

- Up to 20% of the total portfolio in actively managed mutual funds demonstrating favorable performance with up to 5% in any one sector or individual fund, as approved by the School Board's Investment Advisory Committee
- Commercial Paper
 - 50% of total portfolio
 - Minimum A1-P1-F1-D1 ratings
 - Maturities 180 days or less
- Bankers Acceptances
 - 50% of total portfolio
 - Bank listed among the 100 largest in the world or the 50 largest in the United States
 - Minimum \$100 million shareholders equity
 - Profitable prior fiscal year
- U.S. Government
 - No limitations
- U.S. Government Agencies
 - 40% of total portfolio in obligations of the following: Federal Farm Credit Banks; Federal Home Loan Bank; Federal Home Loan Mortgage Corporation; and Federal National Mortgage Association
- Certificates of Deposit
Deposit
 - Up to FDIC insured amount per financial institution

Except for mutual funds and certificates of deposit all securities are to be delivered versus payment to the designated safekeeper (custodian).

IV. Money Market Mutual Fund

To maintain liquidity, funds may be temporarily deposited into a money market mutual fund. The amount deposited shall not exceed 12% of total portfolio. However, as market conditions or cash flow needs dictate, a greater amount, not to exceed 75% of total portfolio may be invested for a period of time.

V. Investment Manager(s)

Upon approval of the School Board an investment manager may be selected and appointed. In the event an investment manager(s) is appointed, the investment manager(s) will have responsibility for investing the portfolio or a part thereof. The School Board shall set parameters for the investment manager(s) to follow in the course of discharging these duties.

VI. Continuing Education

Board members shall undergo continuing education in matters related to investments and the Board's responsibilities. Staff members responsible for investment activities shall undergo continuing professional education in matters related to investments on an annual basis.

Specific Authority: 230.22(2); 230.23(22)(20) F.S.

Law Implemented, Interpreted, or Made Specific: Chapter 136; 112.625; 112.661; 218.32; 218.38; 218.407; 218.415; 230.23(10(k)); 230.23005(2); 230.33(12)(j); 236.24; 236.49; 237.151; 237.161; 237.211; 240.3763 F.S.

History

New: 8-21-91

Amended: 10-11-00

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA