

Summary of Florida Local Government Investment Pools

September 21, 2016

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Local Government Investment Pools

- Created by a trust agreement for governments as a short term investment. Some pools offer longer-term options.
- Governments, such as the School District, can invest in the pool by joining the trust.
- The School Board would need to specifically approve the trust agreement before it could be used.
- There are several in the State of Florida





Florida Education Investment Trust Fund FEITF

- Palm Beach Schools a founding member
- Created by Florida School Board Association and Florida Association of District School Superintendents in 2010.
- Investment Advisory committee comprised of CFOs and Treasurers of Florida School Districts.
- Rating AAAm
- Net assets on 6/30/16: \$575.9mil
- Investment Advisor: PFM Asset Mgmt LLC
- 30 day SEC Yield: 0.62%
- Expense Ratio: 0.16%
- Weighted Avg Maturity: 39.65 days
- <https://www.feitf.com/>

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Florida Local Government Investment Trust FLGIT

- Created by Florida Court Clerks and Comptrollers and the Florida Association of Counties in 1991.
- Investment Advisory committee comprised of CFOs and Treasurers of Florida Counties and Clerks.
- Rating: AAAm
- Net assets on 6/30/16: \$508.2mil
- Investment Advisor: Payden & Rygel
- 30 day SEC Yield: 0.51%
- Expense Ratio: 0.17%
- Weighted Avg Maturity: 56 days
- <http://www.floridatrustonline.com/>

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Florida Cooperative Liquid Assets Securities System FLCLASS

- Board includes 2 County Clerks and one Tax Collector. Created in 2015 for all governmental entities in Florida.
- No Investment Advisory committee.
- Rating: AAAm
- Net assets on 6/30/16: \$502.2mill
- Investment Advisor: Public Trust Advisors
- 30 day SEC Yield: 0.64%
- Expense Ratio: 0.15%
- Weighted Avg Maturity: 56 days
- <https://www.flclass.com/>

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Florida Fixed Income Trust FL-FIT

- Board of Directors include staff from two 2 School Districts, a utilities commission, and a tax collector.
- No Investment Advisory committee.
- Rating: not available online
- Net assets on 6/30/16: \$301.7 mill (CP) and \$29.5 mil (money mkt – FDIC Insured)
- Investment Advisor: Wertz York Capital Management Group
- 30 day SEC Yield: 0.65% (CP) and 0.26 (money mkt)
- Expense Ratio: unknown
- Weighted Avg Maturity: 40 days (CP) and 1day (money mkt)
- <http://fl-fit.com/>

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Local Government Surplus Funds Trust Fund Florida Prime

- Palm Beach Schools has a small balance of \$10k
- Created by the Florida Legislature in 1977. Trustees are the Governor, CFO and Attorney General of Florida.
- Advisory Council includes staff from two Florida Clerks, one County, and one bank plus two Tax Collectors.
- Rating AAAm
- Net assets on 6/30/16: \$7.8bil
- Investment Advisor: Federated Investors since 2008
- 30 day SEC Yield: 0.68%
- Expense Ratio: 0.0268% as of 1/1/16
- Weighted Avg Maturity: 36.9 days
- <https://www.sbafla.com/prime/>

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Florida Safe Investment Pool FLSAFE

- Created in 2007.
- Board includes staff from five cities in Florida.
- No Investment Advisory committee.
- Rating AAAm
- Net assets on 6/30/16: \$149mil
- Investment Advisor: Prudent Man Advisors, Inc.
- 30 day SEC Yield: 0.53%
- Expense Ratio: 0.13%
- Weighted Avg Maturity: 45 days
- <http://www.flsafe.org/>

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Investment & Cash Management Policy

Policy 6.08 Section 12(a) The Florida Local Government Surplus Funds Trust Fund (“Florida Prime”)

- i. Investment Authorization - The treasurer may invest in the Florida Prime *only with the approval of the School Board*. Any investment with the Florida Prime will be evaluated with the same criteria as Money Market Mutual Funds, detailed in section K.
- ii. Portfolio Composition - A maximum of twenty five percent (25%) of available funds may be invested in the Florida Prime.
- iii. Rating Requirement - As with any other Intergovernmental Investment Pool, it shall be rated "AAAm" by Standard & Poor's or the equivalent by another Nationally Recognized Statistical Ratings Organization (NRSRO).
- iv. Due Diligence Requirements - A thorough investigation of any intergovernmental investment pool is required prior to investing, and on a continual basis. The Treasurer shall ensure a questionnaire covering the major aspects of any investment/pool be completed prior to investing. A current prospectus must be obtained.

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Investment & Cash Management Policy

Policy 6.08 Section 12(n) Intergovernmental Investment Pools

- i. Investment Authorization - The Treasurer may invest in intergovernmental investment pools that are authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section. 163.01, F.S.
- ii. Portfolio Composition - A maximum of twenty-five percent (25%) of available funds may be invested in intergovernmental investment pools.
- iii. Rating Requirement - Intergovernmental investment pools shall be rated "AAA" by Standard & Poor's or the equivalent by another NRSRO.
- iv. Due Diligence Requirements - A thorough investigation of any intergovernmental investment pool is required prior to investing, and on a continual basis. The Treasurer shall ensure a questionnaire covering the major aspects of any investment/pool be completed prior to investing. A current prospectus must be obtained.

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Investment & Cash Management Policy

Policy 6.08 Section 12(k) Registered Investment Companies (Money Market Mutual Funds)

- i. Investment Authorization - The Treasurer may invest in shares in open-end, no-load funds provided such funds are registered under the Federal Investment Company Act of 1940 and operate in accordance with Title 17 Code of Federal Regulations. § 270.2a-7, which stipulates that money market funds must have an average weighted maturity of sixty (60) days or less. The prospectus of the funds will indicate that the share value shall not fluctuate.
- ii. Portfolio Composition - A maximum of seventy-five percent (75%) of available funds may be invested in money market funds.
- iii. Limits of Individual Issuers - A maximum of twenty five percent (25%) of available funds may be invested with any one (1) money market fund.
- iv. Rating Requirements - The money market funds shall be rated "AAm" or "AAm-G" or better by Standard & Poor's, or the equivalent by another NRSRO.
- v. Due Diligence Requirements – A thorough investigation of any money market fund is required prior to investing, and on a continual basis. The Treasurer shall ensure a questionnaire covering the major aspects of any investment/pool be completed prior to investing. A current prospectus must be obtained.

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Recommendation

- Modify the investment policy to allow up to 50% to be invested in intergovernmental investment pools.
- Add limits to the individual issuers similar to what is currently required for money markets.
- Add language to the section on money markets limiting investments to government money market funds.

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Discussion

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